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95-38 DATA ON FOREIGN OWNERSHIP OF PROPERTY WITHIN THE UNITED STATES

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HEARING

SUB COMMITTEE ON CENSUS AND POPULATION
OF THE
COMMITTEE ON
OFFICE AND CIVIL SERVICE
HOUSE OF REPRESENTATIVES
NINETY-FIFTH CONGRESS

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FIRST SESSION

ON

H.R. 7411

A BILL TO AMEND TITLE 13, UNITED STATES CODE, TO PRO-
VIDE FOR THE PUBLICATION OF DATA RELATING TO THE
FOREIGN OWNERSHIP OF PROPERTY WITHIN THE UNITED
STATES, AND FOR OTHER PURPOSES

JULY 15, 1977

Serial No. 95-38

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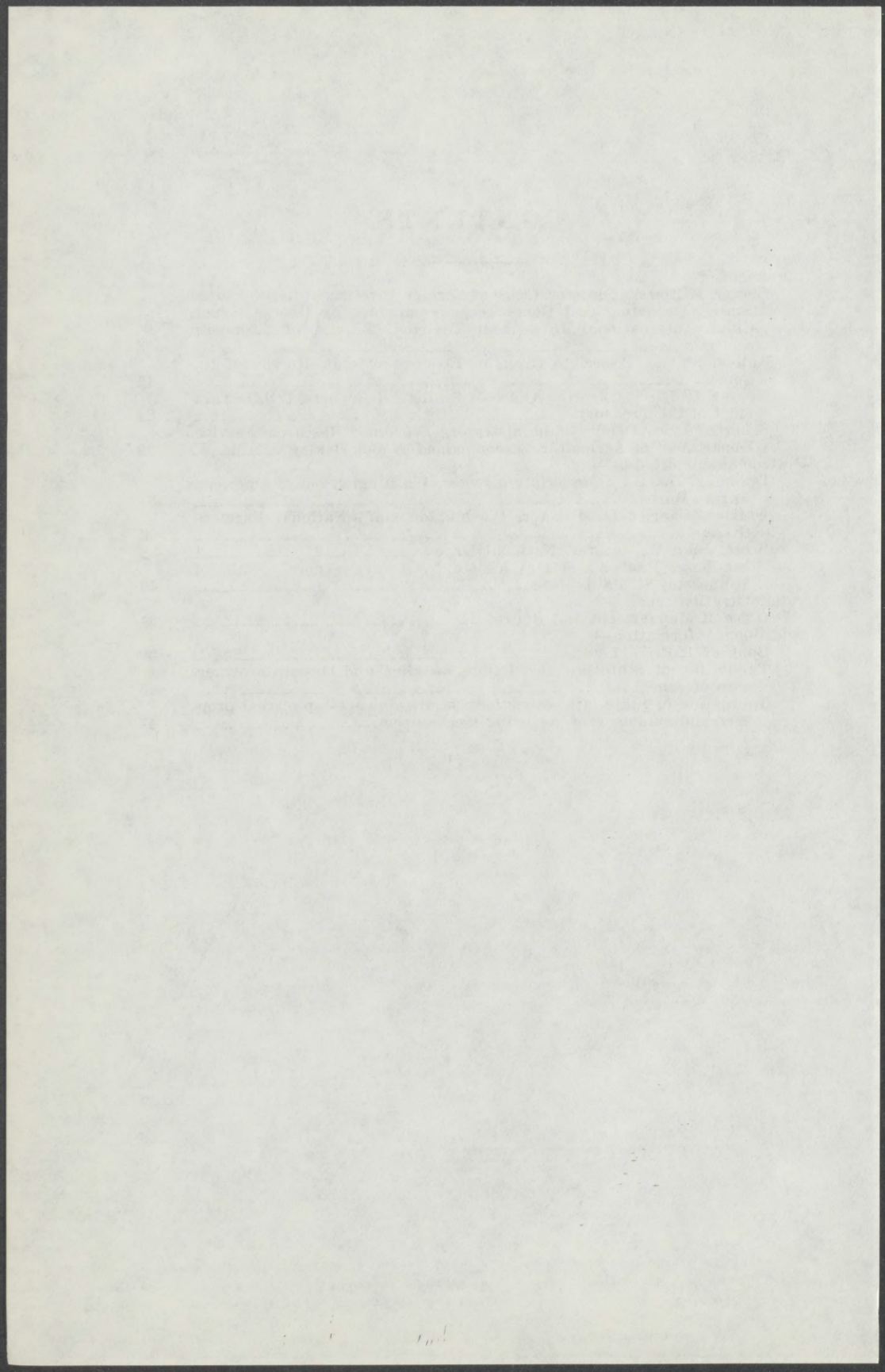
JOHN H. ROUSSELOT, California

