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BEFORE THE

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COMMITTEE ON AGRICULTURE HOUSE OF REPRESENTATIVES

NINETY-THIRD CONGRESS

SECOND SESSION

ON

H.R. 13267

FEDERAL AGRICULTURAL ASSISTANCE TO GUAM

MARCH 21, 1974

H.R. 9468

SEEDS AND PLANTS FOR HOME GARDENS

MAY 7, 1974

H.R. 9054

SUBORDINATION AGREEMENT IN LEE COUNTY, S.C.

JULY 9, 1974

H.R. 7954

CONVEYING CERTAIN LANDS TO THE STATE OF NEW YORK

JULY 9, 1974

S. 3801

COMPENSATION OF FARM CREDIT ADMINISTRATION
GOVERNOR

SEPTEMBER 19, 1974

H.R. 16857

TRANSFER OF TOBACCO ALLOTMENTS IN DISASTER AREAS
OF NORTH CAROLINA

SEPTEMBER 30, 1974

Serial No. 93-QQQ

Printed for the use of the Committee on Agriculture

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1974

41-897



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FEDERAL AGRICULTURAL ASSISTANCE TO GUAM

THURSDAY, MARCH 21, 1974

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON DEPARTMENT OPERATIONS,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 2:30 p.m., in room 1302, Longworth House Office Building, Hon. E de la Garza (chairman of the subcommittee) presiding.

Present: Representatives de la Garza, Matsunaga, and Sebelius.

Fowler West, staff director; L. T. Easley, press assistant; Steve Allen, staff consultant; Perry Shaw, staff assistant; and Thomas Abernethy.

MR. DE LA GARZA. The Subcommittee on Department Operations of the Committee on Agriculture will come to order.

We meet today to consider H.R. 13267 introduced by Mr. Won Pat for himself and Mr. Matsunaga to authorize Federal agricultural assistance to Guam for certain purposes.

[The bill H.R. 13267 follows:]

(1)

93RD CONGRESS
2^D SESSION

H. R. 13267

IN THE HOUSE OF REPRESENTATIVES

MARCH 5, 1974

Mr. WON PAT (for himself and Mr. MATSUNAGA) introduced the following bill;
which was referred to the Committee on Agriculture

A BILL

To authorize Federal agricultural assistance to Guam for certain purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Secretary of Agriculture is authorized to provide
4 financial and technical assistance to Guam for improving fire
5 control, watershed protection and reforestation. The Secre-
6 tary is authorized to provide for such modification of any
7 such programs extended to Guam as he deems necessary in
8 order to adapt it to the needs of Guam. The program au-
9 thorized by this section shall be developed in cooperation
10 with the territorial government of Guam and shall be covered

I

1 by a memorandum of understanding agreed to by the terri-
2 torial government and the Department. The Secretary may
3 also utilize the agencies, facilities, and employees of the
4 Department, and may cooperate with other public agencies
5 and with private organizations and individuals in Guam and
6 elsewhere.

7 SEC. 2. There are hereby authorized to be appropriated
8 such sums as may be necessary to carry out the purposes of
9 this Act. Sums appropriated in pursuance of this Act may
10 be allocated to such agencies of the Department as are con-
11 cerned with the administration of the program in Guam.

Mr. DE LA GARZA. We see that Mr. Thomas Nelson, Deputy Chief, Forest Service, U.S. Department of Agriculture, is with us. We will be very happy to hear from you at this time, sir.

STATEMENT OF THOMAS C. NELSON, DEPUTY CHIEF, NATIONAL FOREST SYSTEM, FOREST SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. NELSON. Mr. Chairman, I am Thomas C. Nelson, Deputy Chief for National Forest System, Forest Service, Department of Agriculture. It is a special pleasure to me to be here today to testify on H.R. 13267. Prior to becoming the Deputy Chief for National Forest System, I was the deputy chief for State and private forestry which is the arm of the Forest Service that is responsible for working with the States and territories to further the protection and sound management of non-Federal forest and certain nonforested watershed lands. Through my work in this area, I became very much aware of Guam's need for the financial and technical assistance that this bill would make possible. Also, last summer I had the opportunity and pleasure to visit Guam and discuss these needs personally with government officials of Guam.

Guam has a land area of about 210 square miles or 135,000 acres. Approximately 55,000 acres are privately owned, mostly in small parcels. Towns and villages and the intensively developed portions of military reservations occupy about ten percent of the land. It is estimated that less than two percent of the land is actively cultivated.

About 70,000 acres are covered with brush and trees and about 50,000 acres are grass-covered.

Man's activities have greatly reduced the amount of land that once was forested and have converted such areas to brush and grass. Some serious problems have resulted because of this.

Fires are frequent in the grass and brush vegetation types during the dry season. During the period 1965-1969 an average of 443 fires occurred per year. Some areas burn two or three times a year. The fires destroy protective vegetation on the watersheds. Consequently, there are many barren, eroding areas which are contributing to excessive runoff and to siltation of reservoirs, estuaries, and harbors. These bare areas need to be revegetated.

The need for reforestation is evident throughout the Island. Through reforestation eroded areas could be stabilized; wildlife habitat, recreational opportunities, and scenery could be improved; and stands of timber could be developed and improved to provide a source of timber products such as craftwood, post, poles and possibly some lumber.

We believe the forest and other wildlands of Guam can and should be improved to provide greater benefits to the Island's people. The Government of Guam has started a forestry program, but cannot expand the program as fast as it would like because of its stringent financial situation.

The Department of Agriculture is authorized under various acts to provide cost-sharing and technical assistance to facilitate forestry and related land improvement programs within the States and some territories. However, not all of the acts that established these programs contain the necessary provisions for extending the programs to Guam. For example, we have been unable to assist Guam with the most critical problem of preventing and suppressing fires. This is because section 2 of the Clarke-McNary Act (16 U.S.C. 565) applies only to the States and to Puerto Rico. Without an adequate and permanent fire prevention and suppression program in Guam, it is impractical and nearly impossible to reforest or otherwise revegetate lands and to promote desirable land use practices.

In addition to being ineligible for fire protection assistance, Guam is ineligible for assistance to conduct tree planting under section 401 of the Agricultural Act of May 28, 1956.

H.R. 13267 would authorize the Secretary of Agriculture to provide financial and technical assistance to Guam for improving fire control, watershed protection and reforestation. This authority would allow Guam to participate in forestry programs comparable to those being conducted within the States. We heartily recommend that H.R. 13267 be enacted.

Mr. Chairman, this concludes my prepared statement. I will be happy to respond to any questions you may have.

Thank you, Mr. Chairman.

MR. DE LA GARZA. Thank you very much Mr. Nelson, we appreciate your statement and the position taken by the Department.

Are there any questions of Mr. Nelson?

MR. SEBELIUS. I would have a couple if it is all right.

I presume that the U.S. Department of Agriculture has some offices on Guam at the present time?

Mr. NELSON. There are some personnel that are partially paid for with Departmental funds on the island at this time.

Mr. SEBELIUS. Could you give me any reading as to what the extent of that is?

Mr. NELSON. It's my understanding, Mr. Congressman that there are some Extension Service personnel on Guam. These are partially paid for by the Federal Government and partially by the territory. It is also my understanding that there has recently been placed on the island some meat inspection people with the Department.

Mr. SEBELIUS. Forestry Service doesn't have anybody there at the present time?

Mr. NELSON. We have no one on the island at the present time, Congressman. Most of our work would be cost-sharing with the territory of Guam and would be carried out on a delivery system with the territorial personnel.

Mr. SEBELIUS. We don't have any soil conservation personnel there now?

Mr. NELSON. There is at the present, no soil conservation personnel on the island.

Mr. SEBELIUS. You would foresee, though, the Department heartily recommending some forestry personnel, soil conservation personnel on the territory?

Mr. NELSON. We would heartily recommend that these proposals be enacted that are covered within the bill.

Mr. SEBELIUS. I believe that is all I have, Mr. Chairman.

Mr. DE LA GARZA. Mr. Matsunaga.

Mr. MATSUNAGA. Thank you, Mr. Chairman.

Mr. Nelson, you will recall that I introduced the first bill, which became Public Law 88-584, when I was still a freshman Member of the Congress. The language of the act at that time was much broader than the bill which we introduced at the suggestion of the U.S.D.A. The bill as it reads now limits assistance to one, improving fire control; two, watershed protection; and three, reforestation.

Now, would there be any objection on the part of U.S.D.A. to extending this to watershed protection and the flood prevention provided under Public Law 566 and to the establishment of soil conservation districts under Public Law 74-46, that is the basic soil conservation statute? And what about the Forestry Incentives Act, that is title 10 of Public Law 93-886 which is, as you know, the successor to REAP? Would any objection be raised if we were to so amend the bill as it now reads?

The amendment I would propose if there is no serious objection will be to strike out the period after "reforestation" on page 1, line 5, and add a comma and the following, "and to include in the assistance such programs administered by the Department of Agriculture which the Secretary determines will promote the welfare of Guam."

Now, the reason I would like to propose that amendment is that something may happen in the next 5 years which is not contemplated in this bill, that is, of course, in the area of agriculture. With my amendment, the Secretary of Agriculture would have the discretion of extending to Guam these other three programs which I earlier mentioned.

Mr. NELSON. Congressman, we have no objection to extending the small watershed programs conducted by the Soil Conservation Service to Guam. This program that I am speaking to is contained in public law 83-566. It is public law 566.

However, it is our position at this time that the Soil Conservation Service participation be limited to this area. Now, we would have no objection to the inclusion of forestry incentives to the authorities for the island and territory of Guam.

Mr. MATSUNAGA. If the language, as I suggested, would leave the discretion to the Secretary of extending or not extending these programs, wouldn't that give enough protection to the Department where it feels it is not able to extend the program or would not want to extend it?

Mr. NELSON. I would prefer to stand on the answer that I gave, Congressman Matsunaga. By and large, the reason why a number of the programs that are applicable in the States and territories are not applicable to Guam itself at this time, is because these particular laws were enacted at an early date. Unincorporated territories are not included in these particular acts.

Mr. MATSUNAGA. All right. Thank you very much.

Mr. DE LA GARZA. Thank you very much. We appreciate your being here.

Judge Rarick, do you have any questions you would like to ask?

Mr. RARICK. No, I don't.

Mr. DE LA GARZA. Thank you, Mr. Nelson. We appreciate your cooperation.

Now, we will hear from our distinguished chairman of the Forestry Subcommittee, Judge Rarick of Louisiana.

I see that you have a statement. Would you like to incorporate that in the record?

STATEMENT OF HON. JOHN R. RARICK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF LOUISIANA

Mr. RARICK. Thank you very much Mr. Chairman, members of the committee. If I may have your permission, I have a prepared statement and I would ask that it be inserted in full in the record of the proceedings and I will make several comments.

Mr. DE LA GARZA. Without objection, your statement will be placed in the record as if read in full.

[The full statement of Mr. Rarick may be found on page 7.]

Mr. RARICK. I appear before the committee in support of this legislation, H.R. 13267, and I think that it would help the Congress recognize the problems that do exist on Guam where the flag of the United States does fly and which for all practical purposes is a part of our country.

This bill goes a long way by addressing the problem of fire control on the island. The significant emphasis in the legislation before the subcommittee reflects both the magnitude of the problem and the fact that effective control of fire problems is essential before other natural resources development activities can be considered.

The military establishments are concerned about the management of their forest and related wild lands. The U.S. Navy has taken the

initiative to carry out conservation projects whose objectives are to decrease the incidence of fires and fire damage, improve watershed cover, and develop and improve forests for scenery, recreation, wildlife, timber, and timber-related crops; however, programs and activities of the military are, of necessity, confined to their properties.

The legislation before us would authorize the Secretary to provide cooperative agriculture programs to help the Guam government protect and develop the island's natural resources for the permanent betterment of the territory's economics and beauty. It is my understanding, Mr. Chairman, that the territorial, private, and Federal lands on this relatively small island are so intermingled that activities in one ownership affect all of the lands.

It is also my understanding that the Navy's interest and cooperation with the government of Guam has heightened the government's efforts in natural resource conservation and a modest program has been started. The Federal assistance authorized by this legislation would mean a long step forward in this program. While fire protection is a basic need and prerequisite for natural resource development, the critical nature of the island's watersheds requires urgent attention. Barren and eroding hillsides are contributing to excessive runoff and siltation of reservoirs. This bill would authorize the Secretary to cooperate in planning and installing treatments to control runoff and stop siltation in critical areas.

The final objective of this legislation is authority to permit the Secretary to cooperate and assist the government of Guam in restoring permanent forest cover on lands devoted to forestry uses. This activity is an integral part of healing the disturbed and eroded areas for protection of watersheds and the multiple benefits which accrue from forest cover.

In the long term, these new forests can protect the land and also produce products for local use.

Mr. Chairman, it is a privilege for me to appear today in support of this legislation. Guam is American soil in the Far East. Increasing numbers of Asian people come to visit this American outpost. It may be their only view of America. It is important that we demonstrate to both our Asian visitors and the people of Guam that we protect and improve our natural resources in America.

I would urge that the committee act favorably on this legislation.

Thank you, Mr. Chairman and members.

Mr. DE LA GARZA. Thank you so much, Judge. Are there any questions?

Mr. Matsunaga, do you wish to place a statement in the record?

Mr. MATSUNAGA. Mr. Chairman, I would like to thank the gentleman from Louisiana for his excellent statement, for his farsightedness in supporting this measure. You spoke of Guam being American soil, which it definitely is. It's where America's day begins. Congratulations.

Mr. RARICK. Thank you, Mr. Matsunaga.

STATEMENT OF HON. JOHN R. RARICK, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF LOUISIANA

Mr. Chairman, it is a privilege to appear before you today in support of H.R. 13267.

Guam, American soil in the Far East, occasionally thrusts its presence on the mainland consciousness. It experienced a brief burst of fame during World War II, but it seldom occurs to the average American that this unincorporated territory is a possession of the United States which should be cared for and improved if possible. Through legislative oversight and lack of interest, Guam has been barred from some agriculture assistance programs since PL 88-584 expired without renewal in 1969.

The bill before this subcommittee would authorize the Secretary of Agriculture to extend assistance in certain resource protection and resource development programs. Financial and technical assistance would be extended to the Government of Guam on the same basis that it is to Puerto Rico, the Virgin Islands, and the 50 States.

The bill before the subcommittee would provide authority only. Appropriations would be provided within the established appropriation process for the applicable program.

There are three areas of concern addressed by the legislation before the subcommittee:

1. Fire protection and control to protect soil and vegetation resources.
2. Protection and improvement of the critical watersheds on the island.
3. Reforestation to protect against soil erosion and as a basis for economic development.

Guam is a small tropical island with a land area of only 210 square miles (135,000 acres). The population is about 70,000, with nearly one-half of the population made up of military and Federal civilian employees and their families.

Military and other Federal expenditures have developed and dominated the money economy; however, as population increases, there is an urgent need to broaden the base of employment opportunities.

Tourism is growing and service industries attendant to this industry are developing. This, along with the expansion of industry to combat the outward flow of dollars because of increased imports, is threatening existing natural resources. It is important that the Congress recognize this problem and move to help protect these resources. This bill does this by addressing the problem of fire control on the island. The significant emphasis in the legislation before the subcommittee reflects both the magnitude of the problem and the fact that effective control of fire problems is essential before other natural resource development activities can be considered.

The military establishments are concerned about the management of their forests and related wildlands. The U.S. Navy has taken the initiative to carry out conservation projects whose objectives are to decrease the incidence of fires and fire damage, improve watershed cover, and develop and improve forests for scenery, recreation, wildlife, timber, and timber-related crops; however, programs and activities of the military are, of necessity, confined to their properties.

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The final objective of this legislation is authority to permit the Secretary to cooperate with and assist the Government of Guam in restoring permanent forest cover on lands devoted to forestry uses. This activity is an integral part of healing the disturbed and eroded areas for protection of watersheds and the multiple benefits which accrue from forest cover. In the long-term, these new forests can protect the land and also products for local use.

Mr. Chairman, it is a privilege for me to appear today in support of this legislation. Guam is American soil in the Far East. Increasing numbers of Asian people come to visit this American outpost. It may be their only view of America.

It is important that we demonstrate to both our Asian visitors and the people of Guam that we protect and improve our natural resources in America.

In the States and other territories these programs are a cooperative venture with the landowner, the local government, and the Federal government working together to secure the protection and development that is so essential. Guam should be afforded the same privilege. This bill would do this and I urge you, Mr. Chairman, and the other Members of the subcommittee to take favorable action.

Mr. DE LA GARZA. Mr. Matsunaga, you did have a statement for the record.

Mr. MATSUNAGA. I have a statement I would like to make prior to Mr. Won Pat's testimony.

Mr. DE LA GARZA. I was saving Mr. Won Pat for the close because this is his first major piece of legislation.

Mr. MATSUNAGA. Well, Mr. Chairman, I am pleased to compliment the gentleman from Guam, Mr. Won Pat, for his excellent judgment in sponsoring a bill which I initially sponsored in 1963. And for as long as I have been in Congress, the provision of adequate agricultural service to Guam has been truly an important matter to me. It was in 1963, when I first served on the Agriculture Committee, that I sponsored a bill that became Public Law 88-548. That law authorized a USDA program on Guam for a period of 5 years—a period which, unfortunately, expired in 1969. Now, in each Congress since then I have sponsored legislation to reinstate that program.

In this Congress, I am pleased to say, I was able to turn over the prime responsibility for this bill to my good friend, the delegate from Guam, Mr. Won Pat, who now has the right to introduce legislation himself. But I remain intensely interested in seeing this program reinstated. My own State of Hawaii shares with Guam the need to move positively in the direction of conservation and development of natural resources before it is too late. The USDA services provided by the pending legislation could contribute substantially toward that goal and that is why I am pleased to be sponsoring H.R. 13267 with the distinguished delegate from Guam.

Mr. DE LA GARZA. Thank you very much, Mr. Matsunaga.

Now we will be very happy to hear from our colleague, Antonio Won Pat.

STATEMENT OF ANTONIO B. WON PAT, DELEGATE FROM GUAM

Mr. WON PAT. Thank you, Mr. Chairman, and members of the committee. Before I begin with my statement, I would like to say this for the record, after the statement just presented by our distinguished colleague, Mr. Rarick, and also our colleague, Mr. Matsunaga, that on behalf of the people of Guam, we would like to thank you for helping us carry on the interests of Guam.

Mr. Chairman, and members of this subcommittee, on behalf of the 100,000 American citizens of the territory of Guam, and the 16,000 military personnel and 12,000 dependents of the military personnel, I appreciate this opportunity to testify in support of legislation which seeks to include Guam in certain programs administered by the U.S. Department of Agriculture.

The principal bill before us is H.R. 13267, which my friend and a distinguished member of your committee, Sparky Matsunaga, has

kindly cosponsored with me. H.R. 13267, however, had its genesis in several other bills, H.R. 743 and H.R. 7817, and I additionally will call these measures to your attention today.

Before I discuss these measures, first permit me to provide you with some background information about the role of agriculture in Guam.

There was a time, of course, when Guam was isolated as were most island communities, but was self-sufficient in food. Prior to and during the war occupation years, Guam was generally self-sufficient, except for clothing and other amenities. It had to be. Since July 1944, however, increasing segments of our most tillable land have been appropriated for U.S. military use.

To be specific, slightly over 34 percent of the entire island is under the control of the Federal Government. Much of the 34 percent is arable land. And, most of the Guamanians who normally cultivate small plots at home have—like their counterparts in the States—fallen away from that practice and instead work in military related jobs and do their shopping in modern supermarkets.

Today, Guam imports about 85 percent of its food, most of which comes from the mainland. Due to our almost total reliance on imported foodstuffs, Guam is unusually subject to price and quantity fluctuations in the world food market. And the limited commercial agriculture now employed in the island is far from being sufficient to meet the demand for poultry, eggs, fruits, vegetables, and meats.

Until 1950, as most of you know, Guam was under the control of the U.S. Navy, and most of our needs and problems were handled through normal civilian channels. As a result, Guam has been systematically, though not deliberately, excluded from numerous Federal programs including agricultural, which were enacted prior to 1950.

This lack of eligibility has continued to plague us up through today where we are disallowed participation in the Rural Development Act, for example, because Guam, and only Guam, I might add, is not included in the definition of a State in the Rural Electrification Act. Puerto Rico and the U.S. Virgin Islands benefit, as do all other American citizens except Guamanians.

Since 1958, we have been securing some Federal assistance to help Guam solve its agricultural problems. And, in 1964, Congress enacted Public Law 88-584, and as you know this program was discontinued after 1969 and I do not want to see this happen to this program.

But continuing on with my statement, I quote: "Authorized the Secretary of Agriculture to establish and maintain an agricultural program in Guam which will include such programs—as are determined by the Secretary (that) will promote the welfare of the island." Although Public Law 88-584 was a most laudable act, it contained several limiting provisions, to wit: a 5-year expiration date and a limit of only \$60,000 in annual appropriations. And as I said previously, Mr. Chairman, this program ended in 1969.

As an indication of the effectiveness of the original Guam agriculture act, I call your attention to a report written about 8 years ago by the USDA extension adviser on Guam, Mr. J. R. Hubbard, Jr. What he said in essence is best summed up in one sentence he wrote: "There is a need for the development of a longtime agricultural extension program."

Mr. Chairman, I have a copy of the complete report which, of course, I would like to submit to the committee.

Starting in 1967, efforts, spearheaded by our good friend, Congressman Matsunaga, were made to renew the act. Sparky was a supporter of the original act and his continued support of Guam is a lasting tribute to his understanding of the needs of and his compassion for territorial Americans.