JIM LEACH, Iowa

(Mike Ferrell, Subcommittee Staff Director, Room 601 HOB Annex I—Ext. 56741)

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DATA ON FOREIGN OWNERSHIP OF PROPERTY WITHIN THE UNITED STATES

FRIDAY, JULY 15, 1977

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
SUBCOMMITTEE ON CENSUS AND POPULATION,
Washington, D.C.

The subcommittee met at 9:40 a.m. in room 304, Cannon House Office Building, Hon. William Lehman (chairman of the subcommittee) presiding.

Mr. LEHMAN. The subcommittee will come to order.

OPENING STATEMENT OF HON. WILLIAM LEHMAN

Mr. LEHMAN. We are meeting this morning to consider H.R. 7411 which would require the Bureau of the Census to collect and publish data relating to foreign ownership of property within the United States.

During our hearings and markup on the agricultural census, the issue was raised concerning the quality of information we have available to determine ownership of our Nation's property, especially by foreign persons or businesses.

There has been great concern in recent years that sudden wealth by certain foreign countries may be used to purchase vital economic resources in the United States. From a personal perspective, I believe that it is essential to compile data to let the American people know the extent and type of foreign ownership of property in the United States.

Previously, Congress has shown its concern with this issue by passing the Foreign Investment Study Act of 1974 and the International Investment Survey Act of 1976. We intend to look at the results of the 1974 study and examine other studies either being performed or proposed which would provide us with a means to adequately determine the extent of foreign ownership in our country.

As a result of our investigation this morning, we hope to determine whether additional means are necessary to collect data on foreign ownership.

Mr. Leach is recognized for any remarks he wishes to make at this time.

OPENING STATEMENT OF HON. JIM LEACH

Mr. LEACH. I am pleased to have the opportunity this morning also to make a statement.

I would like to begin by thanking the chairman for the terrific cooperation he has displayed in agreeing to study the issue.

An announcement this week concerning a new farm investment plan by Merrill, Lynch, Pierce, Fenner & Smith, raises once again the concern which led to the introduction of this legislation. In a very short time frame tremendous changes are taking place in the American agricultural community. The need for benchmark data to monitor trends in this area cannot be underestimated.

Not long ago this Nation was a frontier—vast, unsettled, undeveloped, but yet holding great promise, not only in terms of bountiful resources and fertile land, but in seemingly limitless opportunity and challenge for any individual who wanted to farm the ground. Countless settlers and pioneers pushed west developing the land. Small family farms built the foundation for what was to become the greatest agricultural success in the world.

Over the years, the smaller farms have given way to larger farms, and the opportunity for individuals to enter agriculture has drastically decreased. The once limitless opportunity to obtain land has disappeared.

The threat to the survival of the family farm is very real and stems primarily from the changing ownership structure. The implications of heavy investment by financial institutions, large corporations and foreigners should not be lightly dismissed.

You may recall the concern caused earlier this year when the Continental Illinois Bank of Chicago was developing plans to invest millions of dollars in tax-exempt pension funds in midwest farmland. Large corporations, both those involved in some way with the agricultural sector and those which aren't have realized the profitability of investing in American farmland.