As my presence here today indicates, we were not successful in our efforts to renew Public Law 88-584. A number of bills to do so have been introduced through the years, and the Senate passed one such bill a few years ago only to have it die in the House.

Despite the expiration of Public Law 88-584, Guam does participate in a few USDA programs. A few years ago, Congress included the University of Guam in the land-grant program, thus providing us with some limited access to programs. Additionally food and nutrition service programs also extend to the territory, although it was only this year that the Department of Agriculture agreed to examine Guam's requirements for food stamps. And, last, a highly restricted, but valuable, program of technical assistance has been underway by the Forest Service. The amount provided for these services, however, is only \$2,500 annually.

What is needed on Guam today is a program designed to increase our agricultural productivity so as to enable the territory to be self-supporting. I sincerely doubt that Guam will ever regain its long lost ability to be entirely self-supporting. Our needs are too great for that.

We are confident however, that sufficient land exists for us to develop a comprehensive agriculture program. But only with the assistance of Federal support and expertise from the Department of Agriculture. Last year, in recognition of our overly great dependence on outside food sources, the government of Guam approached the idea of transporting several hundred trained workers from Taiwan. I might say we were not able to bring these people in on account of the immigration regulations.

Should the measure we have before us today be enacted, I must add that there is a political benefit which might also be accrued by USDA experts. Since Guam is unique in its topography and requirements, there exists the possibility that new methods might be tried there which could prove valuable to our programs of foreign agriculture aid.

Earlier, I noticed that H.R. 13267 had its beginning in an earlier bill, H.R. 743, which was introduced in January 1973 by Congressman Matsunaga. As it is presently drafted, however, H.R. 13267 would extend only three programs to the territory: Fire control, watershed protection, and reforestation.

H.R. 743 and its companion bill, H.R. 7817, which I cosponsored with my colleagues from Hawaii, would, however, authorize the Secretary of Agriculture to provide a full range of services to Guam as they were needed by reinstating the original Guam Agriculture Service Act of 1964.

In our desire to have this important issue brought before this subcommittee, it was decided by Congressman Matsunaga and me to introduce H.R. 13267 which follows legislative language put forth by the department in their comments on H.R. 743.

I can assure the subcommittee that the programs now authorized by our newest bill are vital to the territory. Guam has numerous reforestation needs. And the expertise of specialists available under such programs could assist Guam in alleviating the ever-present danger of forest fires.

We are, naturally, also concerned about other aspects of Guam's agricultural requirements. Although I am not an expert, past comments by USDA experts have acknowledged problems in the territory. And they have further acknowledged the value of such programs as operated by the Extension Service towards resolving these problems.

I would not suggest that Guam be given a carte blanche to all Agriculture Department programs. Obviously there are many which have no bearing on our requirements, but, there is no way that I can foretell what Guam's agricultural requirements will be 10, 20, or even 50 years from now.

And, to automatically preclude Guam from participating from such programs as may exist now or in the future is, in my opinion, not in the best interests of your fellow Americans in the territory.

For this reason, I urge this subcommittee to consider all facets, including a soil conservation program, of this issue before coming to a decision. We, the American citizens of Guam, look to this subcommittee to provide the legislative relief which will assure the territory of the long-range ability to help itself.

This is our goal. And, we respectfully urge you to add the approval of the Congress toward the achievement of these goals.

Mr. Chairman, I will be very happy to answer any questions that you may ask or any of the committee members may ask.

Mr. DE LA GARAZA. Thank you very much, Mr. Won Pat. Mr. Sebelius, do you have any questions?

Mr. SEBELIUS. No, I would just say it is a pleasure to have a colleague before us today and listen to his presentation which has been very informative and I yield back the balance of my time.

Mr. DE LA GARAZA. Mr. Matsunaga?

Mr. MATSUNAGA. Thank you, Mr. Chairman, I wish to commend the gentleman from Guam for his excellent statement. He has been very preserving in his effort to get this measure the Congress and I am almost certain that he is going to succeed this year.

So I would like to congratulate him.

But, I ask of the gentleman the question, which he heard me put to Mr. Nelson. As you observed in your prepared statement, the USDA came forth with the language that now appears in the bill pending before this subcommittee, H.R. 13267. If the bill should be reported out with that language, it will most likely sail right through because there is full support from the Department of Agriculture.

On the other hand, I am inclined to believe that Guam is entitled to all of the other services which the other areas of the United States enjoy. I would like very much to offer the amendment which I read earlier, which would include assistance in such programs as the Secretary of the Agriculture would determine best for the promotion of the welfare of Guam. Because we are leaving this question to the Secretary, I can't see any objection or any serious objection on the part of the Department of Agriculture.

Would the gentleman be willing to risk the chance of objection from the administration by this subcommittee adopting such an amendment?

Mr. WON PAT. I recognize of course, the risk entailed in amending the bill. However, you know as well as I do, we have Public Law 88-584 that you had originally sponsored and enacted. This provides among other things such programs in the Department of Agriculture through a memorandum of agreement by the Department of Agriculture and the Government of Guam.

As I said earlier in my statement, we don't ask for a carte blanche for the various programs administered by the Department of Agriculture. We only ask for programs deemed feasible and workable so that they would enable the territory, and the people of Guam as Americans, to develop its resources so we could lessen its dependency on the outside.

Today, as I said in my statement, we are importing 85 percent or more of what we consume on Guam, largely from the mainland, Japan, and Australia. We have a large segment of military personnel over there, who I believe recognize that we have a good civil and military line of communication and that having adequate resources could be very helpful to our military activities. The people of Guam are Americans, and I believe they are entitled to the same things that other Americans, living in other parts of America, receive. I am referring to some of the benefits.

Mr. MATSUNAGA. I take it then that you would want the subcommittee to adopt the amendment as suggested?

Mr. WON PAT. Yes, I strongly urge the committee to adopt it. You see, it would require the discretion of the Secretary of Agriculture and consultation with the Government of Guam as to whether or not such a program could be made available and if it would be feasible.

Mr. MATSUNAGA. Thank you very much.

Mr. DE LA GARZA. Thank you very much, Mr. Won Pat. We appreciate your appearance here and your cooperation with the Committee. Is there anyone in the audience who would like to appear for or against this legislation?

Mr. WON PAT. Thank you Mr. Chairman, and Members of the Subcommittee.

Mr. DE LA GARZA. Thank you.

There being none, the subcommittee will recess subject to the call of the Chair.

[Whereupon, at 3:10 p.m. the hearing was adjourned subject to the call of the Chair.]

the fact that the same person is not always the same person in the same way.

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SEEDS AND PLANTS FOR HOME GARDENS

TUESDAY, MAY 7, 1974

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON DOMESTIC MARKETING
AND CONSUMER RELATIONS,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to call, at 10:15 a.m., in room 1301, Longworth House Office Building, Hon. Joseph P. Vigorito (chairman of the subcommittee) presiding.

Present: Representatives Vigorito and Denholm.

Also present: Representative Poage (chairman of the full committee).

Steve Pringle, staff assistant, and Anita Brown, staff assistant.

[The bill H.R. 9468 and the U.S. Department of Agriculture report follow:]

(15)

93D CONGRESS
1ST SESSION

H. R. 9468

IN THE HOUSE OF REPRESENTATIVES

JULY 23, 1973

Mr. BURKE of Massachusetts (for himself, Mr. TIERNAN, Mr. NIX, Mr. COTTER, Mr. STUDDS, and Mr. MOAKLEY) introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To authorize the Secretary of Agriculture to distribute seeds and plants for use in home gardens.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That notwithstanding any other provision of law, the Sec-
4 retary of Agriculture is hereby authorized to distribute, upon
5 request and without cost, under such conditions as the Sec-
6 retary determines to be appropriate, seeds and plants for
7 use in home gardens to produce food for the personal con-
8 sumption of the household. There are hereby authorized to be
9 appropriated such sums as may be necessary to carry out the
10 purposes of this Act.

I

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., January 17, 1974.

Hon. W. R. POAGE,
Chairman, Committee on Agriculture,
House of Representatives, Washington, D.C.

DEAR Mr. CHAIRMAN: This is in reply to your request for a report on H.R. 9468, a bill to authorize the Secretary of Agriculture to distribute seeds and

plants for use in home gardens. Our report also applies to H.R. 9460, a bill having the same purpose as H.R. 9468.

The Department does not recommend enactment of these bills.

The bills would provide seeds and plants for use in home gardens under such conditions as the Secretary determines to be appropriate. As you are aware, the food stamp amendments found in Public Law 93-86 changed the definition of "food" to permit the use of food stamps to purchase seeds and plants for use in gardens to produce food for the personal consumption of eligible households. Since this provision has already been implemented to benefit needy low-income families, the Department believes the objectives of H.R. 9468 have been substantially accomplished.

In addition, Public Law 93-86 requires each State to implement the Food Stamp Program in every one of its political subdivisions by no later than June 30, 1974, unless a State can demonstrate that it is impossible or impracticable to do so in a particular area. It is anticipated that those areas of the country which had previously relied upon the Federal Food Distribution Program will be receiving food stamp assistance. All households in those areas who are eligible for such assistance will be able to purchase seeds and plants with their food stamps.

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

Sincerely,

CLAYTON YEUTTER, *Acting Secretary.*

Mr. VIGORITO. The Subcommittee on Domestic Marketing and Consumer Relations will begin hearings on the subject of H.R. 9468. Our first witness will be Congressman James A. Burke.

Mr. BURKE. Thank you, Mr. Chairman.

STATEMENT OF HON. JAMES A. BURKE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MASSACHUSETTS

Mr. BURKE. Mr. Chairman, before getting into the substance of my legislative proposal, I want to commend you and your subcommittee for holding these hearings. I know full well how busy the Agriculture Committee is with the pressure on you to finish your scheduled work in the few remaining months of this Congress. I have also been around here long enough to know how long most legislative proposals have to wait before they are granted the privilege of full subcommittee hearings and the attention of the members of that subcommittee.

Consequently, I take a good deal of encouragement from the fact that there is enough interest in this proposal by members of this subcommittee to at least grant it the benefit of a hearing. I do not think I would be sticking my neck out too far if I were to assure you that your sense of priorities is not misplaced in holding these hearings on H.R. 9468.

I filed H.R. 9468 last July 23rd, 1973, after failing by a very close division vote—132 ayes to 151 nays—to get an amendment to last year's farm bill adopted. Both the amendment and the bill were proposed at a time when it was becoming increasingly apparent that this Nation was entering an era of critical shortages. National attention was being focused on the fact that this great Nation of ours, a land of such fabled abundance and abundant generosity over the years, was not immune from the historic problems which have faced nations since the beginning of time; namely, shortages of the essential critical

necessities of life. I need go no further than to refer to last year's critical shortages in food and energy, shortages which continue right through this week of your committee's hearings. Nothing, in my opinion, has alleviated the problem. The only difference is the newspapers, in their struggle for headlines, have begun to look elsewhere for news and, for the time being, have ignored food and energy shortages. But they will undoubtedly return to them at some future date after an event occurs which dramatizes the situation anew for the American public.

But, I do not have to remind members of this committee about shortages and rising food and fuel prices and how one shortage has interacted with the other. The Agriculture Committee spends its time living with these problems full time. When you come right down to it, I really offered my original amendment, and subsequently filed H.R. 9468 together with other Congressmen representing large metropolitan east coast cities such as Providence, Philadelphia, Hartford, in addition to the Boston metropolitan area, primarily to indicate to the Congress and the Agriculture Committee that the day has long since passed when agriculture, and food specifically, was purely a matter of concern to rural farming interests in the Nation or to the Agriculture Committee in the Congress. I was trying to underline the need for growing involvement by all American citizens, whether urban or rural, whether from large metropolitan communities or small towns, in the intelligent development, utilization, and conservation of this Nation's natural resources, in which category I include the produce of our soil, our food, and natural fibers. The fact is agriculture is just too important to our whole national existence to be relegated to the backyard compost heap of national concern—a matter of concern solely for those who live in farmhouses as opposed to city tenements.

Now, I am not claiming credit for creating a national awareness in the past few years of the fact that agriculture has two sides: the production side and the consumer side. In recent years, Members of Congress are well aware that while not too many trees grow in Brooklyn, it is important to the people of Brooklyn and Boston that their interests as consumers be protected even though the bulk of the Nation's produce, and trees, too, grow many miles away. Across the land, in the past few years, consumer interest groups and consumer activism has become the order of the day and the farm industry has not been spared the legitimate attention of this movement. This Subcommittee on Domestic Marketing and Consumer Relations hardly needs to be reminded by me of the sometimes strident interest taken by consumer groups across the Nation in the stewardship of the farming sector of our economy over this Nation's agricultural needs, particularly in terms of the prices charged for the end product.

But, important as all of this is, my bill is not more of the same, not more emphasis on the diversity of interest and views between producers and consumers. H.R. 9468, insofar as it has a philosophy, would tend to break down these artificial barriers between consumer and producer by bringing the city that much closer to the country, figuratively speaking, by literally involving consumers in the production of food on however limited scale.

Thus, H.R. 9468, while on the surface a very simple, short, and succinct bill some 10 lines long, which would authorize the Secretary of

Agriculture to distribute seeds and plants for use in home gardens, is a bill which I feel has a far-reaching significance. As a matter of fact, there has been altogether too much emphasis on the measure as a cost-saving measure. The traditional response of those opposed to the measure, most of them in the Department of Agriculture, is that the bill exaggerates the difficulties poor families would have in affording packages of seeds. Quite apart from the fact that I feel the Department of Agriculture is exaggerating how inexpensive seeds are these days and how much of a sacrifice it would be for families to divert food stamp money any given week to invest in seeds for future savings in food purchases, I think the Department misses the whole point. The reason for this, I feel, is that the Department just simply is not used to thinking of itself as any more than a representative of the production side of agriculture and has grown used to treating the consumer side as foreigners or outsiders in their little kingdom. I am amazed at the Department's summary dismissal of this proposal as unnecessary. I am amazed that a department which spends millions of dollars a year on all kinds of publications to remind the American people of the contribution of agriculture to the economy could be so deaf to the public relations impact of this proposal.

A department which spends millions of dollars on publications advising homeowners and home gardeners of a thousand different ways to "make it grow better", a department which spends money sending exhibitions and demonstrations around the country and the world singing the praises of American agriculture—this same department now rejects out of hand a modest proposal which would cost very little to send seeds and small plantings upon request into homes across the nation. The fact is, I do not think Cecil B. DeMille could have thought of a more dramatic way to bring it home, as it were, to every American homeowner or apartment dweller the need to be involved in the miracle and the hard work and the long hours that is really at the backbone of the American agricultural success story.

After all, what were the World War I and World War II victory gardens but an effort by our shrewd leaders of those days to involve each and every American in the production of agriculture so that they would better appreciate not only the work which went into it, but its scarcity. What better way to teach someone the value of something than to get him involved in its production and enjoyment? To be sure, there were fears of a food shortage during those wars and statistically, I suppose the victory gardens did supplement what was being grown on the farms and diverted to our troops overseas. Perhaps too, the victory gardens were a dry-run preparation for the possibility that at some point during either war, this country would have to be totally reliant on what it was able to grow at home. But when you come right down to it, the victory garden was designed as a morale booster, or to put it another way, an attempt to get every American into the spirit of things.

What better call could be sounded today in the midst of obvious scarcity, at a time when each American has to be reeducated out of the luxury of endless abundance and limitless waste into the new reality of scarce natural resources? For we have learned that peacetime can be a time of shortages, as well as wartime, and this message should not be lost on any American.

The youth of the country, with their instinctive way of seeing through things have seen through the waste and packaged sameness of our modern urban living and across the land there has been a renewed interest in nature and living things. The return-to-the-soil movement is not something my bill would create but would capitalize on and bring home to those who are not free to pack up and return to the soil some of the same appreciation and self-reliance that the youth are after when they indicate their preference to live off their own efforts and find out for themselves what a continuous source of wonder the Earth's products can be.

I certainly do not expect anyone from the Agriculture Department will testify here today that this bill should be opposed on the grounds that it will pose a threat to farmers' future livelihood. I do not think that anyone will argue that homeowners and gardeners planting gardens and window boxes across the country will cause American agriculture sales to go into a tailspin. The average American does not have the kind of land or time available to him to even begin to approach self-sufficiency in his food requirements. All my bill is trying to do is to stimulate the American public, to educate the American public, to include the American public in a national effort to realize the importance of an adequate supply of food and to take steps to conserve, as well as more fully appreciate what we have on our table.

When I look back on my early life, a boy born and bred in the teeming tenements of the city of Boston, I do not think any experience can compare with the time I spent during different summers trying my hand at a backyard garden, waiting for that first tomato to appear. I do not think anything ever tasted as good before or since as that first tomato each summer, that I, myself, had grown. I am convinced that today's youth want to experience more of this and I am also becoming more convinced that all generations could stand to experience more of this.

For some people, this will be more than just an enriching experience. With the prices in the food markets today rising as they are, it could well mean the difference between a nutritious meal with fresh vegetables or some premixed package formula with all its artificial additives.

I really cannot overemphasize to those concerned with the future of America's agriculture industry that the experience of the past few months has underscored for all to see the tremendous gap of understanding between the urban consumer and America's farming interests. It is as if they were speaking two different languages and could not begin to understand the other's point of view. No one wants to look forward to a future of boycotts on the one hand or wholesale destruction of products and livestock on the other hand, just so one group can spite the other in times of shortages. If any of you here today are concerned about developments in the recent past and wonder where it should all end up should things get tight again, then I feel you should be interested in exploring the potential of legislation such as I have proposed for bridging the gap between city and town, farmer and laborer, consumer and producer.

Obviously, I cannot promise a miracle. I am also aware that it is customary to mock and ridicule proposals that aim at changing people's attitudes as visionary and hopelessly idealistic, but I think

this bill, with its curious mixture of idealism and practicality, common sense and imagination, is the sort of approach we should be exploring in Congress today. As they say, sometimes, it is the little things that count. I just cannot resist concluding on the note that the seed we plant here today may well take root and grow into something more than any of us would have dreamed of.

By way of an appendix and just to reassure those concerned about being too far out in front or too high in the clouds, I hope you will permit me to include in the record at this point the report of a Gallup survey conducted last year which indicates the extent to which home gardening and agriculture has been renewed in this country. I honestly believe that Congress must stop resisting such developments and give the lead. Even without Government assistance, the survey indicates that there could be an increase of 3 million household vegetable gardens across the Nation from the present 27 million households figure. Four out of ten American households last year grew some of their own food.

I ask unanimous consent to include in the record this Gallup Poll which appeared in the Congressional Record July 20, 1973, page H 6458.

[The document referred to follows:]

[From the Congressional Record, July 20, 1973]

RIISING PRICES AND THE GROWING NUMBER OF GARDENERS

(By George Gallup)

"A nationwide Gallup survey conducted in late spring reveals that the number of vegetable gardens in the United States could increase by as many as 3 million over 27 million households with a garden last year."

PRINCETON, N.J.—Soaring food prices, coupled with the interest in a "return to nature," have apparently served to swell the number of American households that have planted a vegetable garden this year. In fact, a nationwide Gallup survey conducted in late spring reveals that the number of vegetable gardens in the United States could increase by as many as 3 million over 27 million households with a garden last year.

The survey found that nearly four in ten U.S. households (27 million) grew some of their own food in 1972.

The fact that many Americans may be turning to growing their own food as a way to offset rising food costs can, in part, be documented by Gallup surveys over the past six months, which have shown the high cost of living, and particularly food costs, dominating the U.S. public's list of top domestic concerns.

As reported recently, six out of every 10 persons name inflation and high prices as the most important problem facing America. And the public's median estimate of what a family of four needs per week to make ends meet is at a record high of \$149 with the median food expenditure also at a record \$37 per week.

Present vegetable gardeners are apparently succeeding in lowering their food costs. The survey reported today found that gardeners regard "a saving in foods costs" as their main reason for gardening.

There is also a strong suggestion from this survey that many Americans, particularly young adults between 18-29, are turning to gardening as a way to "return to nature."

Also reflecting the desire on the part of many Americans to return to nature or to at least escape the crowded conditions of the urban areas, are the survey findings indicating that two-thirds (66 per cent) of the U.S. population regards a "sizable piece of land up to one acre" as a "very" or "fairly" important criterion for the selection of a new home. More than half (54 per cent) regard a "vegetable garden" as important, and a large majority (68 per cent) of city dwellers say they

would prefer to live in a suburban area, small town, rural area or farm. This is shown in the table below:

<i>Persons who live in cities would prefer to live . . .</i>		<i>Percent</i>
In a city	-----	30
Suburban area	-----	24
Small town	-----	20
Rural area	-----	9
Farm	-----	15
Don't know	-----	2

Following are other highlights of the survey:

Reflecting the economic aspects of vegetable gardening, the survey found that nearly half of the nation's non-gardeners would have a vegetable garden, if it could be proven that by doing so, they could save between \$200-\$300 per year.

Considerable interest exists among U.S. adults in "community gardening," (where a person with little or no land can travel a short distance and garden a plot of land) a fast-growing phenomena, that is spreading across the nation. For example, more than half of those respondents (59 per cent) who said that they were interested in gardening, but did not have the land, indicated they would be interested in a "community garden."

Mr. BURKE. I don't want this voluminous record in the record. I would present it to you and the other members of the committee. From a recent economic review, there is a critical new shortage of food in India.

"Thought for Food" and "Running Out of Food," these are articles written by responsible people throughout the Nation and by some of our greatest periodicals and news media.