Foreign investment too has raised considerable concern and Congress has, on several occasions, expressed its interest in and need for data by which to monitor developments in this area. The use of U.S. investment opportunities as a safe haven for foreign capital has far-reaching implications, not only in terms of domestic policy but in terms of our political leverage with the foreign countries involved.

The enactment last year of the International Investment Survey Act is a milestone in the effort to establish a foundation for monitoring such trends. As long as the data is unavailable, it will be difficult for the Congress and the Nation to evaluate and develop policy on these matters.

All of these considerations point to the timeliness of a provision in legislation reported out by this subcommittee this spring. H.R. 7012, the Agricultural Census Amendments Act of 1977 contains a section directing the Department of Commerce and the Department of Agriculture to develop methods of improving the collection, analysis and publication of data relating to the ownership structure of farms within the United States and to then publish that data. H.R. 7411, the bill under consideration this morning, seeks to give some guidance to the Departments which will, upon enactment of H.R. 7012, be required to initiate such a project.

The data on ownership of key interest to American farmers and to the Congress includes the amount and value of land held by financial institutions, corporations—both foreign and domestic, and foreign

persons. The latter data can be nicely coordinated with some of the efforts which I understand to be underway in conjunction with the administration of the International Investment Survey Act.

Correspondence I have received from Census Bureau personnel indicates to me that data on farm land held by domestic and foreign corporations could be collected under the terms we discussed, as could data on land held by financial institutions. Problems may be significant in the area of individual foreign ownership and I hope we can cover some of these this morning.

Finally, H.R. 7411 directs the Census Bureau, when collecting any data on ownership under existing censuses and surveys, to determine the citizenship of the owner, and then simply to publish that data. There is no effort here to require the Census Bureau, in competition with other Federal agencies and departments, to collect new ownership data. I stress this point. This is a modest bill with modest requirements. The new data to be collected concerns citizenship only. In looking over some of the census forms and reports, a considerable amount of data is currently being collected, not only from various manufacturers, retailers, wholesalers, and service-oriented businesses, but through the agricultural census from individual farm operators as well. As long as the Census Bureau is already collecting that type of information, I feel it would be of value to the Congress and Census data users to have the additional citizenship information.

I hope then that we will be able to determine the best working relationship between the Census Bureau and the agencies involved with the International Investment Survey Act with regard to foreign ownership, and then to focus as well on the farmland held by financial institutions and corporations.

Thank you.

Mr. LEHMAN. Mrs. Schroeder, have you any opening statement?

Mrs. SCHROEDER. Mr. Chairman, I don't believe so. Thank you very much.

Mr. LEHMAN. The first witnesses scheduled this morning are from the Department of Commerce, Mr. Milton A. Berger and Mr. George Kruer. You gentlemen may come forward and proceed with your testimony.

STATEMENT OF MILTON A. BERGER, DIRECTOR, OFFICE OF FOREIGN INVESTMENT IN THE U.S. DEPARTMENT OF COMMERCE, ACCOMPANIED BY GEORGE KRUEER, CHIEF, INTERNATIONAL INVESTMENT DIVISION, BUREAU OF ECONOMIC ANALYSIS

Mr. BERGER. The Office of Foreign Investment in the United States was established for the purpose of monitoring foreign direct investment in the United States and to prepare analyses and reports. It derives its authority and responsibility from two basic sources. One is the International Investment Survey Act. The other is Executive Order 11858 of May 7, 1975. Both of these measures authorize and direct the Department of Commerce to monitor and prepare reports on foreign investment in the United States. We have an ongoing operation in the Department involving some 20-odd people. We work primarily from the source materials on foreign investments here developed by other Federal agencies and from public sources materials.

There are some 20-odd agencies which in one way or another gather information on foreign direct investment in the United States, primarily in response to some responsibility that an agency has. The primary sources of information for us have been the Securities and Exchange Commission which requires the filing of reports by investors acquiring more than 5 percent of the shares of a publicly traded company, and the Federal Trade Commission which is, of course, concerned with anticompetitive behavior.

We also derive a good deal of material from the national press, from periodicals, and a variety of other public sources. Our reports are based on these materials.

We were a major participant in the preparation of the 1976 Report of the Secretary of Commerce to the Congress on foreign direct investment in the United States, along with the Bureau of Economic Analysis and other units of the Department of Commerce. We have been preparing a report on the activities of foreign investors in the United States in 1976. We hope to have that report out very shortly. It would identify foreign investors to the extent we could identify them, and the information would be based on nonconfidential material and therefore would be publishable.

We would try to provide some analysis of what has been happening.

In addition, we will be providing information on acquisition activities over a 3-year period; that is, the acquisition of existing American entities during the years 1974, 1975, and 1976.

We also have a responsibility within the executive branch to support the policy formulation needs of the Department of Commerce and of the Interagency Committee on Foreign Investment in the United States.

The summary which I have provided the committee expands upon my observations at length, and I think perhaps this would be sufficient for the moment.

[The prepared statement submitted by Mr. Berger follows:]

OFFICE OF FOREIGN INVESTMENT IN THE UNITED STATES BUREAU OF INTERNATIONAL ECONOMY POLICY AND RESEARCH, DOMESTIC AND INTERNATIONAL BUSINESS ADMINISTRATION, U.S. DEPARTMENT OF COMMERCE

RESPONSIBILITIES AND FUNCTIONS

The Office of Foreign Investment in the United States—a unit of the Department's Domestic and International Business Administration—shares with the Bureau of Economic Analysis the Department's responsibilities pursuant to the International Investment Survey Act of 1976 (P.L. 94-472) and its implementing Executive Order 11961. The Office's functions are particularly responsive to Section 4(a)(4) of the act, which calls for the conduct of "such studies and surveys as may be necessary to prepare reports in a timely manner on specific aspects of international investment which may have significant implications for the economic welfare and national security of the United States."

The program of the Office also discharges the responsibilities of the Secretary of Commerce under Executive Order 11858 of May 7, 1975, which, in addition to establishing the interagency Committee on Foreign Investment in the United States, directed the Secretary of Commerce to perform the following activities: (1) obtain, consolidate, and analyze information on foreign investment in the United States; (2) improve procedures for the collection and dissemination of information on foreign investment; (3) monitor foreign investment in the United States; (4) prepare reports and analyses of trends and of significant developments in appropriate categories of such investment; (5) compile data and pre-

pare evaluations of significant investment transactions; and (6) submit to the Committee appropriate reports, analyses, and data relating to foreign investment in the United States, including recommendations as to how information on foreign investment can be kept current.

The Office program has three major elements: (1) economic research; (2) monitoring of transactions; and (3) data development. It focuses on direct foreign investments, that is, the ownership by a foreign entity of at least 10 percent of the voting stock of an incorporated U.S. business enterprise, or an equivalent interest in an unincorporated enterprise.

The Office prepares studies, reports and analyses on the characteristics and effects of foreign direct investment activity in the United States. This includes the preparation of reports on significant foreign investment trends at the industry sector level covering such areas as employment, technology transfer, trade and financial structure. In June 1976 the Department of Commerce submitted a wide-ranging 9 volume, 2500 page report to the Congress on foreign direct investment in the United States, pursuant to the Foreign Investment Study Act of 1974 (P.L. 93-479). Although the Office was not in existence in the early stages of that study, it later assumed a major role, along with the Bureau of Economic Analysis and other units of the Department, in bringing it to completion.