There is a wariness on the part of the public, and in fact the public is so far ahead of the Members of Congress, they are even ahead of the news media.

They sense with almost an animal instinct. They sense that this great Nation of ours in the coming years is going to be faced with real food shortages.

During the energy crisis last year, when the trucks were blocking the highways of the Nation, there were many markets in the country that didn't even have a 2 weeks' supply of food.

There were houses empty, their shelves were about to be empty and the people in the large metropolitan areas of the Nation were faced with a crisis.

The news media zeroed in on it at that time. I would like to have some of you go into the markets. Can you imagine tomatoes going for \$4.35 per peck?

What does the average working person do today? This is a staple food item. I came from the teeming tenement district of south Boston.

We had 10 in the family. My father had passed away. We grew enough vegetables in our victory garden to supply our family with vegetables from June until March.

We stored away squash, turnips, and cucumbers, and my mother used to have the grinding peppers for piccalilli.

Look at the teeming tenement districts of this country. They could have small plots of land. They could have small plots of land maybe 10 square feet.

I am not asking the Department of Agriculture to give away the whole Department. They could give away three to five packages of seeds.

Ten percent of that would cost the Department \$6 million for the seed and that \$6 million could produce from \$380 million to \$400 million in good, nutritious food for some of the working families in the Nation.

You can turn in your food stamps and get your food free, but why don't we go back to when the Department of Agriculture used to send out seed free to the people?

When I was a kid, everybody had a garden. They have cut out all the gardens in the country, but people have forced their ways back on to it. We used to have truck farms and we would go down to the square in an urban area and buy potatoes and strip beans and butter beans and tomatoes at a reasonable price.

Take a look at these prices. We are gouging the life out of the public. They are making a shortage of vegetables in the country and what is the Government doing?

The administration goes out and says, "We have to produce more to get the prices down." Why don't they support this bill?

They are saying, "Don't let them do it. Don't let those people in the tenements who are suffering from malnutrition have a few packages of seeds."

All it does is get these people activated. The good Lord has given us this soil. We have millions and millions of acres of soil all over the country.

You can go out into the suburbs. You will see field upon field not being used. Why don't we give the people a chance to fight back, give them a chance to get into this and let the young people go out into the garden.

It will keep the kids out of the street. It will cut down on the marihuana consumption. Take a look at these tomatoes. That looks like a tomato. It is red like a tomato. Oh, but look at it. It is like a baseball.

It looks like a tomato, it is red like a tomato, but it doesn't taste like a tomato. Let's not have the vegetables in this country develop into these pulpy vegetables. They look beautiful, but have no nutritional value and no taste.

It will get Americans back into the swing of things and give the fellow in the urban area a chance to find out what the farmers have. Let them plant some seeds, and if the frost kills the plant, he will understand what the farmers' problems are and the seed people will benefit by this.

It is like during World War I and World War II. The insurance companies fought the GI insurance. What happened? The country developed an interest in insurance. Then the insurance business boomed overnight. Let's get America back to some good healthy outdoor work, something that will let the families out and give the families a chance to have an interest in some productive way in the Nation.

Dr. William Watchel knows nothing about the bill, but he has a garden. Dr. Watchel, do you have any comments to make on this?

DR. WATCHEL. My name is Bill Watchel. I work in Washington, and I am a neighbor of Congressman Burke.

I have a small victory garden about 60 by 20 feet. My first experience in gardening occurred in the third grade in Pittsburgh where I first became exposed to gardening.

My wife had no experience in gardening. This little garden that I have will grow whole beans, bush beans, three different kinds of tomatoes, zucchini squash and yellow squash, and corn. It will grow eggplant, red raspberries, onions, beets, cucumbers, and cauliflower.

I am an impromptu witness so I don't have any prepared comments. I would like to put my comments in three categories, which I think is pertinent.

I would like to comment on quality, cost, and personal gratification, which I think are three important things about our garden.

As far as quality is concerned, we found that we can grow better vegetables than we can buy. It has been a revelation, especially to my wife. She now finds that the vegetables that she can buy in the supermarkets are so unsatisfactory that in a lot of occasions she refuses to purchase them.

I see some string beans over there. The other day she bought a package of beans and called the manager and proceeded to pick out only the beans she considered satisfactory.

In general, people growing their own vegetables set a new standard. They know what is good.

A lot of people don't know a good vegetable from a bad vegetable. They have never seen a garden of fresh vegetables. As far as cost is concerned, I cannot comment. I don't purchase the vegetables in the family.

I can comment about the personal gratification of having one's own garden. I think this aspect should not be neglected. I think it is very important.

There is a great deal of personal confidence gained in knowing what one can do with one's own hands. In addition to this, I think there is a confidence in self-sufficiency. You say you don't care what happens. You have your own garden and you can always feed yourself. I think this is important.

Whether home gardens will make any impact on the commercial market, I couldn't say. I think it is very important for people to know what good vegetables and lousy vegetables are. In conclusion, I might say there is the added benefit, which is fresh air and exercise, which I doubt is going to hurt anyone.

Mr. VIGORITO. I wish to congratulate you for a well-prepared statement. I don't do much shopping, so I was amazed and surprised at the prices you have there. Will you mention the item and the cost for the record?

Mr. BURKE. Yes. A head of lettuce is 49 cents a head. Last year, they went up to 89 cents a head at one point. Eggplant is 24 cents. Spinach is 55 cents for 10 ounces.

A cucumber is 33 cents for one, turnip is 28 cents a pound, squash is 49 cents a pound, potatoes are 29 cents a pound, retailing, tomatoes, 62 cents a pound, string beans, 50 cents for 10 ounces, or 49 cents a pound for string beans.

Last year, onions went to 69 cents a pound. The average working-man has a problem. You and I are more fortunate. We are in a higher income bracket. And we can get by. But imagine what the average

fellow with three or four kids who earns \$7,000 or \$8,000 a year and has to pay income taxes and social security and has to pay real estate taxes for his little home.

Imagine potatoes at \$4.35. This is outrageous. What are we doing in the Congress?

As I said to Chairman Poage, "You are a great man, a dedicated man," but I know he is oriented along the lines of the farmers.

I said,

Start thinking of the consumer. You can bring the consumer and farmers together by reporting out this bill. It will give the people in the urban areas of the community an opportunity to find out what the farmer puts out when he plants the seeds, what he has to face with the weather, and his would be a great thing for the country.

As Dr. Watchel pointed out, it will give the consumer a chance to make a selection of quality as I pointed out about these tomatoes. There are people in this country who have not eaten a garden tomato. If they did, they wouldn't buy these.

This will encourage the growers of tomatoes to grow a better tomato and have the squash and turnips taste like squash and turnips. This committee could report out a bill authorizing \$6 million in the first year. That is what it would take for the first year's authorization.

When they request the bulletins from the Congressmen they could put a paragraph in the bulletin giving them a selection of three packages of seeds. You could have Department of Agriculture distribute it anywhere.

I want to thank you, Mr. Vigorito, and the committee and Mr. Denholm for being here and recognizing the commodities here today, and I certainly hope that the committee will give the people in the urban areas of this country a chance to get into this food production that will benefit everybody.

Mr. VIGORITO. Mr. Denholm, do you have any questions?

Mr. DENHOLM. Yes. Dr. Watchel, can you tell us what the seeds in your garden cost for cauliflower this year.

Dr. WATCHEL. I don't know the exact cost of that particular package of seeds. They usually run, I would say, 25 or 35 cents a package.

Mr. DENHOLM. How much did you spend for red raspberries?

Dr. WATCHEL. I didn't spend anything on them. They send out shoots like mad. I just get some shoots from a neighbor or friend.

You get about 20 shoots and that is enough to start raising your own red raspberries. I am so enthusiastic about a home garden, I think I have gotten 20 of my friends and colleagues interested in gardening.

Mr. DENHOLM. Can you estimate the annual cost of seeds for your victory garden?

Dr. WATCHEL. Probably \$10 at the most.

Mr. DENHOLM. Do you fertilize the soil of your garden?

Dr. WATCHEL. We use mulch which is supplied or comes from ground up trees, and so forth, that the city cleans up. City trucks come by and dump this mulch in the corner of the block there and we help ourselves to it.

Mr. DENHOLM. Do you have an estimate of the current value of the annual production from your garden?

Dr. WATCHEL. No. As I say, really I did not prepare anything here. I will try to make a guess. It supplies my wife and myself all vegetables for the entire summer and I would say that we probably supply

another 10 people, our friends and colleagues, with vegetables from the garden.

I would say that a garden of our size—60 by 20—could very adequately feed a family of 10.

Mr. DENHOLM. I understand you to say 10 people in addition to Mrs. Watchel and yourself.

Mr. WATCHEL. Right.

Mr. DENHOLM. I commend you for your direct testimony based on your personal experiences with the food production from a garden within the City of Washington, D.C. May I ask our distinguished colleague, Mr. Burke, a few questions?

Mr. BURKE. I would like to get back to the question of the price of seeds. We have checked with the retail outlets here and around greater Washington.

We found that they pay about 12 cents a package wholesale. I imagine that if Department of Agriculture were to divide them in large quantities, they would value them at no higher than 10 cents a package. If a family requested three packages of seeds, it would be 30 cents, which would produce a couple of hundred dollars worth of food.

Mr. DENHOLM. Permit me to commend you for a very persuasive statement in support of the legislation before this committee.

I am disappointed in the attitude of the Acting Secretary of the Department of Agriculture in opposing the program. You expressed an additional comment that was very significant. You testified that a garden brings people back to the earth. That is a profound and true statement.

Seeds as an incentive can be equally important as an educational process in food production which represents a very small portion of the amount that is expended by this Government on education. Do you agree?

Mr. BURKE. I agree to that. When I was in school as a youngster, they gave out these garden plots to students who didn't have a garden plot in their backyard.

That was in the tenement district. I didn't see a cow until I was about 12 years of age. There is so much that the city folks can learn about the problems the farmer is faced with.

This is one area, I think, that is so healthy and so helpful to the youngsters and they take an intense interest. There is nothing like when the fall comes along and you see the results of your work—the tomatoes, potatoes, and fresh ears of bantam corn, string beans, spinach, cauliflower, lettuce, and beets.

I remember getting out all the beets and they were prepared and put up in jars. There is so much that the working people can put away. It will contribute to their health and the building up of their bodies. This Government wastes \$6 million at the Department of Defense. Why shouldn't they be concerned about this bill?

Look at the wheat deal. I don't want to get into that, but we lost millions of dollars on that. I am pointing out that this is a little proposal that will cost the Government \$6 million for the first year, so let's try it out.

If it doesn't work, all well and good, and more than likely in 3 years they will spend \$18 million.

They may find out that the proposal in the country may be prepared for the food shortages ahead. As sure as you and I are sitting here, we are going to have dire food shortages in the country. It takes time for things to grow.

This bill, if it is acted upon favorably, means the seeds might not be ready for months away. Let us prepare now. I recall seeing a picture the other night on one of the late, late, late movies.

Joseph went into Egypt and taught them how to store grain and food because he saw 7 years' abundance and 7 years of famine.

They prepared for the 7 years of famine. They stored away their grain. We are not doing that today in this country. We are taking everything for granted.

We just went through an energy shortage. Cars are now going 80 to 85 miles an hour on the highway again. We do face some real threat of shortages and particularly in the food area.

Mr. DENHOLM. You have demonstrated by your testimony that the seed is a minute cost of the effort. Do you think that the Government should induce people to do something they are not really precluded from doing now since the seeds are not a significant cost factor?

Mr. BURKE. Those people who are wise enough to recognize that we are going into a food shortage—there are other people who need encouragement. Those are the people I want to reach. Once they find out, they will get themselves interested.

The next year they will have a garden. I came from a family of 10 and we supplied our vegetables from October clear up to April or May and it is a wonderful way of doing things.

My brothers and sisters would get out and weed the garden and till the soil. It was a wonderful experience.

It is a throwback to me and when I saw Dr. Watchel's garden—he is the gentleman who got me interested.

You should taste the vegetables that come out of his garden. It lets people know that these things can be done.

There are youngsters who go through a whole lifetime knowing only what is produced in the back of the store. They don't realize that these things take a lot of work and effort on the part of the farmer.

Mr. DENHOLM. I agree with you. You have made a meritorious statement. Your suggestions are of substantial value in the public interest. Thank you very much.

Mr. BURKE. Years ago we had a Congressman from the district of Boston. They had a very small backyard. People used to write to him to get a package of seeds and they would plant the seeds in the backyard. Some people had a garden no bigger than the top of this table. They were interested.

There is a growing awareness on the part of the American people that we are about to get into a food shortage, but there are other people who are not aware. Those are the people I am trying to reach and I think the Government has a moral obligation to reach them because it will cost a lot more for food stamps. The seeds you plant here, the return will be one hundredfold. It will be like the stories of the loaves and the fishes and you should be blessed by almighty God for what you have done.

Mr. VIGORITO. Thank you for your excellent testimony.

Mr. BURKE. And thank you.

STATEMENT OF ROBERT A. WEARNE, HORTICULTURIST, EXTENSION SERVICE, ANR, U.S. DEPARTMENT OF AGRICULTURE

Mr. WEARNE. Mr. Chairman and members of the committee: I am pleased to have this opportunity to discuss with this committee H.R. 9468, a bill to authorize the Secretary of Agriculture to distribute seeds and plants for use in home gardens.

State extension services provide educational assistance to home gardeners on the production of food for their own consumption.

The State and county extension service provides information to home gardeners in most of the counties in the United States. Information consists of selection and varieties of vegetables to grow, cultural practices, pest control measures, fertilizers, and harvesting. Most of this is through publications. For example, USDA has distributed 237,000 copies of H. & G. Bulletin 202, "Growing Vegetables in the Home Garden" and most State cooperative extension services have similar publications with information more pertinent to local climatic and growing conditions. The USDA through the CES is assisting the home vegetable gardeners, but the number of requests for help received in St. Paul alone shows this to be a difficult task. For example, during June and August of 1972, 30,000 phone calls for gardening information were received at the University of Minnesota averaging over 500 calls per day. Similar number of calls are handled in every metropolitan area in the country.

In 1972 the Minnesota and Wisconsin Extension Service studies on home gardening were initiated. This was a special project. The studies indicate that most gardeners are not asking for seed or other gardening materials, but for places to garden; that is, garden plots conveniently located near their homes. Another need is for information which would help or show gardeners how to plant, varieties to select, when to harvest, and how to utilize the garden produce when it is in the prime of condition.

As you are aware, the food stamp amendments found in Public Law 93-86 changed the definition of "food" to permit the use of food stamps to purchase seeds and plants for use in gardens to produce food for the personal consumption of eligible households. Since this provision has already been implemented to benefit needy low-income families, the Department believes the objectives of H.R. 9468 have been substantially accomplished.

In addition, Public Law 93-86 requires each State to implement the food stamp program in every one of its political subdivisions by no later than June 30, 1974, unless a State can demonstrate that it is impossible or impracticable to do so in a particular area.

It is anticipated that those areas of the country which had previously relied upon the Federal food distribution program will be receiving food stamp assistance. All households in those areas are eligible for such assistance will be able to purchase seeds and plants with their food stamps.

That completes my statement.

Mr. VIGORITO. Thank you very much for your statement. I have no questions.

Mr. DENHOLM. Mr. Wearne, when was the program terminated, was that in 1913?

Mr. WEARNE. 1923; I was checking with some of the people who keep records of historical activities.

Mr. DENHOLM. Why wasn't the program continued?

Mr. WEARNE. This I don't know.

Mr. DENHOLM. Now, as to bulletin distribution, at the community level, how many agencies distribute the same bulletin?

Mr. WEARNE. The Cooperative Extensive Service distributes the publications through State and county offices in answer to individual requests. Similar publications such as "Home and Gardens" and "Growing Vegetables in the Home Garden," are also distributed.

Mr. DENHOLM. I made a mailing of the agricultural bulletin and received several complaints from constituents that alleged they were receiving it from several different agencies and they felt it was a duplication of effort.

How can I eliminate the duplicity and not cause additional expense.

Mr. WEARNE. I believe Dean Martin, who is my counterpart in South Dakota, and I imagine through the extension offices and county offices, that they pretty well fill the need of the distributing publication. It is surprising how many people are not aware that there is an office in the town or county.

Mr. DENHOLM. I realize that when a mass mailing is accomplished that the risk of duplicity will exist but it is the only way that I know that every household will receive a copy of the bulletin.

I want to avoid duplication and useless expense. Do you have any recommendations?

Mr. WEARNE. There is a concern, and it is costly. It is not too costly, but the publication probably costs 40 cents to prepare and there is an effort being made in all these States to avoid duplicating the distribution.

I might mention that in one sense, rather than actually reproducing a publication each year perhaps you have seen some of the fact sheets that are prepared by some of the States and counties. This is used to update and keep the information current.

Mr. DENHOLM. Do you have an opinion as to whether or not we can change the habits of urban dwellers if we made available to them seeds for home gardens?

Mr. WEARNE. From my experience, seed has been a very minor item. Within the last few days, I have talked to people who are in charge of the community gardens. They have their own programs.

I have some examples from Portland, the inner city area of Portland, seeds made available from seed dealers or senior clubs and this is happening all over the country.

In Michigan, people exchange seeds. In my own gardening, even though you pay 30 to 35 cents for a package of seeds, you have more seed than you can use. You can always exchange. One buys cabbage and the other buys cauliflower.

Mr. DENHOLM. So the seed constitutes a very small investment and a rather insignificant cost of home gardening?

Mr. WEARNE. There are other costs and inputs—fertilizer and spray materials, and knowing how to garden are important.

Mr. DENHOLM. You heard the testimony from our distinguished colleague from Massachusetts and it is his belief that if the Depart-

ment would make available an inducement the people would participate in home gardening. Do you object to that?

Mr. WEARNE. I don't object to it.

Mr. DENHOLM. Does the Department object to it?

Mr. WEARNE. I think they feel it would be a duplication.

Mr. DENHOLM. Are urban people using food stamps to buy garden seeds?

Mr. WEARNE. I think food stamps are important. I would like to refer questions on use of the stamps to Mr. Nichols.

Mr. NICHOLS. My name is Jack Nichols. I am Deputy Director, Food Stamp Division, U.S. Department of Agriculture. Would you repeat your question?

Mr. DENHOLM. The Acting Secretary, Mr. Yeager has written a letter indicating that because seeds are available to the people through the use of the food stamp exchange that the proposed legislation is not necessary—now my question is, does the personnel of the Department consider this a major objection or a minor objection to the proposed legislation before the committee?

Mr. NICHOLS. I believe the Department feels that the objectives of this proposed bill are being met through the food stamp program.

Mr. DENHOLM. Do you have evidence to that effect?

Mr. NICHOLS. We have received some reports from the field that stamps are being used to purchase seeds and plants. The farm bill provides for this amendment and was effective last August.

It was implemented, the latter part of August and this was at the tail end of the growing season for a good portion of the country. Our reports are somewhat limited.

This year we are just now getting into the growing season, but we participated in a State conference in North Dakota, I believe, last week or so, and we had a number of inquiries about this particular point from the merchants who had a number of inquires from the recipients as to whether or not they could purchase seeds with stamps.

Mr. DENHOLM. Are there any metropolitan-urban areas in North Dakota?

Mr. NICHOLS. The whole State is participating in the program.

Mr. DENHOLM. You are referring to the people in communities of the most rural State of the Union. Do you know if food stamps are traded for garden seeds in the cities?

Mr. NICHOLS. Well, the food stamp program is operating statewide. We have approximately 13½ million people in the country that are benefiting from food stamps at the present time.

Mr. DENHOLM. I appreciate the opinion of the personnel of the Department, Mr. Chairman, but the answer of the gentleman is not responsive to my question.

Mr. Nichols, what evidence do you have to indicate that food stamps are actually used to purchase garden seeds in opposition to the proposed legislation before the committee?

Mr. NICHOLS. I would just have to repeat that the experience has been limited because of the time that the provision was implemented.

Mr. DENHOLM. Then the objection of the Department is a minor objection to the legislation and it is without foundation for a proper conclusion—is that correct?

Mr. NICHOLS. I think we would have to get an opinion from the Secretary on that.

Mr. DENHOLM. Very well, thank you.

Mr. VIGORITO. There will be no further questions. We wish to thank you for your appearance today.

[Whereupon at 11:25 a.m. the subcommittee adjourned subject to the call of the Chair.]

[The following statements and correspondence were submitted to the subcommittee:]

STATEMENT OF HON. RONALD DELLUMS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

I vigorously support legislation authorizing the Secretary of Agriculture to distribute free plant and vegetable seeds for use in home gardens.

In World War I and II, Congress passed similar legislation which led the country in a "back to the soil" movement by providing free plant and vegetable seeds to millions of Americans to plant in home gardens. Then, as now, the country faced curtailment of produce, especially fresh vegetables, that pushed food prices to an all-time high. Families living in poor urban areas and those on low fixed incomes were immeasurably aided by the free seeds which allowed them to grow their own vegetables at a substantial financial savings. Not only did it aid people financially, but it also provided a new and healthful experience for many children who learned how to plant and grow food in soil in their own backyard.

Today we are again facing produce shortages and sharply rising food prices. It is time for Congress to realize its responsibility and demonstrate its real concern for the individual consumer by once again passing legislation authorizing distribution of free plant and vegetable seed to citizens upon request.

STATEMENT OF HON. MARGARET M. HECKLER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MASSACHUSETTS

Mr. Chairman: I would like to thank you and the other members of your subcommittee for giving me this opportunity to voice my support for legislation which I consider of great importance.