In regard to monitoring, the Office identifies, investigates and collects information on current and prospective investment transactions, based on Federal agency and public sources. Twenty-odd Federal agencies collect data on foreign investments here through over 140 report series whose frequency and content vary widely. These reports are filed primarily in connection with the various agencies' responsibilities and in most cases were not specifically designed to collect data on foreign investment. Moreover, some agencies, including the Commerce Department's Bureau of Economic Analysis, operate under strict confidentiality requirements which prohibit disclosure of individual company or transaction data, although data may be made available on an aggregate basis.

Major sources of information on specific transactions are the Securities and Exchange Commission, which requires reports of investors when more than 5 percent of the stock of a publicly-held and traded company are acquired, and the Federal Trade Commission, which examines the potential competitive effects of mergers and acquisitions. Additional sources of information include national magazines and newspapers, trade journals and news clipping services. The Office is also examining, in conjunction with the Bureau of Economic Analysis, the use of the authority of the International Investment Survey Act of 1976 to conduct periodic and special surveys of foreign-owned firms in the United States. The authority granted under that Act accords with the recommendations for increased data gathering authority contained in the 1976 report by the Department to the Congress on foreign direct investment in the United States. All materials published by the Office are, of course, derived from non-confidential sources; confidential materials are used only for analytical and policy formulation purposes. A report is expected to be issued shortly covering all significant identifiable transactions occurring in 1976, together with a 1974-75-76 coverage of transactions involving foreign acquisitions of all or part of the ownership of existing U.S. firms.

In addition to its monitoring and research functions, the Office supports the Department's policy formulation role respecting foreign investment in the United States and provides transaction analysis and other inputs to the interagency Committee on Foreign Investment in the United States, which is charged with analysis of foreign investment developments, guidance of the development of arrangements for advance consultations on prospective major governmental investments in the United States, review of investments having major implications for U.S. national interests and consideration of proposals for new legislation or regulations relating to foreign investments in the United States, as they might seem necessary.

Mr. LEHMAN. Mr. Leach, I will yield to you for questions first.

Mr. LEACH. As the Congress studies foreign investment in this country it is clear that in the past few years tremendous sums of American capital have been transferred to the OPEC countries and that a significant part has been returned to this country primarily in terms of deposits in major financial institutions. Is there any trend

within OPEC toward making capital investment in this country that has not been made very clear to the public as yet?

Mr. BERGER. I am not prepared to comment on the portfolio investment activity of the OPEC countries. I think perhaps the Treasury representative would want to talk about that. With respect to OPEC direct investment activity, we find it has been at a fairly low level, at least insofar as it is identifiable, and that it has been centered primarily in the acquisition of real estate and in banking activities. We have yet to see any significant investment in industrial undertakings, although, as you may know, there has been some interest on the part of OPEC countries to obtain some participation in industrial activity here; but these initiatives were aborted by the prospective investors.

Mr. LEACH. My concern is that capital is being concentrated in a very few places. Whereas at the moment it doesn't seem that OPEC investments have been transferred to the agricultural sector very heavily, a decision to divert 5, 10, 15, 20 percent of these billions of dollars could have extraordinary implications in the ownership structure of American agriculture.

The basis of this bill is simply to say let's look at this situation very carefully to see if this is what we want in this country.

Do you see, from your perspective, the possibility of a trend developing toward an investment in rural America, or any beginnings of that trend?

Mr. BERGER. I don't think we have seen it develop as yet, insofar as we have been able to observe. I have indicated the kind of source material that we have. To the extent we have been able to identify activity by these countries, we have seen no significant trend. We have seen some activity, obviously.

It is pretty substantial in the portfolio area, but in the direct investment area there has not as yet been any significant activity that we have been able to identify.

Mrs. SCHROEDER. With regard to the survey that will soon be released, what have been some of the problems that you have had? What would be some of the problems you have had in the preparation of the survey that will soon be released?

Mr. BERGER. I think there are two kinds of problems. One would be the statistical type of problem. That is, gathering statistical data. The other would be with respect to some of the qualitative analyses that we prepared, and that was the part with which I was primarily concerned. With respect to the statistical activity, I think perhaps Mr. Kruer might want to comment.