I wholeheartedly endorse Representative Burke's bill, H.R. 9468, which would authorize the Secretary of Agriculture to distribute seeds and plants for use in home gardens.

This legislation could serve as a psychological shot in the arm to the weary consumer who feels that his Government does not really care whether or not the inflationary spiral drives him into the poor house.

This legislation will provide the Department of Agriculture with an easy way to tell the American consumer that his Government wants to develop an economic panacea to the food-price crisis.

I am not saying that the urban dweller with a few seeds from USDA can begin to produce enough food for his family, but I feel that the consumer in Boston and in other large cities will derive a certain satisfaction from an involvement with a garden.

As I am certain you know, last year was an economic disaster from the consumer's point of view: the worst inflation since World War II.

Food prices for the average American family jumped 22 percent last year over prices in 1972. A family of four earning \$10,000 a year paid 25 percent of its income for food in 1972 and will probably be forced to pay at least 35 percent by the end of 1974.

In Massachusetts, as my colleague Mr. Burke knows, the inflation problem is even more critical. The most recent statistics from the Department of Labor report that food prices rose by 19.7 percent during a 12-month period between January 1973 and the current year. Shoppers living in the Boston area pay 10 percent more for their food than the majority of city dwellers in other parts of the country.

In the Boston area a head of lettuce today sells for about six cents more than in most other areas of the nation. A more dramatic example in price differences

is seen in potatoes. In January 1973 ten pounds of potatoes sold for about \$1.16, compared to this year's January prices of \$1.53. But the most disturbing part of this cost picture is that in January of this year the national average for ten pounds of potatoes, based on a survey of food prices in all major cities was only \$1.37.

As a member of the Consumer Affairs Subcommittee of the Banking and Currency Committee, I am especially concerned with the impact runaway inflation in food prices is having on the people in my district. On April 18 I conducted a day-long public hearing on soaring food costs and their effects on the lives and institutions of the people living in the 10th Congressional District of Massachusetts. The hearing which took place in Natick lasted the entire day.

A wide variety of people testified concerning how disastrous increases in food prices have affected their personal lives and the businesses or organizations they represented. Statements were presented by economics professors, dieticians, welfare recipients, the elderly, hospital and school food service directors, consumer organizations and working mothers.

All of the witnesses who testified during this public hearing presented statistical data showing the drastic increases in food prices during recent years and what these increases mean in terms of their family budget or the budget of their business or organization. Many of these witnesses called for remedial federal legislation to alleviate the impact of the food-price crisis. Others expressed deep disappointment in the Government's apparent lack of concern for the plight of the average and low-income consumer.

I am not at all surprised that the Department of Agriculture is opposed to the legislation we are discussing today. The USDA has adopted an attitude which is almost anti-consumer—as if the American consumer is a villain—always complaining about food costs—never acknowledging that the farmer deserves an income too.

During my food hearing, I found it particularly disconcerting that the Department of Agriculture refused my request to send someone to take part in this hearing, either as an observer or as a participant.

It is certainly time that the USDA recognize the legitimate complaints of the consumer and begin to view his situation in a new light.

H.R. 9468 would certainly be a step in the right direction. The federal distribution of seeds would encourage consumers to plant what I call "inflation gardens" to ease the crunch of high food prices. These gardens would be the parallel to the "victory gardens" which emerged during World War II. During the war, in 1943 the planters of "victory gardens" planted 20.5 million plots for gardens and produced at least a third of all the fresh vegetables consumed in the country.

"Inflation gardens" grown with seeds distributed by the government can be the consumer's ammunition against the war on inflation in food prices.

STATEMENT OF HON. ROBERT O. TIERNAN, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF RHODE ISLAND

Mr. Chairman and members of the Committee: Thank you for giving me this opportunity to express my views on H.R. 9468, a plan for the distribution of seeds and plants for home gardens.

Americans as a rule take great pride in her farmers who have made us the greatest and most efficient agricultural producing country in the world. This past year our harvests set all time records for production. With such a record, one might assume every American citizen to be most appreciative of the American farmer. This is not the case although the real culprit is not the farmer but the policy makers of the current Administration.

Despite record production levels, American consumers are experiencing food shortages and rapidly rising food prices. The inflation in food costs that tightens everyone's budget has left the American consumer disaffected and disgruntled. Fortunately, people have been taking positive action to alleviate this situation in ever increasing numbers. The consumer has been turning to the home garden, not only as a leisure activity but also to help reduce his food costs. It is estimated now that over 27 million households are presently cultivating home gardens. The importance of these gardens are twofold. First, there will be gained an economic benefit in the reduction of the food budget, but just as important, these gardens will show the urban citizen the effort that is involved in producing our food supply.

With record levels of production however, we are still experiencing shortages because our farmers have taken on their shoulders the responsibility of feeding a significant portion of the world's population. In this attempt to spread our food supplies throughout the world, the American consumer is very often the loser. He is faced with shortages in the supermarket and ever increasing prices. By turning to the home garden (approximately four out of ten American households last year grew some of their own food), urban and suburban residents can take a constructive step in alleviating food shortages.

Local governments have also been actively encouraging the use of home gardens to supplement the food budget. Here, in the District of Columbia and many of the surrounding suburbs, land is being set aside for home gardens for apartment dwellers. A town in my home state, Barington, Rhode Island, has initiated such a plan. The demand for these garden plots has been astounding. Across the river in Arlington more than four times as many persons have applied for community garden sites than are available. The bill that is before this subcommittee today will further encourage this trend toward home gardening.

I would like to make one further comment on this bill. The Department of Agriculture does not recommend enactment of this bill. This does not surprise me in the least. The Department of Agriculture too often ignores the consumer. But here, we have an opportunity that will help the consumer combat higher food prices and provide the Department of Agriculture a perfect vehicle to educate the consumer in the process involved in the production of food. I commend this proposal as an idea whose time has come and urge the committee to give it favorable consideration.

AMERICAN SEED TRADE ASSOCIATION, INC.,
Washington, D.C., May 9, 1974.

Hon. JOSEPH P. VIGORITO,
*Chairman, Subcommittee on Domestic Marketing and Consumer Relations, House
Committee on Agriculture, Longworth House Office Building, Washington,
D.C.*

DEAR MR. CHAIRMAN: I am the Executive Vice President of the American Seed Trade Association which represents some 450 seed companies with seed distribution located in all 50 states. Some 41 states and regional associations are also affiliated with the American Seed Trade Association. The Association's headquarters are located in the Executive Building, 1030 15th Street, N.W., Washington, D.C.

This letter is written to present the views of the American Seed Trade Association on H.R. 9468, a bill to authorize the Secretary of Agriculture to distribute seeds and plants for use in home gardens.

The American Seed Trade Association is in complete accord with any legislation having the intent to encourage home gardens to fight inflation by reducing the cost of food to families, to improve the nutritive level of the diet of American families, and to provide an opportunity for personal accomplishment, exercise and fresh air to those choosing to work in their own garden. However, ASTA feels that the give away program of seed by the U.S. Department of Agriculture proposed in H.R. 9468 will not accomplish this purpose.

The Farm Bill (Public Law 93-86), passed by Congress on August 10, 1973, contained an amendment which provides that food stamps may be used for the purchase of seeds and plants for use in gardens to produce food for the personal consumption of the eligible household. The American Seed Trade Association is a strong supporter of the philosophy that food stamps should be used for purchase of seeds and plants for gardens and we have a long record of having supported legislation to accomplish this objective. This Spring 1974 is the first planting season this amendment has had an opportunity to function. How well it works remains to be seen. In a few months the USDA can better assess its worth. We maintain that this amendment to the Food Stamp Act of 1964 should be allowed an unhindered opportunity to accomplish the purpose for which it was enacted and that H.R. 9468 would only be a duplication of effort (and possibly a confusing detriment to both). If however, the distribution of seed under the Food Stamp Act does not work to accomplish the above stated purpose, is there any reason to believe that a give away program under H.R. 9468 would be more adequate or efficient? We are all familiar with the fact that that which is free is often wasted and unappreciated.

The expending of an additional \$6 million in the Department to implement this act would be a wasteful use of the taxpayers money and a duplication of effort. The cost to the taxpayer of setting up the organization to distribute free seed could better be spent directly by the taxpayer in purchasing his own seed or through food stamps. Persons now eligible for food stamps are able to obtain the kind and varieties of seed they want and those which are adaptable for their own area. Those not eligible for food stamps can well afford to purchase the seed of their choosing for themselves.

The cost of seed in planting a garden is minimal. A successful garden cannot be grown without considering other costs—for example, for soil preparation one needs proper tools to work the soil; lime, fertilizer, and organic matter are required to create a proper growing medium; for pest control one needs sprays or dusts and some kind of applicator; and finally a piece of ground with the proper exposure. The cost of inputs required for a successful garden are such that we question that the availability of free seed and plants will provide the incentive to cause low income families to grow gardens.

The seed trade is also concerned that if the government follows their usual program of awarding purchase contracts to the lowest bidder, they are not likely to get top quality seeds which in the long run would reflect adversely upon the seed industry. Further, government agencies are not knowledgeable seedsmen and there is considerable hazard that seeds will be distributed which are not adapted to the general areas to which they are sent for planting. Improper handling and storage of seeds for the various market areas may result in the distribution of seeds in which germination and vitality may have been reduced. Additionally there is a strong possibility that seeds may be carried over from one year to the next, stored without proper attention to preservation of vitality, and distributed without regard to germination and vigor. The consequences could be damage and cost to the recipient of seed as a result of spending money, effort and time to plant seeds which will not produce the desired results.

For these reasons the American Seed Trade Association is opposed to the enactment of H.R. 9468 and contends that the give away program by USDA would be a duplication of effort, improper use of the taxpayers money, a hindrance to the American Seed Industry, a most vital industry to the well-being of the United States and not in the interest of low income families which this legislation purports to benefit.

It is requested that this letter be made a part of the official record.

We will be pleased to provide any additional information that the Committee may request and will answer any questions which the Committee may have.

Respectfully submitted.

HAROLD D. LODEN, *Executive Vice President.*

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SUBORDINATION AGREEMENT IN LEE COUNTY, S.C.

TUESDAY, JULY 9, 1974

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON DEPARTMENT OPERATIONS,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in room 1302, Longworth House Office Building, Hon. E de la Garza (chairman of the subcommittee), presiding.

Present: Representatives de la Garza, Sebelius, and Young.

Also present: Steve Allen, staff consultant; Steve Pringle, staff assistant; and Betty Prezioso, staff assistant.

Mr. DE LA GARZA. The subcommittee will be in order.

Our meeting today is to consider H.R. 9054 by Mr. Young, of South Carolina, and H.R. 7954 by Mr. Hastings of New York.

(The bill H.R. 9054 and the U.S. Department of Agriculture report follow:)

93^D CONGRESS
1ST SESSION

H. R. 9054

IN THE HOUSE OF REPRESENTATIVES

JUNE 28, 1973

Mr. Young of South Carolina introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To amend the Act entitled "An Act to authorize the Secretary of Agriculture to execute a subordination agreement with respect to certain lands in Lee County, South Carolina".

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Act entitled "An Act to authorize and direct the
4 Secretary of Agriculture to execute a subordination agree-
5 ment with respect to certain lands in Lee County, South
6 Carolina", approved November 6, 1969 (83 Stat. 183), is
7 amended—

8 (1) by striking out "an agreement subordinating"
9 and inserting in lieu thereof "a quitclaim deed convey-
10 ing and releasing";

I

- 1 (2) by striking out "is" and inserting in lieu there
 2 "and the Secretary of the Interior are"; and
 3 (3) by striking out "288" and inserting in lie
 4 thereof "228".

DEPARTMENT OF AGRICULTURE,
 OFFICE OF THE SECRETARY,
 Washington, D.C., July 2, 1974.

Hon. W. R. POAGE,
 Chairman, Committee on Agriculture,
 House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your request for a report on H.R. 9054, a bill to amend the Act entitled, "An act to authorize the Secretary of Agriculture to execute a subordination agreement with respect to certain lands in Lee County, South Carolina."

This Department does not object to the enactment of this bill, if amended as suggested.

This bill would amend P.L. 91-110 which allowed only a subordination by the Secretary of Agriculture. This amendment would authorize and direct the Secretary of Agriculture. This amendment would authorize and direct the Secretary of Agriculture and the Secretary of the Interior to execute and deliver to the Board of Education of Lee County, South Carolina, a quitclaim deed conveying and releasing unto said Board all rights, titles and interests of the United States of America in tracts of land situated in Lee County, South Carolina, containing 11 parcels of land as described in a deed dated September 14, 1945, from the United States to the South Carolina State Superintendent of Education and a deed dated July 14, 1946, from the United States to the South Carolina State Superintendent of Education recorded in the land records of the Office of the Clerk of the Courts of Lee County, South Carolina. The deeds of conveyance provide that the property is to be maintained and operated for school and community purposes. The deeds expressly reserve to the Federal Government the right to re-enter the property if it is not so used. The South Carolina State Department of Education transferred its right, title, and interest in the property to the Lee County Board of Education by quitclaim deed on May 20, 1953. Under a transfer of jurisdiction pursuant to P.L. 760, 81st Congress (7 U.S.C. 1035), the Government-owned reserved mineral interests are now under the jurisdiction of the Secretary of the Interior. The Department has been advised that the deed dated July 14, 1946, was recorded in deed book J-1, page 228.

This acreage was part of a resettlement project purchased by the Farm Security Administration of the United States Department of Agriculture and the South Carolina Rural Rehabilitation Corporation. The Federal Government and the South Carolina Rural Rehabilitation Corporation owned 61.9 percent and 38.1 percent undivided interest in the reversionary rights and mineral interests, respectively. The 38.1 percent owned by the South Carolina Rural Rehabilitation Corporation was deeded to the Lee County Board of Education on July 17, 1969, and recorded in the county record on May 23, 1973.

We understand that the Lee County Board of Education desires to restore, improve and make better use of the property for educational and community purposes. On seven out of the eleven parcels, (those numbered 2, 3, 4, 5, 6, 8 and 10 in the deeds of record), the Board of Education anticipates building or major repair efforts. However, the necessary financing cannot be obtained because certain South Carolina statutes have been construed to mean that a school district cannot spend money on building without having a fee simple title to the property.

In light of this situation, the Department does not object to conveyance of the reversionary interest in the seven parcels noted above. The attached addendum sets forth suggested amendments to the bill that would authorize conveyance

of these reversionary interests in those seven parcels. In addition, the Department of the Interior has informed us that the lands are not valuable for mineral development and that they have no objection to conveyance of the reserved mineral interest.

With respect to parcels numbered 1, 7, 9 and 11, we see no grounds for making an exception to the general policy that the Federal Government will not relinquish reversionary rights in cases in which such relinquishment is not necessary to continued use of the land for the purposes for which it was deeded.

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

Sincerely,

J. PHIL CAMPBELL, *Acting Secretary.*

Attachment.

ADDENDUM

It is suggested that S. 2141 be amended by striking out "and" at the end of the paragraph no. "(2)", and by adding paragraphs (4), (5), (6), and (7) as follows:

(4) by striking out "a lien or liens to be executed by" and "for the financing of consolidated public school improvements on the said land";

(5) by striking out "those" and inserting in lieu thereof "seven" before "tracts of land";

(6) by striking out "containing eleven parcels, five of said parcels being" and inserting in lieu thereof "being parcels no. 2, 3, 4, and 5"; and

(7) by striking out "six of said parcels being" and inserting in lieu thereof "parcels no. 6, 8, and 10".

Mr. DE LA GARZA. It had been my intention to have the department testify first, in order to get their views first but I see that the staff has provided me a list in the proper protocol order, and that is to have the author, Mr. Young, appear first, and preferably we will just proceed the way the staff has it lined up.

I understand that Senator Thurmond is on the way, so if our colleague, Mr. Young, will present his testimony, and then hopefully by the time you are finished Senator Thurmond might be by.

We are very happy to have you before our subcommittee, Mr. Young, and the other guests and witnesses that you bring with you.

STATEMENT OF HON. EDWARD YOUNG, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF SOUTH CAROLINA

Mr. YOUNG. Thank you, Mr. Chairman. I appreciate this opportunity to testify before this committee and I appreciate your setting up this committee to hold these hearings.

This bill would direct the Secretaries of Agriculture and Interior to quit-claim all interests of the United States in approximately 285 acres of land in Lee County, S.C., to the board of education in that county.

The United States owns a 61.9-percent interest in the retained reversionary rights and mineral interests. The remaining 38.1 percent is owned by the board of education. The property was acquired by the United States and the South Carolina Rural Rehabilitation Corp. for a resettlement project in the depression and the United States conveyed its interest in the mid-forties to the South Carolina Superintendent of Education, subject to the right to reenter and regain possession if the property was not used for school and community purposes. Subsequently, the State Department of Education transferred the property to the Lee County Board of Education, which has, since 1953, operated a public school on the land.

Clear title to the land is a prerequisite to any further construction on the land. A March 18, 1974, letter from R. A. Durham, the deputy superintendent of the division of finance and operations of the South Carolina Department of Education, substantiates this point "under South Carolina law a school district cannot spend money for the erection of public buildings without having a fee simple title to the property on which the buildings are to be built. * * * the State board of education will not approve a building project for the expenditure of funds unless the building is fee simple property of the school district."

The Board of Education of Lee County has already invested too much into this school and the property is too valuable to the county for school and other purposes for it to be abandoned and revert to the Federal Government, which has no use for it whatsoever.

I have walked through this property, and it brings back the depression days to me. We should make it possible for the board of education to move this property into the 1970's by releasing the Federal Government's future interest.

Mr. Chairman, I would like to briefly add we have the Superintendent of Education of Lee County, and also the Director of Vocational Education from Lee County, to testify. But, Mr. Chairman, it is a real depressing sight and we brought pictures to show this property that has been abandoned and only the buildings are trying to be maintained by the Department of Education. They cannot spend any major amount of money because it has a reverter clause in it. This bill passed the House of Representatives several years ago and when Mr. McMillian was in Congress from our district and it passed the Senate and Mr. Proxmire of the Senate put the subordination clause into it. So we are asking your committee to let this property go over to Lee County and we feel that we can do a service to Lee County, we can update this property and make it more valuable for the community, and I appreciate this opportunity, Mr. Chairman, to appear before you and we will introduce our guests at whatever time the Chairman sees fit.

MR. DE LA GARZA. Thank you very much. You said you had some slides.

MR. YOUNG. Yes, I do. Mr. Chairman, and they are in conjunction with the testimony of our witnesses from Lee County.

MR. DE LA GARZA. Thank you very much.

MR. YOUNG. Would you like for us to present their testimony?

MR. DE LA GARZA. That is fine, we will follow in the proper order.

Mr. Frank Naylor, Associate Administrator, Farmers Home Administration, U.S. Department of Agriculture.

We are very happy to have you and your colleagues, sir, and we will await your recommendation on this legislation.

STATEMENT OF FRANK NAYLOR, JR., ASSOCIATE ADMINISTRATOR, FARMERS HOME ADMINISTRATION, U.S. DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY JAMES E. LEE, DIRECTOR, FARM REAL ESTATE DIVISION, AND JAMES V. LOUGHRAN, JR., OFFICE OF GENERAL COUNSEL

MR. NAYLOR. Mr. Chairman, the Department appreciates the opportunity to appear before this committee to present the views of the

Department of Agriculture on H.R. 9054. With me today is Mr. James Lee, Director of the Farm Real Estate Loan Division of the Farmers Home Administration, and James V. Loughran, attorney for the Office of the General Counsel.

Mr. Chairman, I appreciate the opportunity to appear before this committee to present the views of the Department of Agriculture on H.R. 9054. If H.R. 9054 is amended as suggested, we would have no objection to its enactment.

The bill would amend Public Law 91-110 to authorize and direct the Secretary of Agriculture and the Secretary of the Interior to execute and deliver to the Board of Education of Lee County, S.C., a quitclaim deed conveying and releasing to the Board all right, title, and interest of the United States in certain tracts of land in Lee County, S.C., containing 11 parcels. The lands were conveyed to the South Carolina State Superintendent of Education by deeds of September 14, 1945, and July 14, 1946. The deeds of conveyance reserve the mineral rights, provide that the property is to be maintained and operated for school and community purposes, and expressly reserve to the United States the right to reenter the property if it is not so used. The South Carolina State Superintendent of Education transferred his right, title, and interest in the property to the Lee County Board of Education on May 20, 1953.

The land involved includes a total of about 285 acres and is contiguous so far as we are able to learn from the map accompanying the original conveyances. This acreage was part of a resettlement project purchased by the Farm Security Administration of the U.S. Department of Agriculture and the South Carolina Rural Rehabilitation Corp. The Federal Government and the South Carolina Rural Rehabilitation Corp. owned 61.9 percent and 38.1 percent undivided interest in the reversionary rights and mineral interests, respectively. The 38.1 percent owned by the South Carolina Rural Rehabilitation Corp. was deeded to the Lee County Board of Education on July 17, 1969.

Original use of the property by the Lee County Board of Education was to establish a vocational agriculture school, making use of existing buildings and utility systems. We understand that the board of education now wishes to broaden the scope of the school system and to restore, improve and make better use of the property for education and community purposes. On 7 of the 11 parcels (those numbered 2, 3, 4, 5, 6, 8 and 10 in the deeds of record) the board of education anticipates building or major repair efforts. We understand that the necessary financing cannot be obtained because certain South Carolina statutes have been construed to mean that a school district cannot spend money on buildings and improvements unless it has fee simple title to the property.