Mr. KRUEER. It particularly concerns real estate. There is no one source that you can go to. It is very diverse and typically is much smaller investment than coming in and taking over an industrial company. It just doesn't get the attention in the press or journals. The land records being kept at county levels have no particular identification as to owners. Even if there is an owner with an obviously foreign sounding name, he may well be a citizen.

There is no way of knowing. No identification is required except now in a few States that have passed their own laws concerning it. It is a very diverse activity and any time we have attempted to get into it, it proves to be a baffling data problem. There could be millions of

dollars spent with probably very little results unless you have a coordinated effort with the States.

Mrs. SCHROEDER. I just wonder how valuable the survey can be. This was precisely my question. I know it is going to be released soon, but it seems to me the problems would be insurmountable in trying to really get an accurate determination and I would think it would be very difficult to know the level of investment at this moment in the country.

Mr. KRUEER. Our department has been maintaining information for balance of payments purposes. Generally we have a cutoff level so we don't have to deal with very small reports, quarterly or annually. This was the basis of our mailing list. In terms of real estate specifically in 1974, about 80 different organizations related to real estate were asked for mailing lists and so forth for the purpose of conducting the survey.

With regard to agricultural interests, we found only about 1 million acres of foreign-owned land. They had to report it only if they had holdings of more than 200 acres, so we didn't get partial ownership just for an office building or a small plant or something. We wanted large holdings.

Mrs. SCHROEDER. Suppose you put your money in an American holding company. When do you consider them an American holding company and a foreign company?

Mr. KRUEER. We went all the way down the line. As long as the foreigner's ultimate interest in the U.S. company is 10 percent or more, it is considered to be reportable.

Mrs. SCHROEDER. You kept piercing each corporate veil?

Mr. KRUEER. Yes.

Mrs. SCHROEDER. Are you doing it with recent balance of payments things or prior?

Mr. KRUEER. With regard to the balance of payments, it has been a continuous thing and we keep a cumulative series in terms of the value of the investment. The study act of 1974 was a departure from past practices in some sense because there was more interest in the domestic aspects of the operations rather than just the foreign transactions.

Mrs. SCHROEDER. You feel the thing that will help you the most is more coordination with the States?

Mrs. KRUEER. Particularly as concerns real estate.

Mrs. SCHROEDER. Thank you very much.

Mr. LEHMAN. In Florida, the Minute-Maid Corp. owns the largest part of the citrus farms, which is owned by the Coca-Cola Corp., but we don't know how much of the Coca-Cola Corp. is owned by foreign investment, so we don't know how much of the citrus farms could be controlled through stock ownership of a very large corporation that owns another corporation that owns the land.

I think you have to go through so many tiers to really determine what this land ownership is all about.

I am not as concerned with the actual ownership of real estate as the ownership of sensitive public opinion-making industries. These are the kinds of investments that are not indicated in balance of payments because they deal in a kind of nebulous transaction, but it is very important and very sensitive in the way it affects our society.

There are also various fiduciary organizations set up for investment who may in turn control land indirectly through the foreign investor's buying into a banking organization, which bank's principal source of investment is loans to the agricultural economy—that could be just as important or more important perhaps than direct control.

We have all this information and we have gone to all this expense. The problem I have is how can we do it better and what can this committee do to make this information retrieval system that we think is important really be more meaningful? What kind of legislation, administration and leadership can we give to really get a handle on this problem? We have to determine whether foreign investment is a problem or determine to what extent it may increase to become a problem.

I don't know at what level a block of stock in the Knight newspapers, or Coca-Cola, would become a concern to this country. If we don't know the benchmarks, as Congressman Leach says, we don't really know where to start.

I guess my question is, tell us what to do.