In view of this situation, the Department does not object to conveyance of the reversionary interest of the United States in the seven parcels on which construction is contemplated. Our legislative report on H.R. 9054 suggests amendments to the bill that would authorize conveyance of these reversionary interests in those seven parcels.

Under a transfer of jurisdiction pursuant to Public Law 760, 81st Congress (7 U.S.C. 1035), the Government-owned reserved mineral interests are now under the jurisdiction of the Secretary of the Interior. The Department of the Interior has informed us that the lands

are not valuable for mineral development and that they have no objection to conveyance of the reserved mineral interests.

We understand that no improvements are contemplated on four of the parcels at the present time. With respect to these parcels (numbered 1, 7, 9, and 11), we see no grounds for making an exception to the general policy that the Federal Government will not relinquish reversionary rights in cases in which such relinquishment is not necessary to continued use of the land for the purposes for which it was deeded.

This concludes my statement on H.R. 9054. I will be happy to answer any questions this committee may have on the bill.

MR. DE LA GARZA. Thank you very much, Mr. Naylor.

[Mr. Naylor subsequently submitted the following:]

ADDENDUM TO STATEMENT OF FRANK W. NAYLOR, Jr.

At the request of the Committee and Congressman Young, I am pleased to clarify our position with regard to the four parcels of land (numbered 1, 7, 9, and 11) on which we recommended that the reversionary interests of the United States not be released. We understood that building and improvements were contemplated only on the seven parcels of land numbered 2, 3, 4, 5, 6, 8, and 10. There is some indication now that the situation may be the same for some of the four parcels.

In order to protect the Government's interests and to be consistent with previous policy, we would have no objection to an amendment to the bill which would leave release of the Government's reversionary interests in the four parcels mentioned above to the discretion of the Secretary of Agriculture and the Secretary of the Interior upon documentation satisfactory to the Secretaries that building or improvements are planned for these four parcels.

We are providing herewith a requested draft of an amendment to H.R. 9054 which reflects the position stated above.

AMENDMENT RE H.R. 9054

Add a new sentence at the end of Public Law 91-110 reading as follows:

"The Secretary of Agriculture and the Secretary of the Interior are further authorized, in their discretion, to execute and deliver to the Board of Education of Lee County, South Carolina, its successors and assigns, a quitclaim deed or deeds conveying and releasing all right, title, and interest of the United States of America in and to one or more of parcels numbered 1, more particularly described in the above-mentioned deed dated December 14, 1945, and numbered 7, 9, and 11, more particularly described in the above-mentioned deed dated July 15, 1946, upon documentation satisfactory to said Secretaries that buildings, facilities, or improvements for educational or other related community purposes are planned for the parcels involved."

MR. YOUNG. Senator Thurmond has come in and I would like to request to take him.

MR. DE LA GARZA. Thank you very much. If you do not mind, Mr. Naylor, we will have you come back for the questions in order that we might accommodate the Senator.

MR. NAYLOR. Yes, sir, thank you, Mr. Chairman.

MR. DE LA GARZA. Senator, we are very happy to have you here, sir.

STATEMENT OF HON. STROM THURMOND, A U.S. SENATOR
FROM THE STATE OF SOUTH CAROLINA

Senator THURMOND. Thank you very much, Mr. Chairman. I appreciate your courtesy in taking me probably out of hand. We have a conference committee on the defense procurement bill. It is very nice of you to take me at this time.

Mr. Chairman, I appreciate the opportunity to testify before this subcommittee on behalf of H.R. 9054.

The facts giving rise to the need for this legislation are fairly simple. The Board of Education of Lee County, S.C., holds title to what is known as the Ashwood School property. The title to this property, however, is subject to a 61.9-percent possibility of reverter in the Federal Government if the property is not used for "school or other community purposes." Under South Carolina law, a school board may not permanently improve buildings on property to which the board does not have full and complete title.

Lee County is not a rich county, but its people are firmly committed to their school system and to obtaining the finest education possible for their children. It is a shame to drive by Ashwood property and see that land—ideally suited for a beautiful educational complex—in its present condition.

Mr. Chairman, H.R. 9054, and its companion that I introduced in the Senate, S. 2141, can remedy this problem.

These bills would restore to the people of Lee County the full title to the Ashwood School property. At the present time, these fine people are in a real quandary. They are certainly not going to stop using this property for school purposes and see it revert back to the Federal Government. Yet, under State law, they cannot improve the very old buildings and facilities that are located on it.

H.R. 9054 will make it possible for the Board of Education of Lee County to use this property to its fullest extent and in the best interests of the people of Lee County.

Now, when the property was originally conveyed to the Lee County School Board the Federal Government retained a possibility of a reverter in the property if the property was not used for school or other community purposes. As I stated, in the 1930's the Federal Government released 38.1 percent of their interest to the South Carolina Rural Rehabilitation Corp. Subsequently, in 1969, SCRRC conveyed their interest to the Lee County School Board, thus the Federal Government retains, as I stated, 61.9 percent of the possibility of reverter.

We have had a few bills like this to come up before and there has been no trouble about it, but it is an important matter to this Board of Education of Lee County so they can go ahead and make permanent improvements which they want to make to the property.

We will appreciate your favorable consideration and wish to thank you for your kindness.

Mr. DE LA GARZA. Thank you very much, Senator, we are always happy to have you.

Mr. YOUNG. Thank you very much.

Mr. DE LA GARZA. Thank you very much.

Mr. Naylor, if you will come back.

We appreciate very much your allowing us to hear the Senator.

On your suggested amendments, where are the acres involved on the seven parcels that you would relinquish and the four that you would not?

Mr. NAYLOR. Mr. Chairman, the four parcels which we recommend retaining reversionary rights on are parcel No. 1, which contains 3 acres with a house on it. It is the only parcel which is not contiguous to the land involved. It is located one and a half miles away from the other parcels on Highway 15.

Parcel No. 7 joins other tracts and is now flooded with approximately about 70 acres under water and known as Ashwood Pond and contains 133.872 acres.

Parcel No. 9 contains 2.217 acres. It presently has a water tank and water well for the complex located on it.

Parcel No. 11 contains 6.070 acres and it is currently a farm tract. The balance of the acreage, it is our understanding, is contiguous and is being presently used and has buildings and other facilities on it concerning the educational property.

MR. DE LA GARZA. Mr. Sebelius.

MR. SEBELIUS. I would only want to ask one question. Is basically the only reason the Federal Government is objecting to the relinquishment of the reversionary rights is because that is their standard custom as far as these four tracts are concerned?

MR. NAYLOR. Yes, Mr. Sebelius, as you are aware, the Bankhead-Jones Act of 1937 provided that property conveyed by the U.S. Government to public bodies must be used for public purposes and it has been a Government policy since that time to provide for reversionary provisions in any such tracts that are granted to other public bodies. The Government feels that this is a sound policy and on this basis recommended retention of the reversionary rights on these four tracts.

MR. SEBELIUS. One more refinement. Are we also saying we are going to reserve the minerals under this fractional interest under these four tracts or release the minerals under it all?

MR. NAYLOR. I believe, Mr. Congressman, they do intend to retain the mineral rights on that, although the Department of the Interior indicates there is no mineral value involved in the property.

MR. SEBELIUS. That is all, Mr. Chairman.

MR. YOUNG. I just wonder what need would the Farmers Home Administration have in a retainer in this land. How would you utilize this land?

MR. NAYLOR. Mr. Congressman, I do not believe at this time that the agency would have any specific use in mind for the property. The reversionary interest is in line with longstanding Government policy and it has been the recommendation of the Department that this is a sound policy with regard to such future action that might occur. I am confident that the committee in its wisdom will take appropriate action concerning the entire bill.

MR. YOUNG. One other factor that bothers me. In this Ashwood Pond, the lake site there, was the Farmers Home Administration aware that this was part of the sewage system or the oxidation pond for the Ashwood School site?

MR. NAYLOR. Mr. Congressman, I do not believe that the administration here in Washington, at least, was aware that that was the case. It is my understanding, however, as of this morning that there are sewer lines that do run through that parcel of land. I believe that they empty out beyond the pond itself on the other side.

MR. YOUNG. Mr. Chairman, I have no further questions.

MR. DE LA GARZA. Are we to understand that the attitude or the recommendation of the Department would be that the parcels you have already specified as willing to give for simple title to, could include the other parcels if they should have improvements on them at a future date.

Mr. NAYLOR. Mr. Chairman, should the Lee County Board of Education determine at some future date or at the present time that they have improvements on the parcels on which we have requested to retain reversionary rights, I am confident the Department would reconsider its position and report appropriately to the committee.

Mr. DE LA GARZA. Well, then, I think that for the record that we would accept your statement that if there is any need for them or improvements are contemplated the Department would not object to the transfer in that case?

Mr. NAYLOR. In line with the same position that we have on seven tracts with which we are concurring in passage, yes, sir, that is correct.

Mr. DE LA GARZA. I can understand that.

Thank you very much.

Mr. NAYLOR. Thank you, Mr. Chairman.

Mr. DE LA GARZA. Our next witness is Mr. Ed Culpepper, superintendent of education, Lee County, S.C.

Mr. YOUNG. Mr. Chairman, if the chairman would indulge, I would like to start with Mr. R. B. Gentry, and I would like to introduce him. He is an agricultural teacher and this project in the Ashwood School has sort of been part of his life for a number of years.

At Clemson, my alma mater he finished college, and it was during the depression, and they asked him if he would like to go to Lee County to teach agriculture, and he said, "Well, I think so," and the professor said, "Well, young man, that is a hell of a place to go to teach agriculture," and he said, "Professor, I came from a hell of a place." So he has been teaching agriculture down there for all these years and has helped maintain the property to be what it is today. If it had not been for this man's untiring efforts to maintain and scrape money and get it from the Lee County Board of Education it would not have been what it is today, and I think people in Lee County owe him a debt of gratitude for what he has done, and I would like to introduce Mr. Gentry.

STATEMENT OF W. R. GENTRY, BISHOPVILLE, S.C.

Mr. DE LA GARZA. We will be very happy to hear from you at this time, Mr. Gentry.

Mr. GENTRY. Thank you.

My name is R. B. Gentry, and I am former agricultural teacher at Ashwood School and am now vocational coordinator for Lee County. I started working as agricultural teacher at Ashwood School on January 1, 1935, and have been familiar with the school and the general Ashwood project since that time.

The general Ashwood project was started in 1934. When I arrived there, they were moving in families from all over South Carolina. There was a small seven-teacher school known as Fairview in the community. The entire Ashwood project was formerly three or four large plantations. Each family, of approximately 175 families, were moved in on the Ashwood project in January and February of 1935 and 1936. Each family had an average of 3 to 10 children. This made a tremendous influx on the old facilities. The U.S. Government built a temporary wooden school where the present school is situated, to house the grammar school. The old existing building was used as the high school through 1937. The present structure was started in 1937 and finished in

1938. All grammar and high school moved into the present structure in fall of 1938.

The school buses were maintained at first by the U.S. Government. No school property taxes were paid until approximately 1944 on any of the land of the Government community. The U.S. Government maintained title to the land until about 1944, but instead of paying taxes, they made a lump payment to the school district in lieu of taxes. The same thing applied to the county road system. Around World War II, they stopped the school bus operation and turned it back over to the local school district and this was about the time they made two deeds to the superintendent of education of the State of South Carolina; one was in 1947 and one was in 1946. As to the 1946 deed, most of that property dealt with the buildings; in 1947 most of that dealt with open land. Title to the land generally began to pass to the farmers in approximately 1942 to 1944. At this time, normal county taxes were paid on the property and the Federal Government gradually withdrew its participation in the school and eventually deeded the property to the State of South Carolina, with reversionary right, under the deeds I have just mentioned. At all times, however, the actual control of the school rested in the Fairview School district trustees, which now is part of the Lee County School District No. 1.

The buildings placed on this property in 1937 and 1938 basically remain unimproved except for some roof repairs and boiler replacements in approximately 1957. This did not entail any building replacements or renovations nor major alterations to the property.

The original purpose of the property was to simply provide school facilities for the children of the numerous families originally brought into the project.

All school children in Lee County, grades 6 through 12 west of Scape O'Er Swamp, are now assigned to that school.

The property, in my opinion, is of a condition that major repairs and renovations should be contemplated in the immediate future.

I have various slides which I am now going to show and discuss each slide briefly, after which I will be placed to answer any questions concerning this.

MR. DE LA GARZA. Thank you very much, sir.

MR. GENTRY. This is the library right where the cars are parked, and the lunchroom over on the white side, and the lower end is the grammar school part. This is a view of the maintenance building looking from Highway 15. We call it the back. Some call it the front. But it is the side from Highway 15. The main buildings.

This building here is also a wing of the grammar school. This building here you are looking at it, there is a paved road going through the center. This road here is the home economics building which was made by the women of the community and high school students and so forth, who attend that.

This is the agricultural building and the farm shop building. The only thing that was different on that building is that old CCC camp building on the top with the green top which I added to it myself, the high school boys and I. And that is the gymnasium building there. That was built after the main building was built.

MR. YOUNG. I think it might be well, Mr. Chairman, to point out we went into this gymnasium while we were there. It almost remains

as it was built in the early forties and they simply cannot spend any more money on it because of the reverter clause in there and they just try to keep patching it up. The gymnasium floors are, of course, in pretty good repair but the building, as you can see from the corners, are deteriorating and they need some work done on many of the buildings in this complex.

Mr. GENTRY. By the way, that lake we were talking about a while ago, 133 acres, comes right up to the back door of it. In fact, it has gotten into the boilerroom a time or two during our flood stages, right up to the back of it.

This is the water system for the entire plant. Now it is located off on a separate parcel from the buildings and we have a multitude of hundreds and hundreds of feeder water pipes around there and also steam pipes from all over the place. That is the pumphouse and water system. The water system you can notice has not been painted since we have taken it over because we could not do it.

This is the lake that the gentleman was talking about in discussion. That is the spillway of the dam looking at it from the lower side.

That is the last picture. Thank you very much.

Mr. YOUNG. I would like to introduce Mr. Ed Culpepper, who has been the superintendent of education for Lee County for many years and a very prominent man in Lee County. Mr. Ed Culpepper.

Mr. DE LA GARZA. We will be happy to hear from you now.

STATEMENT OF ED CULPEPPER, SUPERINTENDENT OF EDUCATION, LEE COUNTY, S.C.

Mr. CULPEPPER. Mr. Chairman, I appreciate very much the opportunity of appearing before this committee this morning in behalf of the bill that Congressman Young has introduced in the House of Representatives.

I have been, of course, vitally concerned with this property for a long, long time and I do have a prepared statement that I would like to make but I probably will interrupt it somewhere along the line to say some other things.

My name is Edwin M. Culpepper. I first became superintendent of education of school district No. 1, which is the only school district in Lee County, in 1956 and served until 1959, at which time I moved to Columbia and became associated with the South Carolina Educational Association. I came back to Lee County as superintendent of education in 1968 and served up until July 1, 1974. And I am retired status at the moment but still very much interested in this project.

My investigation reveals that the Ashwood School property was deeded to the State superintendent of education in two deeds; one dated 1945 concerning five parcels which Mr. R. B. Gentry has testified comprised most of the buildings; the second deed was dated July 1946 and is comprised mainly of unimproved property. The State superintendent of education deeded the property to the Lee County Board of Education in 1953. The South Carolina Rural Rehabilitation Corp., which owned a 38.1 percent of the reversionary rights in question, deeded their interest to the Lee County Board of Education in 1969, so we are actually talking about a 61.9 percent reversionary interest.

The Ashwood School has always played an important and integral part in the Lee County community. Today it is the only school in Lee County which has available an agricultural plot of sufficient size to conduct experimental farming and to make demonstrations for students.

The future plans of this school depends to a large extent on the future population of Lee County. There are, however, certain strong indications that this property may be utilized for many years to come. It is located on U.S. 15 not over 6 or 7 miles from I-20 Interstate, which is just being completed and which it is anticipated will bring quite a bit of commercial development near the area. Residential development is taking place at a fairly rapid rate in this area even now.

I am convinced that if this property is to be utilized, however, that major repair work is absolutely necessary. This includes three basic elements: the heating system, the water system, and the sewage disposal system, all of which are in a complete state of disrepair at this time and all three of these systems are central systems whereby all of the buildings are served by the same three central systems. Involved are several miles of buried steam pipes and galvanized water and discharge pipes. It is very likely the most practical solution to these construction problems will be in a complete redesign of the systems.

I would like to depart here from my prepared statement, if I may, Mr. Chairman, to point out a few things about the tracts that were mentioned here as not having buildings on them and not being used by the school district at this time.

This is a little bit wrong as far as three tracts are concerned, because the large tract, the 133 acre tract, which comprises the lake and the surrounding area, does have some use at the present time. The board of education made arrangements with the South Carolina Wildlife Resource Management Commission for them to manage this property, this lake property, for the use of the community, and it is being presently used by the community as a fishing lake. A part of this property is also being used for the school athletic field.

Third, as was mentioned, I think, part of the sewage disposal system is located in trenches along there, and I might point out that the sewage system or the waste disposal system does not empty into the lake, it empties below the lake. The lake itself is clear, usable water for fishing and for recreational purposes and that is the way it is being used at this time.

One of the parcels which is identified as being farmland actually is a parcel of land between the school and U.S. 15. And if for no other reason, it certainly has an esthetic value as far as the school is concerned, because to block that off from the school would destroy some of the elements of the school.

I think the point I am trying to make, if I could to the committee, at this point, is that all of this property that is contiguous, as has been brought out, is a part of a total overall project. The steam lines emanate from the back of the gymnasium. If you noticed on the slide the gymnasium, in the back there was a smokestack. This is the central heating system for all those buildings and they are scattered over a larger area.

The steam is transmitted from that central source through underground steampipes and return pipes that are 6 or 8 feet under the ground and in concrete channels. This feeds to all of the buildings all over the property and goes into property which may not be used for buildings at the present time, but it is a part of the central system.

The same thing is true of the water system. From the water tank site the water there goes all over, all over the property. Every single piece of it that is contiguous. So that I like to think of this particular school site as being somewhat like a jigsaw puzzle or a mosaic in which every piece fits in to form a picture. If you take out any one part of the picture you distort or destroy the effects of the full picture.

To get back to my prepared statement. Before I do that, I might say one more thing to the committee, if I may.

I want to get back to the lake for 1 minute. We are fully aware of the value of this lake and the surrounding property for recreational purposes for the community. We have already in the planning stage with an area planning board known as the water resource planning board in South Carolina a proposed project to develop this area into a recreational project for the community and for school purposes, sort of a joint proposal which we hope to be able to develop if we can carry this thing forward.

MR. DE LA GARZA. May I interrupt you here?

MR. CULPEPPER. Yes, sir.

MR. DE LA GARZA. To follow a thought. As I understand it, the recommendation of the Department is not inconsistent with the present use of all of the facilities and will not be inconsistent with the proposals that you recommend, they only say you need a clear deed for the property where the improvements are and they are willing to give you that, but where there are no improvements you can continue using the land as you do so now.

MR. CULPEPPER. This I understand and I appreciate the Department's position on this matter and I think it is very fair. But I still think there are plans, our plans for the property cannot be tied down to parcels. It is rather difficult to tie it down to parcels, I will put it that way. Because what we would like to do would be to develop the whole property.

MR. DE LA GARZA. Do you have a proposed plan now for future expansion?

MR. CULPEPPER. No, sir, as I say, we are working right now with the planning division of the Sante Water South Carolina Planning Council on a recreational project in the area near the lake, including the lake and the area around it. The other parts right now, our biggest need, of course, is in redesigning the three major utility systems for the whole layout. Further than that, there is an awful lot of opportunity for development for school purposes in the whole area. As a matter of fact, in 1969, one of the reasons we were interested at this time in trying to get this reversionary clause corrected at that particular time, we were planning an area vocational school for all of the schools, all of the high schools in the county, and because we were unable to do this we have had to change our plans and we now have the area vocational school located at a site which is not nearly so desirable as this would have been had we had the clear title to the property at this time.

MR. DE LA GARZA. Forgive me for interrupting, sir. You may continue.

Mr. CULPEPPER. In terms of actual cash outlay, which are primarily improvements to the existing facilities, we are talking about an expenditure of \$300,000 to \$400,000 at present prices.

Attached to my sworn testimony is a letter from Mr. R. A. Durham, deputy supervisor, division of finance and operations, which is self-explanatory and states that the State board of education will not approve a building project for the expenditure of funds unless the building is on the fee simple property of the school district. Further, I have talked with the county board of commissioners, who, under a recent South Carolina Supreme Court decision, is the governing body of this county. They will not approve the increase of any taxes for the purpose of helping to finance this undertaking at any time in the foreseeable future as long as there is an outstanding reversionary interest concerned or unless the Lee County Board of Education acquires the outstanding 61.9 percent reversionary interest. This seems to be a typical requirement for utilization of tax funds from any source since a recent Federal grant for construction and equipment as an area vocational school was contingent upon a fee simple title to the property upon which the vocational school was to be located.

Let me make that point again. We have just recently received a grant from the Federal Government in the amount of \$100,000 to assist in the construction and equipment of an area vocational school for Lee County but one of the conditions to the grant was that the area vocational school be located on property on which we had a fee simple title.

Without relief from some source we will most probably be forced to abandon this property within a very short time. If we could acquire this reversionary interest, it would make the long-term utilization of this property a much greater probability and it is a desirable site for further development in areas of great public interest.

Lee County has received in the past and is presently receiving large amounts of assistance in Federal grants. It would seem to me to be working at cross purposes to force a closure of this school for lack of this reversionary interest which would immediately necessitate large expenditures to replace the property with new buildings at another location which would probably be at least partially financed by Federal grants.

This ends my formal testimony but I invite questions from you which I will answer as fully as I possibly can.

Mr. DE LA GARZA. Thank you very much, sir.

Mr. Culpepper, what is the going price per acre of land in this general vicinity?

Mr. CULPEPPER. Mr. Gentry can probably give you a little better answer than I can, he is more familiar with the value of farmland.

Mr. YOUNG. He is on the Federal Land Board down there.

Mr. DE LA GARZA. Very good.

Mr. GENTRY. I used to be the president, Mr. Chairman, of Summit, Mr. Young was president over at Florence. The going price is from \$100 to \$500 an acre according to where it is located, according to the farming conditions. I have recently bought a little tract myself up above this pond up the swamp for \$90 an acre. So the price of swamp-land with no timber returns around \$100, for good farming land around \$500.

MR. DE LA GARZA. Well, will the land involved in the four parcels be \$100 an acre land?

MR. GENTRY. Well, I will tell you what, Mr. Chairman, if the dam, the pond, breaks again, the original lake was built by the old CCC camp days, and the dam broke about 1958 or 1959, and we proceeded to get the South Carolina Wildlife to build it back. The people were on us to build it back but we were in the school teaching business and not the lake business, and we could not spend any money on it, and the South Carolina Wildlife built it back.

Now, if it were not for the pond the land itself would be a nuisance because it all would be marsh swampy land. So it would be. In the present state, well, we have a lot of lilies in the pond now, but in the present state it is more valuable, 72 acres, is in the lake. And the existing land on the outside of, as I said back up to the gym, and we have a future farmer forestry demonstration on two sides of it connected with the Agriculture Department.

MR. DE LA GARZA. I was trying to figure out how much money we were talking about. Roughly 145 acres of which about 70—

MR. GENTRY. Seventy-two is under water.

MR. DE LA GARZA. In the pond.

MR. GENTRY. And the water can be used for recreation now and I do not know what value you would put on it. If it was not for the water and the dam should break again, it would be a nuisance, it would be worth less than nothing, because there is no timber in it or anything else. It used to be an old millhouse there. When the Government came in they did away with the millhouse and CCC camp built it and in the depression days, and the farmers, Dick Johnson, Monroe Jackson worked down there who came on to Washington as Secretary of Defense, I believe, Transportation or something, Secretary of Commerce or Transportation.

MR. DE LA GARZA. Mr. Sebelius.

MR. SEBELIUS. I have no questions.

MR. DE LA GARZA. Thank you very much, Mr. Culpepper and Mr. Gentry and you, Mr. Young.

MR. YOUNG. Thank you, Mr. Chairman. I think that we just need to bring this property back into the present world and let it serve the community in which it has existed since the depression days and it just smacks of the old depression era and it looks like it and we just need some help.

MR. DE LA GARZA. The subcommittee is going to defer action on this for a day or so and see if we cannot negotiate with the Department through the good offices of Mr. Young to work out the—

MR. YOUNG. I am glad you will be part of this negotiating team. I believe you can make a hard bargain, Mr. Chairman.

MR. DE LA GARZA. We would like very much for you to have this property and utilize it and let us see if we cannot work something out so that we can have legislation that will be acceptable to the Department.

We thank you very much.

Our next bill is H.R. 7954 by Mr. Hastings of New York. We are very happy to hear from our colleague, Mr. Hastings, at this time.

[The bill H.R. 7954 and the Department's report follow:]

93^d CONGRESS
1st SESSION

H. R. 7954

IN THE HOUSE OF REPRESENTATIVES

MAY 21, 1973

Mr. HASTINGS introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To direct the Secretary of Agriculture to release on behalf of the United States conditions in a deed conveying certain lands to the State of New York and to provide for the conveyance of certain interests in such lands so as to permit such State, subject to certain conditions, to sell such land.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That, notwithstanding the provisions of section 32 (c) of the
- 4 Bankhead-Jones Farm Tenant Act (7 U.S.C. 1011 (c)), the
- 5 Secretary of Agriculture is authorized and directed to release,
- 6 on behalf of the United States, with respect to the following
- 7 described land, the condition in a deed dated January 28,
- 8 1961, between the United States and the State of New York,

1 conveying certain lands in Allegany County in the State of
2 New York to the State of New York, of which such described
3 land is a part, which requires that the lands so conveyed be
4 used for public purposes and provides for a reversion of such
5 land to the United States if at any time it ceases to be so
6 used:

7 A parcel or tract of land consisting of approximately .42
8 acre, being a portion of the lands conveyed by such deed
9 dated January 28, 1961, being in the town of New Hudson,
10 county of Allegany, State of New York, being part of lot
11 47 in such town which begins at the southwest corner of the
12 existing cemetery lot; thence south on a line that is the con-
13 tinuation of the west line of said existing cemetery lot a dis-
14 tance of 100 feet to a point; thence east and parallel to the
15 south line of said existing cemetery lot a distance of 185 feet
16 to a point on the continuation of the east line of said existing
17 cemetery lot; thence north along the said continuation of said
18 east line a distance of 100 feet to the southeast corner of said
19 existing cemetery lot; thence west along the south line of
20 said existing cemetery lot a distance of 185 feet to the place
21 of beginning.

22 SEC. 2. The Secretary shall release the condition referred
23 to in the first section of this Act only with respect to land
24 covered by and described in any agreement or agreements
25 entered into between the Secretary of Agriculture and the

1 State of New York in which such State in consideration of the
2 release of such conditions as to such land, agrees to convey
3 the land with respect to which such condition is released to
4 the Bellview Cemetery Association for a fair and equitable
5 consideration.

6 SEC. 3. Upon application all the undivided mineral inter-
7 ests of the United States in any parcel or tract of land, re-
8 leased pursuant to this Act from the condition as to such lands,
9 shall be conveyed to the State of New York for the use and
10 benefit of the State by the Secretary of the Interior. In areas
11 where the Secretary of the Interior determines that there is
12 no active mineral development or leasing, and that the lands
13 have no mineral value, the mineral interests covered by a
14 single application shall be sold for a consideration of \$1. In
15 other areas the mineral interests shall be sold at the fair
16 market value thereof as determined by the Secretary of the
17 Interior after taking into consideration such appraisals as he
18 deems necessary or appropriate.

19 SEC. 4. Each application made under the provisions of
20 section 3 of this Act shall be accompanied by a nonrefundable
21 deposit to be applied to the administrative costs as fixed by
22 the Secretary of the Interior. If the conveyance is made, the
23 applicant shall pay to the Secretary of the Interior the full
24 administrative costs, less the deposit. If a conveyance is not
25 made pursuant to an application filed under this Act, the

1 deposit shall constitute full satisfaction of such administra-
2 tive costs notwithstanding that the administrative costs ex-
3 ceed the deposit.

4 SEC. 5. The term "administrative costs" as used in this
5 Act includes, in addition to other items, all costs which the
6 Secretary of the Interior determines are included in a deter-
7 mination of (1) the mineral character of the land in question,
8 and (2) the fair market value of the mineral interest.

9 SEC. 6. Amounts paid to the Secretary of the Interior
10 under the provisions of this Act shall be paid into the Treas-
11 ury of the United States as miscellaneous receipts.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., April 24, 1974.

HON. W. R. POAGE,
*Chairman, Committee on Agriculture,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: AS you requested, here is the report of the Department of Agriculture on H.R. 7954, a bill "To direct the Secretary of Agriculture to release on behalf of the United States conditions in a deed conveying certain lands to the State of New York and to provide for the conveyance of certain interests in such lands so as to permit such State, subject to certain conditions, to sell such land."

The Department of Agriculture would have no objection to the enactment of H.R. 7954, if amended as suggested herein.

H.R. 7954 would authorize and direct the Secretary of Agriculture to release on behalf of the United States a certain condition contained in a 1961 deed conveying certain described land owned by the United States to the State of New York. The condition requires that the lands conveyed to the state be used for public purposes and provides for a reversion to the United States if the lands cease to be so used. This bill would provide that the Secretary shall release the condition only with respect to a tract of land consisting of approximately 0.42 acres. The bill would stipulate that the land is to be released to Bellview Cemetery Association for a fair and equitable consideration.

H.R. 7954 also authorizes the Secretary of the Interior to convey to the State of New York all the undivided mineral interests, which were previously reserved to the United States, in any parcel of land released pursuant to the legislation.

The land described in the 1961 deed was originally acquired by the United States and administered under the provisions of Title III of the Bankhead-Jones Farm Tenant Act (50 Stat. 525). This Title authorizes the Secretary of Agriculture to conduct a program for the rehabilitation of submarginal lands. Title III also authorizes the Secretary to dispose of lands to public authorities and agencies under terms and conditions he deems will best accomplish Title III purposes, but only on condition that the property conveyed is used for public purposes. Land use practices that existed when the land was originally acquired by the United States have changed. Resource damage existing at the time of acquisition

has been corrected. In the late 1940's the land was leased to the State for wildlife conservation purposes and in 1961 it was conveyed to the State to be managed for public purposes.

The 0.42 acre parcel of land that would be conveyed by H.R. 7954 has been managed by the State as part of the larger Hanging Bog Game Management Area. The parcel is adjacent to a cemetery held by the Bellview Cemetery Association. The cemetery is surrounded by lands owned by the State and the additional 0.42 acre is needed for cemetery purposes. The land cannot be conveyed to the Association unless the State is released from a condition in the deed which requires the land to revert to the United States if not used for public purposes.

Some 836,000 acres of Title III lands have been conveyed by this Department to various public bodies in a number of separate transactions. Over the years, changes in land use patterns, administrative requirements and other factors have affected the ability of some public bodies to effectively administer portions of the Title III lands conveyed to them. Consequently, some have sought to sell or exchange these lands. Special legislation that authorized and directed the Secretary of Agriculture to release the reversionary conditions has been enacted for such cases; however, the legislation would require the public bodies to agree that the proceeds from a sale of the lands would be used to acquire comparable lands for public purposes.

In this case the State does not need to dispose of the land. It would only be doing so to accommodate the Bellview Cemetery Association, which finds itself in the position of needing more land. The only practical opportunity for enlarging the cemetery appears to be through the acquisition of a portion of the adjacent State land. Because the State would receive fair value for the land and the proceeds would be used for public purposes, we would have no objection to releasing the reversionary condition as it applies to the land to be conveyed.

The authorization to convey the mineral interest as contained in section 4 does not conform to the provisions utilized by the Department of the Interior in such cases. We recommend that section 4 be amended to so conform. A suggested amendment is provided in the attached supplement to this report.

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

Sincerely,

J. PHIL CAMPBELL, *Under Secretary.*

SUPPLEMENT TO DEPARTMENT OF AGRICULTURE REPORT ON H.R. 7954

DEPARTMENT OF AGRICULTURE RECOMMENDED AMENDMENT

The authorization to convey the mineral interest contained in section 4, does not conform to the provisions recommended by the Department of the Interior in these cases. Section 4 provides that the deposit for administrative costs is non-refundable and constitutes full payment of the costs if a conveyance of the mineral interest is not made. The substitute provisions authorize the Secretary of the Interior to refund the applicant for any part of the deposit in excess of the costs and to bill the applicant for any deficit. In order to ensure proper payment of costs, we suggest that section 4 be amended as follows:

"Sec. 4. The Secretary of the Interior shall require the deposit of a sum of money which he deems sufficient to cover estimated administrative costs of this Act. If a conveyance is not made pursuant to this Act, and the administrative costs exceed the deposit, the Secretary shall bill the applicant for the outstanding amount, but if the amount of the deposit exceeds the actual administrative costs, the Secretary shall refund the excess."

STATEMENT OF HON. JAMES F. HASTINGS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. HASTINGS. I thank you very much, Mr. Chairman, and I appreciate the opportunity to be able to appear and testify today.

I have a very brief statement, Mr. Chairman, and I will read it for the record.

Mr. Chairman and members of the Subcommittee on Department Operations, I want to thank you for this opportunity to appear here today in support of H.R. 7954, a bill which would authorize the Department of Agriculture to release on behalf of the U.S. Government certain reversionary conditions contained in a deed conveying U.S. Government lands to the State of New York in January 1961.

Briefly, allow me to present some background. The need for this legislation arises from a request made to my office 4 years ago from the Bellville Cemetery Association, located in the town of New Hudson in Allegany County in my congressional district in New York State. I think it might be helpful to understand that the town of New Hudson is a town of 579 people, a very rural part of the State of New York, obviously a very small town, a very small cemetery, a very small association. Too often people think of New York as being New York City. As Mr. Sebelius has heard me say many times, we are 450 miles away from New York City in the town of New Hudson.

The association operates Bellville Cemetery, which is surrounded by a 3,700 acre tract of land conveyed to New York State by the Federal Government in the January 1961 deed. Incidentally, on page 3, line 4 of the bill, Bellview should be amended to read Bellville.

New York State is utilizing the land as a fisheries and wildlife conservation area. The association, faced with a need for improving its facilities, has requested 0.42 acre of this more than 3,000 acre-tract but is stymied from acquiring this land by the reversionary clause in the deed. This reversionary clause, as you well know, declares that if the land is not used for public purposes, it reverts back to the U.S. Government.

H.R. 7954, simply put, would allow the Secretary of Agriculture to release this condition and permit the Bellville Cemetery to acquire the 0.42 acre of land from New York State at a fair and equitable consideration.

Mr. Chairman, this is a matter that has been pending for more than 4 years and I would most respectfully urge that this committee act favorably on this measure.

I have as you have, a copy of the report received from the Department of Agriculture on H.R. 7954. I would like to have it included in the record. I will not read it entirely. A copy should be made available. But essentially, the Department of Agriculture stated on April 24, 1974, that they would have no objection to the enactment of H.R. 7954 if amended as suggested herein.

The amendment referred to is certainly acceptable to myself. The report further states because the State would receive fair value for the land and the process would be used for public purposes, we would have no objection to releasing the reversionary condition as it applies to the land conveyed.

The Department recommends that section 4 be amended to conform to provisions that are normally utilized in this type of transfer. The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Mr. Chairman, and Mr. Sebelius, I would just like to say this bill has been around for over 4 years. We have a file on it that is extremely significant. There is a matter of great concern on the part of very,

very, very few people and a very small township. As a matter of fact, the secretary of the cemetery association voluntarily gave over half an acre of her farm, which adjoins the cemetery, to the State of New York when it was discovered in 1972 that this deeded land in this matter had been forgotten. She did that voluntarily without any remuneration to her whatsoever. I find it extremely difficult to understand why the Department of Agriculture has taken, after repeated requests from Chairman Poage, over 3 years to get a report back to the Agricultural Committee what certainly is a minor problem with all of the very important problems that you gentlemen have before your committee. That report now has been returned. It is fair, and I certainly would appreciate very much very fast action of this subcommittee and the full committee and the whole Congress, if possible, to try to indicate to a very small township that in fact the Federal Government can move at times, although it has been a terribly, terribly long time for such a relatively unimportant matter.

I would be very happy to answer any questions that you either Mr. Chairman or Mr. Sebelius, may have.

MR. DE LA GARZA. Thank you very much.

MR. SEBELIUS. As I understand it, then, all we would be doing with this legislation is permitting the Secretary of Agriculture to eliminate the reversionary interest on .42 of an acre?

MR. HASTINGS. That is correct. It did not relate to the 3,000 acre tract which, of course, was deeded to the State, it only relates to that .42/100ths of an acre that we speak about in the legislation.

MR. SEBELIUS. Thank you very much.

MR. DE LA GARZA. Thank you very much, Mr. Hastings.

MR. HASTINGS. I thank you very much, Mr. Chairman, for your courtesy.

MR. DE LA GARZA. Mr. Russell P. McRorey, Associate Deputy Chief of National Forest. Might we hear your recommendations on this legislation.

STATEMENT OF RUSSELL P. McROREY, ASSOCIATE DEPUTY CHIEF, NATIONAL FOREST SYSTEM, U.S. DEPARTMENT OF AGRICULTURE

MR. McROREY. I appreciate this opportunity to present the views of the Department of Agriculture on H.R. 7954.

The Department of Agriculture would have no objection to enactment of the bill, if amended.

H.R. 7954 would authorize and direct the Secretary of Agriculture to release on behalf of the United States a condition contained in a 1961 deed conveying certain described land owned by the United States to the State of New York. The condition requires that the lands conveyed to the State be used for public purposes and provides for a reversion to the United States if the lands cease to be so used. This bill would provide that the Secretary shall release the condition only with respect to a tract of land consisting of approximately 0.42 acres. The bill would stipulate that the 0.42 acres is to be conveyed to Bellville Cemetery Association for a fair and equitable consideration.

H.R. 7954 also authorizes the Secretary of the Interior to convey to the State of New York all the undivided mineral interests, which were

previously reserved to the United States, in any parcel of land released pursuant to the legislation.

If I might depart here. My statement is some four pages long. I could brief the remainder of it.

Mr. DE LA GARZA. Without objection, the full statement will appear in the record and you have given the recommendation of the Department, I understand, with an amendment that you recommend.

Mr. McROREY. That is right. I would like to briefly touch on that.

The provisions of section 4 of the bill, which relate to the conveyance of the mineral interest to the State of New York by the Secretary of the Interior, do not conform to the provisions recommended by that Department for such cases. Section 4 provides that the deposit for administrative costs is nonrefundable and constitutes full payment of the costs if a conveyance of the mineral interest is not made. The Department of the Interior prefers provisions that authorize the Secretary of the Interior to refund the applicant for any part of the deposit in excess of the costs and to bill the applicant for any deficit. In order to insure proper payments of costs, we suggest that section 4 be amended as follows:

Section 4. The Secretary of the Interior shall require the deposit of a sum of money which he deems sufficient to cover estimated administrative costs of this Act. If a conveyance is, or is not made pursuant to this Act, and the administrative costs exceed the deposit, the Secretary shall bill the applicant for the outstanding amount, but if the amount of the deposit exceeds the actual administrative costs, the Secretary shall refund the excess.

At this point I need to point out that the suggested amendment that is contained in this statement is slightly different from that contained in our report which was sent to the committee on April 24, and I believe that is the report that Mr. Hastings was referring to.

The last sentence of the amendment contained in the report provides for the actual payment of administrative costs in the event no conveyance occurs. It does not specify the payment of actual costs in the event the conveyance does occur. The amendment contained in this statement would provide for the payment of actual costs in either situation.

We discovered only yesterday that the report language was in effect one sided. We checked with the Department of the Interior to clarify the intent of the proposed section 4. They stated that their intent was to provide for the payment of actual costs in both cases when the conveyance is made and when it is not made.

We agree with them on the insertion of the two words "or is" in the last sentence so that it now reads in part, "If a conveyance is or is not made pursuant to this act."

Mr. DE LA GARZA. Then the recommended amendment is the one in your statement?

Mr. McROREY. That is correct, Mr. Chairman.

Mr. DE LA GARZA. Thank you very much.

Mr. McROREY. That completes my prepared statement. I would be happy to respond to any questions you or the committee might have.

Mr. SEBELIUS. I have no questions but I would like to ask out of order, Mr. Hastings, do you have any objection to this amendment?

Mr. HASTINGS. If I can get the bill through, Mr. Chairman and Mr. Sebelius, I will accept any amendment.

Mr. SEBELIUS. I have no other questions.

Mr. DE LA GARZA. Thank you very much, Mr. McRorey, we appreciate your being here.

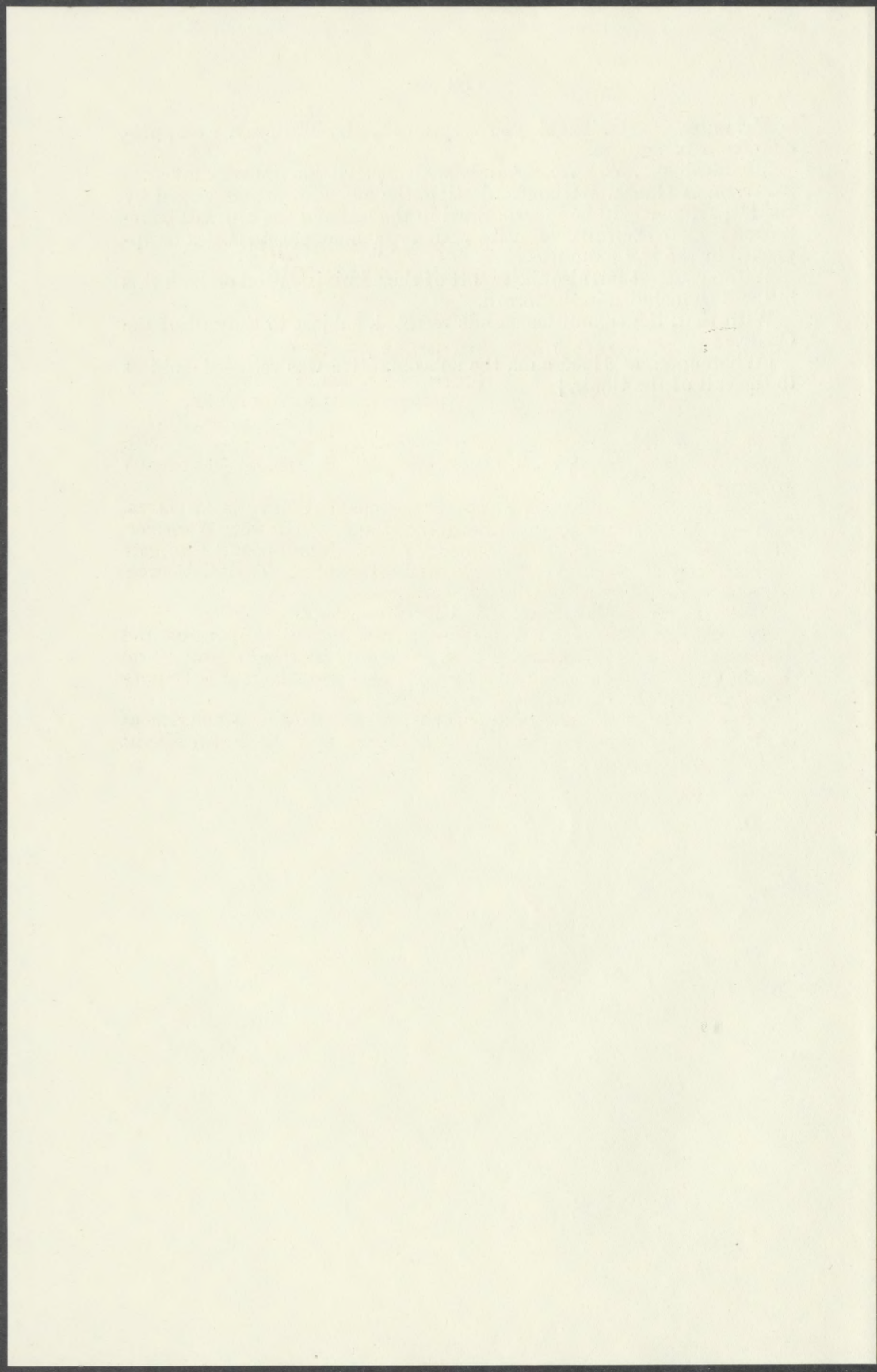
Mr. McROREY. You are certainly welcome. Thank you very much.