Mr. BERGER. I believe the principal witness for the Commerce Department will be commenting on the bill itself. Mr. Kruer and I were prepared to comment in terms of our functions and our general awareness of the problems, but I think you may want to have comment of the Census Bureau.

Mr. LEHMAN. Is it a true statement that from your nine volume study and from the effort that has been made, just straight up and down, do we know what the amount of foreign investment in this country is and, if we don't know, just how close percentagewise or otherwise do you think this is an estimate?

Mr. BERGER. I think Mr. Kruer can give you an estimate of what we think the total foreign investment is in the United States at this time, the direct investment. I think in general terms we are aware of what is happening. I think the real estate area has to be considered as something apart from everything else.

In the general industrial area I think we are aware of what is happening. I think we can identify the activity and I hope the reports we will be submitting will provide some satisfaction on that score.

With respect to real estate, I believe we have a very difficult problem. I don't think anybody questions that. The presumption is that the work that will be done under the International Investment Survey Act will provide some ideas on how to deal with it.

I think we can say that we know what goes on outside of the real estate area. I think we are prepared to provide fairly solid comment.

Mr. LEHMAN. Will that actually provide the true owner, or just what kind of a law firm might be setting up a fictitious ownership, where the beneficial owner may be completely disconnected from any obvious public disclosure of ownership?

Mr. KRUEER. In the survey we went back as far as the first foreign ownership; U.S. laws do not reach abroad to go beyond.

Mr. LEHMAN. It may be a British law firm representing the true owners perhaps.

Mr. KRUEER. Yes; or a holding company. We do know at least it is foreign-owned in the first instance.

Mr. LEHMAN. But who the true foreign owner is we don't know. As I say, it may be a British law firm representing West Germans, Japanese, or others.

Mr. KRUER. Yes.

Mr. BERGER. We merely wanted to provide some reassurance in general terms that we are monitoring and we do feel we have some sense of what is happening in terms of general investments in the United States and I think the report will show that. We know we will not be exhaustive in what we cover, but we think we will have caught the major investment activity.

I think you were asking about what was the level of investment at this time.

Mr. KRUER. The results of the 1974 survey—and these are applying specific definitions we use—put the value of direct investment in U.S. companies, all U.S. business interests that are considered direct investments, at approximately \$26 billion.

Mr. LEHMAN. Overseas ownership at the first tier you could get to.

Mr. KRUER. Going back that way, but going to all tiers within the United States, going all the way down.

Mr. LEHMAN. You say that is direct corporate investment. That does not include direct land and real estate?

Mr. KRUER. All direct investment in any U.S. business enterprise. Where the foreign owner owns 10 percent or more of the U.S. business enterprise, including real estate.

Mr. LEHMAN. You haven't broken that down as to the name of the country?

Mr. KRUER. We have it from the first country. It is difficult to go back beyond that because we can't reach the foreigner.

Mr. ROUSSELOT. My understanding is you favor the intent of H.R. 7411 but you can't take a position on it?

Mr. KRUER. The testimony for the department is to be given by Ms. Kallek. We are testifying as to what we are presently doing with regard to foreign investment in the United States.

Mr. ROUSSELOT. Can you tell us what your individual position would be? Is it bad legislation?

Mr. KRUER. We feel at this time no additional legislation is needed in addition to the International Investment Survey Act of last year; that virtually all of the powers we perceive we need to cover this area are included in that legislation. It is in the process of being implemented and, particularly as concerns real estate, there is a land use committee being set up by the Office of Management and Budget pursuant to the legislation to investigate and report back in 2 years.

Mr. LEACH. If it is your contention that you are proceeding in a very forthcoming way with fulfillment of the objectives of the prior act, why is it in the agricultural census that you, at this moment in time, are refusing to ask the foreign ownership question? Agricultural land, after all, encompasses a substantial percentage of land in this country.

Mr. KRUER. In our surveys we do ask that and collect data on ownership of agricultural land.

Mr. LEACH. Why is it that the Census Bureau is taking a position against asking about it in the agricultural census?