Mr. DE LA GARZA. Without objection, the amendments suggested by the Department will be incorporated in the bill and the bill will be reported back to the full committee with a recommendation that it be approved by the full committee.

Without objection, also the report of the administration on both this bill will be included in the record.

With that, the committee stands recessed, subject to the call of the Chair.

[Whereupon, at 11:05 a.m., the subcommittee was recessed, subject to the call of the Chair.]



COMPENSATION OF FARM CREDIT ADMINISTRATION GOVERNOR

THURSDAY, SEPTEMBER 19, 1974

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

The committee met, pursuant to notice, at 2 p.m., in room 1301, Longworth House Office Building, Hon. W. R. Poage (chairman) presiding.

Present: Representatives Poage, Stubblefield, Foley, de la Garza, Jones of North Carolina, Sisk, Bergland, Denholm, Bowen, Wampler, Mayne, Sebelius, Mizell, Baker, Thone, Young, Johnson, and Madigan.

Also present: Stephen J. Pringle, staff assistant; L. T. Easley, press assistant; and Anita Brown, staff assistant.

The CHAIRMAN. The committee will be in order.

We are met today for the purpose of hearing the proponents and opponents of S. 3801, which is a bill to authorize the Federal Farm Credit Board to fix the compensation of the Governor and the Deputy Governors of the Farm Credit Administration.

[The bill S. 3801, and the reports from the Office of Management and Budget, U.S. Civil Service Commission, and the Farm Credit Administration follow:]

93^D CONGRESS
2^D SESSION

S. 3801

IN THE HOUSE OF REPRESENTATIVES

AUGUST 20, 1974

Referred to the Committee on Agriculture

AN ACT

To authorize the Federal Farm Credit Board to fix the compensation of the Governor and the Deputy Governors of the Farm Credit Administration.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SECTION 1. The Farm Credit Act of 1971 (85 Stat.
4 583; 12 U.S.C. 2001-2259) is amended as follows:

5 (a) The first sentence of section 5.11 is amended by
6 striking out "in the Executive Pay Schedule" and inserting
7 in lieu thereof "by the Federal Farm Credit Board without
8 regard to the provisions of title 5 of the United States
9 Code relating to classification and pay".

10 (b) The second sentence of section 5.13 is amended by

1 striking out "not exceed the maximum schedule rate of the
 2 general schedule of the Classification Act of 1949, as
 3 amended" and inserting in lieu thereof "be at the rate fixed
 4 by the Federal Farm Credit Board without regard to the
 5 provisions of title 5 of the United States Code relating to
 6 classification and pay".

7 SEC. 2. Section 5314 of title 5 of the United States
 8 Code is amended by striking out paragraph (58).

Passed the Senate August 19, 1974.

Attest:

FRANCIS R. VALEO.

Secretary.

EXECUTIVE OFFICE OF THE PRESIDENT,
 OFFICE OF MANAGEMENT AND BUDGET,
 Washington, D.C., September 10, 1974.

HON. WILLIAM R. POAGE,
 Chairman, Committee on Agriculture,
 House of Representatives, Washington, D.C.

Dear Mr. CHAIRMAN: This is in reference to S. 3801, An Act "To authorize the Federal Farm Credit Board to fix the compensation of the Governor and Deputy Governors of the Farm Credit Administration", which was passed by the Senate on August 19, 1974, and is now pending before your Committee.

S. 3801 would amend the Farm Credit Act of 1971 by authorizing the Federal Farm Credit Board to fix the salary levels of the Governor and Deputy Governors of the Farm Credit Administration (FCA). Present law sets the compensation of the Governor at the rate in the executive pay schedule for level III, which is \$40,000 per annum. The salaries of the Deputy Governors are set by the Governor at a rate not to exceed the maximum rate of the General Schedule, which is currently \$36,000 a year.

In a report sent to the Senate Committee on Agriculture and Forestry on August 6, 1974, the Governor of the FCA states that a serious discrepancy exists between the salaries of its senior officers and those of bank presidents in the Farm Credit System. The report notes that the salary range for bank presidents in the Farm Credit System is from \$52,000 to \$77,000 per year, and that the Federal Farm Credit Board endorses the provisions of S. 3801 as providing an effective remedy to deal with this current salary gap. Presumably, if S. 3801 is enacted, the salaries of the top officers of the FCA would be adjusted to conform to the higher salary range in effect for bank officials in the Farm Credit System.

At the present time, the compensation of FCA officials is treated in a manner consistent with that of the heads or principal members of other credit regulatory agencies in the executive branch, such as the Federal Reserve Board, the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board. Officials of those agencies—which have much broader responsibilities for supervising banks and other financial institutions than the FCA—also have their compensation set at rates in the executive pay schedule. Their salaries, too, are considerably below those of the top officers in the financial organizations which they supervise. For example, the salary of the Chairman of the Federal Reserve

Board is fixed at the rate for level II in the executive schedule, which is \$42,500, despite the fact that the presidents of all 12 Federal Reserve banks are paid salaries in excess of that rate. The salaries of the Chairmen of the Federal Home Loan Bank Board and the Federal Deposit Insurance Corporation are set at the rate for level III.

We are aware of no recent change in the status of executive level positions for the Federal Reserve Board, the Federal Deposit Insurance Corporation, or the Federal Home Loan Bank Board, cited by the Governor in his August 6, 1974, report as justification for the provisions of S. 3801.

Moreover, the analogy made in that report to Amtrak and Comsat is erroneous and misleading, inasmuch as these organizations do not have status as agencies in the executive branch of the Government, but rather are private business corporations. Similarly, the Federal National Mortgage Association is a private agency and none of the employees of its parallel agency, the Federal Home Loan Mortgage Corporation, are Government employees. Finally, the salary of the head of the Postal Service, also cited in the report, is currently subject to limitation based on the executive schedule.

We believe that the salary levels of the Governor of the FCA should be considered by the Congress in the context of salaries in the executive pay schedule for other Government department and agency officials—many of whom have far more extensive national responsibilities. Such a Government-wide approach is needed to assure that salaries for all positions in the executive pay schedule are uniformly established and bear an appropriate relationship to each other. Special adjustments for executive positions on a piecemeal basis distort pay relationships and ignore valid distinctions between positions with significant differences in responsibilities. Preferential treatment such as that proposed in S. 3801 could mean, for instance, that the compensation for the Governor of the FCA would exceed that of the Chairman of the Federal Reserve Board, or even that of the Secretary of Agriculture, Secretary of the Treasury, and all of the other Cabinet Secretaries.

For the reasons stated above, we strongly urge that your Committee not give favorable consideration to S. 3801.

Sincerely,

WILFRED H. ROMMEL,
Assistant Director for Legislative Reference.

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., September 20, 1974.

HON. W. R. POAGE,
*Chairman, Committee on Agriculture,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: We are writing this letter to inform your committee of the views of the Civil Service Commission on S. 3801, a bill "To authorize the Federal Farm Credit Board to fix the compensation of the Governors and the Deputy Governors of the Farm Credit Administration."

This bill would remove the position of Governor of the Farm Credit Administration from level III of the Executive Schedule and would also remove the present GS-18 limitation on pay for Deputy Governors of the Farm Credit Administration. The Federal Farm Credit Board would be authorized by the bill to fix the salaries for the Governor and the Deputy Governors, without any statutory limitation.

The Civil Service Commission must object very strongly to S. 3801.

The Executive Schedule was established in 1964 as the result of an effort over a number of years to develop an equitable and rational pay structure for the most important positions in the executive branch. The Executive Schedule is intended to cover not only top positions in the executive departments and the regular Federal agencies, but also the top positions in such relatively independent instrumentalities of the Federal Government as the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, the Tennessee Valley Authority, the Export-Import Bank, the Overseas Private Investment Corporation, and the Farm Credit Administration.

The current salaries for the Executive Schedule have not been adjusted in nearly six years, while pay in the rest of the economy as well as living costs

have been rising rapidly. This freeze on salaries for top officials of the Government is a matter of great concern to us, as it is doubtlessly having a detrimental impact on the ability of all Federal agencies to attract the most highly qualified persons for top positions. However, we do not believe the answer to this problem is the piecemeal fragmentation of the Executive Schedule by removing individual positions from that schedule and authorizing agencies to fix pay administratively. Therefore, we cannot agree that the position of Governor of the Farm Credit Administration should be removed from the Executive Schedule.

We also believe it would be inappropriate to remove the GS-18 ceiling on the authority of the Farm Credit Administration to fix the salary of the Deputy Governors. Under section 5363 of title 5, United States Code, the salary for GS-18 is provided as a ceiling on administratively determined salaries in the Government generally, and we know of no reason why the Farm Credit Administration should be exempted from this ceiling.

The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the submission of this report.

By direction of the Commission :

Sincerely yours.

ROBERT E. HAMPTON, *Chairman.*

FARM CREDIT ADMINISTRATION,
Washington, D.C., September 6, 1974.

HON. W. R. POAGE,
Chairman, Committee on Agriculture,
U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for a report on S. 3801, a bill to authorize the Federal Farm Credit Board to fix the compensation of the Governor and the Deputy Governors of the Farm Credit Administration.

S. 3801, which was introduced July 24, 1974, and passed the Senate on August 19, 1974, would amend the Farm Credit Act of 1971 (85 Stat. 583; 12 U.S.C. 2001-2259) for the purpose of enabling the Federal Farm Credit Board to deal effectively with the level of compensation for the Governor and the Deputy Governors of the Farm Credit Administration. At present, a serious discrepancy exists between salaries of these officers and those of the bank presidents and senior officers in the Farm Credit System, which FCA supervises. This discrepancy has worsened with the recent expiration of the Cost-of-Living wage and salary controls.

In exploring ways in which it might solve the problem, the Federal Farm Credit Board has concluded that there is no alternative except a legislative remedy empowering the Board, as the governing body established by Act of Congress, to fix the rate of compensation to be paid the Governor and Deputy Governors.

To illustrate the problem specifically, here are some elements that are involved :

Under the salary schedule now in effect for bank presidents in the Farm Credit System, salaries may reach \$77,000 at the top of the highest grade provided. Salaries in the lowest grade may reach a top of \$52,000 a year. The schedule provides comparable amounts for second and third level bank officials.

In contrast to this, Section 5.11 of the Farm Credit Act of 1971, P.L. 92-181, currently provides that "the compensation of the Governor of the Farm Credit Administration shall be at the rate fixed in the executive pay schedule." This schedule lists him at level III, which is \$40,000 a year. Section 5.13 of the same law now provides that the Deputy Governors' salaries may be set by the Governor at a rate not to exceed the maximum rate of the General Schedule of the Classification Act of 1949, as amended, which is currently \$36,000 a year.

This compensation problem, unless remedied, will have a significant impact upon the ability of the Farm Credit Administration to attract and hold the quality of executive officers its operations demand, and can be expected to have an increasingly detrimental influence upon the continued effectiveness of the Farm Credit Administration, which also serves as the key link between the Congress and the Farm Credit System.

The Farm Credit System, as you know, was created by the Congress to supply farmers with a permanent and dependable source of credit—a highly critical element in the production and cost of food and fiber in this country.

Unlike other institutional lenders, the Farm Credit banks and associations, are fulfilling a Federal purpose in the national interest, rather than operating for profit.

This is a program that calls for credit service to all areas—not merely to the choice, low-risk, and high profit areas. It calls for credit service to all types of credit-worthy farming enterprises—not simply to those most stable and profitable. It calls for loans that are both large and small—not just the larger, more lucrative, ones. And it calls for continuing service—service in both good times and bad, day in and day out.

While undertaking such critical responsibilities in the national interest, the Farm Credit System lenders have had to perform their lending job in accordance with certain legal obligations and restrictions that Congress imposes as part of the program.

In this operation, which now involves the lending of more than \$25 billion a year from funds obtained from the general public, the Governor and the Farm Credit Administration have a significant supervisory, examination and regulatory role to perform on behalf of the Congress and the public. It is, therefore, highly important that competent and respected executives be attracted and retained.

Recent Congressional treatment of similar organizational and executive management situations leads to the belief that practical and responsive legislation is the best approach to the situation confronting FCA.

Some Congressional treatments have dealt with entire organizations and employee status while others have met the need with approaches like that used in the Postal Service. Similarities between FCA and Postal Service include independent agency status, board form of policy direction, exemption from certain Federal rules including property (Sec 5.17 P.L. 92-181), and obligations that are exempt from state and local taxes.

Other organizations dealing with credit and finance (Federal Home Loan Bank Board, Federal Home Loan Mortgage Corporation, Federal Reserve Board, FDIC, Federal National Mortgage Association) and those with business corporation status (AMTRAK, COMSAT) have experienced recent change to better meet their public service goals. Such a change is needed by FCA to meet present and future business challenges. This bill is appropriate to meet this need.

Enactment of this legislation will not entail any cost to the Government. The administrative expenses of the Farm Credit Administration, including salary costs, are assessed against and collected from the institutions of the Farm Credit System. Thus, the Farm Credit System rather than the U.S. Treasury would defray the cost of this legislation.

The Federal Farm Credit Board has endorsed the bill and recommends its enactment and has directed me to inform you accordingly. The Farm Credit Administration has informed the Office of Management and Budget of the Board's views on this matter and a copy of this letter is also being submitted to OMB.

Sincerely,

E. A. JAENKE, *Governor.*

The CHAIRMAN. I don't know how many witnesses we have, but I see that we have Governor Jaenke, who is the present Governor of the Farm Credit Administration.

You are accompanying Mr. Atkinson, are you?

Mr. JAENKE. Yes, sir.

The CHAIRMAN. All right. That is all right.

Mr. YOUNG. Mr. Chairman.

The CHAIRMAN. Yes, sir.

Mr. YOUNG. Before Mr. Atkinson begins, I would like to say that he is from my district and he is chairman of the Farm Credit Board. He has done an outstanding job as chairman of this Board.

And I would like to have this opportunity to welcome him to the committee.

The CHAIRMAN. The committee will take judicial knowledge of that.

Mr. YOUNG. I appreciate it very much, Mr. Chairman.

The CHAIRMAN. Mr. Atkinson.

**STATEMENT OF T. CARROLL ATKINSON, JR., CHAIRMAN,
FEDERAL FARM CREDIT BOARD**

Mr. ATKINSON. Thank you, Mr. Chairman and gentlemen.

You will note on my lapel what button I am wearing.

Mr. YOUNG. It says, "Let's Keep Young".

Mr. ATKINSON. In the light of what the chairman has said—

The CHAIRMAN. I am doing my best to avoid that old age.

Mr. ATKINSON. I am T. Carroll Atkinson, Jr., and it has been indicated, I am chairman of the Federal Farm Credit Board, and was elected as chairman of the Board last February at our annual reorganization meeting. And I am one of the senior members of the Board, having come on the Board in 1969, and will retire from the Board March 31 of 1975.

So, as I indicated, we appreciate this opportunity to come before the committee. You have my statement and, as indicated by the chairman, it is not expected that I give the full statement.

I will just stop at that point and entertain any questions.

The CHAIRMAN. Without objection, your statement will be made part of the record.

[The prepared statement of Mr. Atkinson follows:]

Mr. Chairman and Members of the Committee: I am T. Carroll Atkinson, Jr., and I am the elected chairman of the Federal Farm Credit Board. I own a farm near Marion, South Carolina, where also I have a farm machinery business. I have been associated with Farm Credit activities for a number of years.

I am appearing here today on behalf of the Federal Farm Credit Board in support of S. 3801, a bill to authorize that Board to fix the compensation of the Governor and the Deputy Governors of the Farm Credit Administration. We recommend that you give the Board this authority because it would enable us to deal with a problem that has developed since you updated our charter, in the enactment of the Farm Credit Act of 1971.

As you know, FCA is an independent agency. The Farm Credit System is borrower-owned. And the Federal Farm Credit Board is the top policy-making body for the System. The Board has the responsibility of appointing the Governor of the Farm Credit Administration and for providing broad policy guidance. In carrying out these responsibilities the Board has come face to face with a critical problem—an unrealistic pay ceiling for the top officials of the Farm Credit Administration. The result is difficulty in obtaining and retaining competent and respected executives. One evidence of the seriousness of the problem is the discrepancy that has developed between the salaries of the top Farm Credit Administration officials and salaries of the bank presidents and senior officers in the Farm Credit System that FCA supervises. This discrepancy has worsened with the recent expiration of the Cost-of-Living Council wage and salary control. The banks have been able to adjust their compensation scale. The Board has not.

The Farm Credit Act of 1971 directs the Board to make reports directly to the Congress on how the System is functioning and it directs us to recommend directly to Congress legislative changes we believe are needed.

That is why I am here today: to report a situation that the Federal Board believes is threatening impairment of Farm Credit effectiveness and to recommend S. 3801 as a remedy.

This recommendation should be viewed in the light of the Farm Credit System's impact upon the nation's agriculture and its consumers.

The Farm Credit System is the nation's largest agricultural lender.

The institutions in the System have loans outstanding of nearly \$25 billion which is nearly one-third of the agricultural credit used by food and fiber producers and their cooperatives in the United States. This is 63 percent of the total institutional credit used by farmers, ranchers and their cooperatives. Thus, the Farm Credit System is the unquestioned pace-setter and trend-setter for terms and conditions of virtually all credit used by farmers.

Another measure of what this means is revealed when noting the very size of the U.S. agricultural industry. According to U.S. Department of Agricul-

ture data published earlier this year, "Agriculture is the nation's biggest industry. Its assets, totaling \$455 billion, equal about three-fifths of the capital assets of all corporations in the United States."

In brief, agriculture's output can, and does, affect the whole economy and the standard of living of all consumers, urban as well as rural, in this country, and many more overseas.

Unlike most other institutional lenders which operate for profit of investors, the Farm Credit banks and associations operate for the benefit of their farmer-borrowers.

The Farm Credit program calls for credit service to all areas. It is not merely for the choice, low-risk, and high-profit areas. It calls for credit service to all types of credit-worthy farming enterprises—not simply to those most stable and profitable. It calls for loans that are both large and small—not just the larger, more lucrative, ones. It calls for continuing service—service in good times and in bad, day in and day out. Also it calls for creativity and flexibility in ways to assist in financing a variety of farming enterprises.

In brief, the Farm Credit System lenders are undertaking their responsibilities in the national interest, and as a vital part of this operation the Governor and the Farm Credit Administration perform a role of supervision, examination and regulation. It is a role that we know is of great concern to the Congress.

At the same time the Farm Credit System is completely self-supporting. It began with government seed money which more than five years ago was completely paid off.

I can say with pride that enactment of S. 3801 will not entail any cost to the Government.

All the administrative expenses of the Farm Credit Administration are assessed against and collected from the institutions of the Farm Credit System. This includes salaries and all other operational costs.

Thus, the Farm Credit System, rather than the U.S. Treasury, would defray the cost of this legislation.

The Federal Farm Credit Board believes that its recommendation for S. 3801 is both reasonable and proper. In the past Congress has used a variety of ways to enable a number of organizations carrying out governmental functions to deal with problems such as the one now confronting the Federal Board.

Certain of such organizations (Amtrak and Comsat are examples) have been given business corporation status. As a result, they are able to establish their own pay schedules. Some have been given special pay ceilings. One of these is the Postal Service, whose head receives \$60,000 per annum. Others have been established as quasi-private institutions. An example is the Federal National Mortgage Association whose Board is authorized to pay up to \$111,000 for its top officer and up to \$71,000 for other executives.

I know that the argument has been raised that other agencies and organizations are also facing problems similar to ours. This may be true. These matters, however are outside our purview as the Federal Farm Credit Board. But it is our responsibility to report to you the problems we face and, as charged by the Congress in the Farm Credit Act, to recommend to you such legislative action as is deemed necessary for the Farm Credit System.

As a matter of fact there is little merit in a Government-wide approach when this serves only to keep problems from being solved. Avoiding such action on such a basis offers a solution to no one.

In conclusion, I urge you on behalf of the Federal Farm Credit Board to report S. 3801 favorably and urge its passage in the House of Representatives.

The CHAIRMAN. If there are any questions of Mr. Atkinson, I will be delighted to take them now.

Mr. WAMPLER. Mr. Chairman.

The CHAIRMAN. Yes, sir. Mr. Wampler.

Mr. WAMPLER. I want to extend my welcome to Mr. Atkinson and thank him for coming and for the many good services that he has performed.

As I understand it from your testimony, the farm credit system—rather than the U.S. Treasury—would defer this cost; is that correct?

Mr. ATKINSON. This is correct.

Mr. WAMPLER. Thank you.

The CHAIRMAN. And there is no Government money in the Federal farm credit system?

Mr. ATKINSON. No, sir.

We retired all Government capital in 1968, I believe it was, and it is completely farmer owned. And all expenses of operation of the farm credit system are distributed out to all the districts in farm credit.

The CHAIRMAN. I don't want to appear as ignorant as my question will sound, but I think that you realize that there are a great many people in the United States thinking that this system is owned by the U.S. Government.

Mr. ATKINSON. Right.

The CHAIRMAN. Mr. Jaenke, did you want to say something?

Mr. JAENKE. No, I have no further comments.

Mr. YOUNG. Just one question, Mr. Chairman. I think this needs to be pointed out.

Why do you think that the salary range should be increased in order to obtain a person to be Governor of the Farm Credit Board?

Mr. ATKINSON. Well, as all of you are aware, Governor Jaenke submitted his resignation to us in June of this year. Since he submitted his resignation, we have had the resignation of one of the deputy governors, who is going to the Louisville bank as bank president.

And this, particularly, has come to our attention in all of the interviews that our search committee has conducted trying to secure someone to serve in the capacity of Governor.

Mr. YOUNG. Is it that you just don't have enough money to buy capable men?

Mr. ATKINSON. Capable people, and to retain them after we get them.

The CHAIRMAN. As his statement says, a number of the presidents of banks receive more money than the Governor of the system receives.

Mr. ATKINSON. This is correct.

Mr. DENHOLM. Mr. Chairman.

The CHAIRMAN. Yes, sir. Mr. Denholm.

Mr. DENHOLM. I recognize that, too. But I don't believe that a license to pay any price to satisfy the demand is appropriate.

The borrowers must pay the salary and it is not material whether the Government pays it or not. I have confidence in the Board because of the past management of the farm credit system and I am certain they will exercise prudent judgment in re-evaluating salaries from time to time.

The Governor's salary certainly ought to be more than the member presidents' salaries in the system.

So I am hopeful that we do not pass a heavy burden to borrowers throughout the United States that are participating in loans through the bank system. I constantly receive letters from those same people asking us not to raise our own salaries as Members of the Congress.

Now, I favor the enactment of this legislation to permit the exercise of prudent judgment. You should exercise it in a highly prudent manner.

And when the time is right I will move to report the bill, Mr. Chairman, with a recommendation that it "Do pass."

Mr. ATKINSON. Mr. Chairman, I would like to respond to that.

Basically, my experience with the Federal Board—we have two new members coming on each year—and basically, my experience with the Federal Board is that they are a conservative group.

Now, it was noted in some of the testimony—there was a statement by OMB that the salaries range—as far as bank presidents—from \$52,000 to \$77,000. This is not necessarily true.

We have got a lot of young presidents in the system that are in the \$40,000 category—\$40,000 to \$41,000. Even though we have the range—up to \$77,000 as far as top presidents are concerned—we don't have a president in the system who is drawing that type of salary.

I know of only one president in the system—I know of one who is a top president in the system, and his salary is \$64,000.

So the Board is a very conservative board.

Mr. DENHOLM. I appreciate that response and information for the record in the interest of the borrowers that we represent.

Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Baker.

Mr. BAKER. What are the salary ranges as they exist now?

Mr. ATKINSON. As far as presidents' salaries are concerned?

Mr. BAKER. Yes.

Mr. ATKINSON. I wouldn't have all of the information, but I think among the younger presidents—and we have had quite a few of those to come into the system in recent years—around \$40,000 would be your lowest point, and up to, as I indicated, the \$64,000, which is the top president. And he is joint president of a land bank and a credit bank.

Mr. YOUNG. What is the salary for Governor at the present time?

Mr. ATKINSON. \$40,000.

Mr. JAENKE. Mr. Chairman, if I might, the act currently places the salary of the Governor in what is called executive level III, and there is no flexibility, no authority provided to the Federal Board to adjust the salary of the Governor. It is set by law.

Mr. BAKER. Then the elimination of that restriction would allow you to go to any level; is that right?

Mr. JAENKE. Yes, sir.

Mr. ATKINSON. Yes, sir.

Mr. BAKER. And what would you anticipate it to be, the probable level that you would maintain at a time such as this?

Mr. ATKINSON. I would think that initially, with the employment of a new Governor, the maximum would be in the \$45,000 to \$50,000 range.

Mr. BAKER. If this were retained, Mr. Chairman, that would exert very good pressure, probably, on coming to grips with the executive levels of salaries, which have been a problem in the executive branch.

Are we doing a disservice to these executive level employees?

The CHAIRMAN. Of course I am in no better position to answer, but my opinion is—and I am speaking as a gentleman who speaks against most salary raises, because I believe they are generally inflationary—but since this is a wholly privately owned institution, my only feeling on this is that the thing is wholly privately owned and there is not \$1 of Government money in this, and for the Government to try and tell these people that they can't spend their money, if they want to waste it, as far as I am concerned—I am for the farm credit system—but as far as I am concerned it is up to us and not to some agency in Washington to tell us how to spend our own money.

That's the way I look at this thing. If I was on the Board, I might not want to pay these high salaries. But I think that that Board has

got a right to spend all the funds of the farm credit system if they want to, without dictation from Washington.

As long as the Federal Government owns part of that stock, it has a right to impose their views. But since they do not own \$1 of stock and since it is all privately owned, I think the people who own it would have the right to make the decision.

Mr. BAKER. Thank you.

The CHAIRMAN. Mr. Mayne.

Mr. MAYNE. Thank you, Mr. Chairman.

I certainly want to commend you, Chairman Atkinson, for your fine statement, and I have been very favorably impressed in the past by the previous testimony that you have given and also by the appearances of Governor Jaenke.

These appearances before our committee have shown a very high level of performance by members of the Board and the staff of the Board, as well as Governor Jaenke and his associates.

During the recent Labor Day recess, it was my privilege to attend a number of annual meetings of PCA's and land banks in my district, and the Omaha Bank for Cooperatives held a meeting in my district. I found that at that level the performance is also outstanding.

I am going to go along with your recommendation here and support S. 3801, based on the tremendous job which is apparent to me that the farm credit system is doing, at all levels, from top to bottom.

Thank you.

The CHAIRMAN. The second bell has rung.

Before we declare the recess, let me state that we have here a statement from Mr. Paul Weller—and we probably will have some others.

Without objection, all of these statements will be made a part of the record.

[The prepared statement of Paul S. Weller follows:]

STATEMENT OF PAUL S. WELLER, VICE PRESIDENT, PUBLIC AFFAIRS, NATIONAL COUNCIL OF FARMER COOPERATIVES

Mr. Chairman, the National Council of Farmer Cooperatives appreciates this opportunity to appear before this distinguished committee, and to discuss a matter of utmost importance to us. That matter is the current level of compensation for top officials in the Farm Credit Administration.

But first let me identify myself and the National Council's role in this issue. I am Paul Weller, vice president for public affairs of the National Council. The National Council of Farmer Cooperatives is a nation-wide organization of 107 farmer-owned and controlled regional cooperative businesses. There are also 32 state councils of farmer cooperatives as members. In addition, the 37 banks of the 12 farm credit districts are non-member affiliates, and work closely with us on matters of this type.

Our cooperative members serve approximately 1.5 million farmer members throughout the United States. We are proud that American farmers work together through their cooperatives to market 70 percent of the nation's dairy products, 35 percent of the grain, 30 percent of the fruits and vegetables, a like percentage of cotton, and more than 15 percent of the nation's livestock. In turn, they purchase a third of their fertilizer, 30 percent of their petroleum, and 20 percent of their feed, seed, and chemicals through cooperatives. This past year, American farmers did a gross business of \$25 billion through their 7,800 locally owned cooperative organizations.

Mr. Chairman, one of the most important inputs for these farmers and their cooperatives is adequate credit. This is credit for purchasing farms, additional farmland, machinery, livestock, and for almost every short and long-term farm need. It is absolutely imperative that our farmers have ready access to credit, and that that credit be made available on a fair and equitable basis.

Toward that end, the Congress created a nation-wide farm credit system. It would provide permanent credit to the nation's farmers for financing the production of America's food and fiber. It would assure credit for all types of farming operations—the small and the high-risk, as well as the large and the profitable ones. And it would continue to service American farmers in good times and bad.

We in the cooperatives are proud that this nation-wide farm credit system has worked so well. This past year, farmers borrowed nearly \$20 billion through their system. Our cooperatives borrowed an additional \$6.8 billion to finance their annual marketing and farm supply operations. We are proud of the system because it continues to meet the critical financial needs of American agriculture in a period of extremely tight credit, when other industries are withering or stagnating due to lack of operating capital.

But we are most proud of the farm credit system because more than five years ago, its farmer members returned to the U.S. Treasury the last penny of government money. The farm credit system, and its Washington-based supervisory agency, the Farm Credit Administration, is completely member-owned. There is no Congressionally-appropriated public money in it. Its members own it. They manage it. And, Mr. Chairman, they deserve to have the authority to hire its officials—and compensate them fairly in relation to others in the financial community.

And that is the major issue before us this afternoon.

Within the past three months, the Governor and one of the Deputy Governors of the Farm Credit Administration have resigned. Why? Much of the reason lies in their compensation. The fact was that they could better themselves outside of the Farm Credit Administration—because their salaries were limited by a Congressionally-enacted law. That law is P.L. 92-181, the Farm Credit Act of 1971. The Act states that the Governor of the Farm Credit Administration shall be compensated at Level III of the executive pay schedule. In layman's terms, he is frozen to a salary of \$40,000 per annum, while his three Deputy Governors are frozen at salaries not to exceed \$36,000 per annum.

These salary levels are totally inconsistent with those being paid in the financial community. But more important, they are totally out of line with those within the farm credit system itself. Earlier this year, the Federal Farm Credit Board undertook an extensive review of executive salaries in the Farm Credit Administration. The review pointed out that a new salary schedule for the 37 banks for the farm credit system was approved in December, 1973. That new schedule effectively widened the gap between the executive salaries of the supervisory Farm Credit Administration, and those of the system it supervises.

For under that new schedule, grade levels were established for salaries of the presidents of the Banks for Cooperatives, the Federal Intermediate Credit Banks, and the Federal Land Banks. It provided for a top salary of \$77,000 per annum at the highest level, and for \$52,000 per annum at the top of the lowest level. In other words, while the chief supervisory officer of the farm credit system—the FCA Governor—was locked in at \$40,000 per annum, his compatriots within the system itself were authorized to earn up to \$37,000 more than he. We join with others in labeling that situation as ludicrous.

The salary review went on to recommend that the salary of the FCA Governor be established at a range higher than that of any other within the farm credit system. The report recommended that Congressional approval be sought to remove the statutory barriers limiting the salaries, returning to the Federal Farm Credit Board the authority to set the four top salaries without limitation. The precedent for such action was already set for top officials of the quasi-governmental Communications Satellite Corporation (COMSAT) and of the National Rail Passenger Corporation (AMTRAK).

The catalyst to seek Congressional action came early this summer with the announced resignations of Governor E. A. Jaenke and Deputy Governor Donald Roark. Governor Jaenke will likely return to the private business sector, and Deputy Governor Roark will assume the presidency of the Federal Intermediate Credit Bank of Louisville, Kentucky. By leaving their top-level positions in the Farm Credit Administration, both men will be able to reap much greater compensation, even though Mr. Roark will assume a district position within his own system.

At stake in S. 3801 is the issue of whether Congress should amend P.L. 92-181 to remove the stipulation that its top four officials be covered under the executive pay schedule. We disagree wholeheartedly with the position of the Office of Management and Budget. They have contended that permitting the Federal Farm Credit Board to set the FCA Governors' salaries would be "preferential," and that

such special adjustments for executive positions would ignore valid distinctions between positions with significant differences in responsibilities. They demean the critical importance of the Farm Credit Administration to the health and well-being of the nation's most basic industry. But more than that, they ignore the most important point of all: Why should the federal government dictate salary schedules to a privately funded organization?

It is no justification to say that such should be the case because similar agencies, such as the Federal Reserve Board and the Federal Home Loan Bank Board, are also limited by the executive pay schedule. Nor is it justification to say that salaries of privately funded agencies must be considered "uniformly" with those agencies funded from the public treasury.

Mr. Chairman, it is imperative that flexibility be granted in the top salary levels of the Farm Credit Administration. The most qualified persons available must be recruited to fill the two positions being vacated. We cannot continue to allow the system to drain talent away from its supervisory agency because of inadequate compensation. And neither can we afford to lose executive talent because we are hamstrung by an outdated federal pay schedule.

Financial risks have never been greater for agriculture. Capital requirements are soaring. Farmers cannot hope to receive adequate assistance from the private money market. We ask you to help us build an even stronger farm credit system and Farm Credit Administration by speedily approving S. 3801. Thank you.

The CHAIRMAN. Mr. Denholm moved that we report the bill with the recommendation, "Do pass."

All those in favor will hold up their hands.

[A chorus of ayes.]

The CHAIRMAN. Those opposed.

[A chorus of nays.]

The CHAIRMAN. We will keep this record open until after we come back from rollcall. This vote will be completed upon our return. We will come back after we take a vote. The committee will be back as quickly as we can after the rollcall.

[Whereupon, a brief recess was taken.]

The CHAIRMAN. The committee will please be in order.

Mr. Bowen.

Mr. BOWEN. I merely wanted to call the attention of the committee to the fact that there is kind of a practice that has been instituted, I think just recently, by the New Orleans office of the Federal Land Bank, which involves cutting back by some 70 percent on the number of lawyers who are authorized to close the loans.

Now at this particular juncture of the year I think it sort of created a good deal of consternation in my district. And I know some of my other colleagues have been calling the New Orleans office.

And I do appreciate the cooperation of the farm credit people in assisting us in our communications with the New Orleans office on this matter.

I would simply like to point out to the committee that this is a practice that I don't think has any particular basis in terms of economizing, but might well have some justification in terms of paperwork saving.

But I would hope that at some later date, depending upon what decision the office takes down there, we might want to look into this a little further, Mr. Chairman.

The CHAIRMAN. All right. Thank you.

Is there anything else to come before the committee?

[No response.]

The CHAIRMAN. If not, the committee will stand adjourned, subject to call of the Chair.

[Whereupon, at 2:40 p.m., the hearing was adjourned, subject to call of the Chair.]

TRANSFER OF TOBACCO ALLOTMENTS IN DISASTER AREAS OF NORTH CAROLINA

MONDAY, SEPTEMBER 30, 1974

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

The subcommittee met, pursuant to call, at 10:10 a.m., in room 1302, Longworth House Office Building, Hon. Walter B. Jones of North Carolina presiding.

Present: Representatives Jones, Mathis, and Rose.

Also present: Hyde Murray, associate counsel and Perry Shaw, staff assistant.

Mr. JONES. In the absence of the chairman I will call the subcommittee to order.

We have before us what the chairman of the full committee has termed "emergency" legislation.

Gentlemen, in my district of North Carolina there are two counties which suffered severe flood damage during the season, and as a result there are a large number of farmers who have tobacco allotment acreages which they cannot redeem. And there are others in the adjoining counties who have allotments which are in excess of their ability to sell. And what this bill does is, it permits the right to transfer tobacco allotments for this crop year in two counties beyond county lines in order that these farmers who have been damaged will not suffer a total and complete loss.

[The bill H.R. 16857 follows:]

93^D CONGRESS
2^D SESSION

H. R. 16857

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 24, 1974

Mr. JONES of North Carolina introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To provide for emergency allotment lease and transfer of tobacco allotments or quotas for 1974 in certain disaster areas in North Carolina.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 316 of the Agricultural Adjustment Act of 1938,
4 as amended, is amended by adding at the end thereof the
5 following new subsection (h) :

6 “(h) Notwithstanding any provision of this section,
7 when as a result of drought, flood, damage due to excessive
8 rain, hail, wind, tornado, or other natural disaster, the Sec-
9 retary determines (1) that one of the counties hereinafter

I

1 listed has suffered a loss of 10 per centum or more in the
2 number of acres of tobacco planted, and (2) that a lease of
3 such tobacco allotment or quota will not impair the effective
4 operation of the tobacco marketing quota or price support
5 program, he may permit the owner and operator of any farm
6 within Craven and Jones Counties, North Carolina, which
7 has suffered a loss of 10 per centum or more in the number
8 of acres of tobacco planted of such crop to lease all or any
9 part of such allotment or quota to any other owners or
10 operators in the same county, or nearby counties within the
11 same State, for use in such counties for the year 1974 on a
12 farm or farms having a current tobacco allotment or quota
13 of the same kind. In the case of a lease and transfer to an
14 owner or operator in another county pursuant to this sub-
15 section, the lease and transfer shall not be effective until a
16 copy of the lease is filed with and determined by the county
17 committee of the county to which the transfer is made to be
18 in compliance with the provisions of this subsection.”.

Mr. JONES. We have with us this morning Mr. Todd, representing the Department of Agriculture.

Mr. Todd, the Chair recognizes you at this time.

**STATEMENT OF JOSEPH J. TODD, DEPUTY DIRECTOR, TOBACCO AND
PEANUT DIVISION, AGRICULTURAL STABILIZATION AND CON-
SERVATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE**

Mr. TODD. Mr. Chairman and members of the committee, my name is Joseph J. Todd, Deputy Director, Tobacco and Peanut Division, Agricultural Stabilization and Conservation Service, U.S. Department of Agriculture.

We are pleased to give the Department's views on H.R. 16857, a bill to provide for emergency allotment lease and transfer of tobacco

allotments or quotas for 1974 in certain disaster areas of North Carolina.

This bill is similar to H.R. 9172, which the Congress approved last year. It authorizes for 1974 only the lease of Flue-cured tobacco acreage-poundage marketing quotas from Craven and Jones Counties, N.C., and transfer to farms in other nearby counties in the State, provided two conditions are met: First, the bill would not apply unless the Secretary determines that as a result of drought, flood, damage due to excessive rain, hail, wind, tornado, or other natural disaster, one of these counties has suffered a loss of 10 percent or more in the number of acres of tobacco planted. Second, that such a lease will not impair the effective operation of the tobacco marketing quota or price-support program.

Present legislation authorizes the lease of acreage-poundage marketing quotas for Flue-cured tobacco and transfer to other farms in the same county. H.R. 16857 extends this authority to permit leasing of allotments and quotas for farms in Craven and Jones Counties and transfer to farms in other nearby counties, under the conditions I have stated.

The records show that the total poundage of Flue-cured tobacco allotted to all farms in the United States this year, after adjusting to reflect undermarketings and overmarketings of 1973 farm quotas is 1,337 million pounds. The 1974 crop is currently estimated to be 1,299 million pounds. Thus, it is expected that production will be less than the quotas in effect on a national basis. The extent of the underproduction varies by counties and by localities.

The Department does not object to the enactment of H.R. 16857. However, in view of the short notice on which the hearing was called, we have been unable to obtain the views of the Office of Management and Budget.

The quality of the environment will not be affected by the bill, and no additional funds would be needed for its administration.

That concludes our statement, Mr. Chairman. I will be pleased to answer any questions.

Mr. JONES. Thank you very much, Mr. Todd.

I note that you state that you have been unable to obtain the views of OMB. In view of the fact that no additional cost will be anticipated, do you think they will have any objection to this bill?

Mr. TODD. I don't think I can answer that question intelligently since it is similar to the bill passed last year, and since it would not involve any additional cost, I would not think so, but I can't speak.

Mr. JONES. Thank you very much.

Mr. Mathis, any questions?

Mr. MATHIS. Mr. Chairman, I have no questions of this witness. Thank you.

Mr. JONES. Mr. Rose?

Mr. ROSE. No questions, Mr. Chairman.

Mr. JONES. Mr. Todd, thank you very much for your appearance here this morning.

Members of the committee, I would be very grateful if somebody would make a motion to move this on.

Mr. MATHIS. Mr. Chairman, I was wondering, the bill we passed last year, 9172, did it name specific counties to be affected?

Mr. MURRAY. Yes.

Mr. TODD. Yes; in South Carolina and Georgia, as I recall it.

Mr. MATHIS. Of course, I didn't remember whether we named counties or whether we named areas that were affected in any way after they were designated as disaster areas by the Secretary.

Mr. JONES. May I direct your attention to that legislation. The counties named in it are Atkinson, Bacon, Berrien, Clinch, Cook, Lanier, Lowndes, and Ware Counties, Ga., and Clarendon, Sumpter, and Williamsburg Counties, S.C.

Mr. MATHIS. Mr. Chairman, I move that the bill be reported out to the full committee with a recommendation that it pass.

Mr. JONES. Those in favor of the motion say "Aye." [Chorus of "Ayes."]

Opposed? [No response.]

The motion is passed.

The subcommittee stands adjourned.

[Whereupon, at 10:20 a.m., the subcommittee was adjourned.]