Mr. KRUER. Perhaps Census should speak to this.

Mr. ROUSSELOT. What is your opinion?

Mr. KRUER. We are attempting to do it in present legislation.

Mr. LEACH. Not in the agricultural survey. What other ways do you have of getting information? Admittedly, there are other ways, but basically the single best statistical way is through the agricultural census.

Mr. KRUER. I will defer to Ms. Kallek.

Mr. ROUSSELOT. We will get to Ms. Kallek. What is your judgment? You have judgments, I assume?

Mr. KRUER. We feel it is covered sufficiently under the present act.

Mr. LEACH. Going to the specific point of whether the question should be asked in the agricultural census, would you object to that? There are ownership questions asked within the census. Is there any problem about a citizenship question?

Mr. KRUER. I really feel the Department of Agriculture representative and Ms. Kallek, speaking for their two agencies, should speak to that.

Mr. ROUSSELOT. That is correct, but what about your opinion?

Mr. KRUER. I feel there is the problem of asking the agricultural operators—we have found in our industrial surveys that we are told, "We don't know who owns them."

Mr. ROUSSELOT. Even after the questions they won't tell the truth, or what?

Mr. KRUER. They did not know.

Mr. ROUSSELOT. You are talking about operators in the business. Do you mean they don't know the ownership?

Mr. KRUER. That is right.

Mr. ROUSSELOT. What is the harm in asking them though?

Mr. KRUER. There is no harm in asking them, depending on which legislation.

Mr. LEACH. The 1974 census contains questions on ownership.

The modesty of this bill is extraordinary. It is not a sweeping effort to jeopardize anyone's position based on any other act, but simply to determine citizenship in addition to ownership. That doesn't seem to me to be an overly difficult thing to ask.

Mr. KRUER. I am not involved in conducting the agricultural census. Ms. Kallek is, and I think she can speak to it. Just as I don't think she could properly answer questions on the survey I would develop.

Mr. LEACH. What concerns me greatly is not only the status currently of ownership, but trends that could develop in a very fast-moving world. Have you detected, through your surveys, any recent substantial increase in foreign ownership in this country?

Mr. KRUER. There was 3 or 4 years ago, which is when we had the Foreign Investment Study Act of 1974. Since that time it seems to have settled or calmed down quite a bit and you have almost a normal increase each year. My feeling is from reading newspapers recently and based on reports we are getting, there might be a pick-up now. We are concerned about whether the pick-up is more in terms of numbers of acquisitions, but not in terms of value; the value seems to be low.

Mr. LEHMAN. Are there any further questions?

[No response.]

Mr. LEHMAN. Thank you, gentlemen, for your testimony.
Ms. Kallek is our next witness.

**STATEMENT OF SHIRLEY KALLEK, ASSOCIATE DIRECTOR,
ECONOMIC FIELDS, BUREAU OF THE CENSUS**

Ms. KALLEK. Thank you, Mr. Chairman. I am pleased to respond to your invitation to testify on H.R. 7411.

After carefully reviewing H.R. 7411 and the International Investment Survey Act of 1976 which was signed into law in October of last year, we believe that the basic intent of the present bill is satisfied by that law. The purpose of the International Investment Survey Act is to authorize the administration to establish and maintain a regular data collection program with respect to foreign investment in the United States and U.S. investment abroad.

International investment is defined by that act to include the ownership or control, directly or indirectly, by contractual commitment or otherwise, by foreign persons of any interest in property in the United States, or of stock, other securities, or short- and long-term debt obligations of a U.S. person, and the ownership or control, directly or indirectly, by contractual commitment or otherwise, by U.S. persons of any interest in property outside the United States, or of stock, other securities, or short and long-term debt obligations of a foreign person.

Similarly, H.R. 7411 mandates the collection and publication of information on the foreign ownership of property within the United States. The terms used and defined in both the act and the proposed legislation appear to be consistent. We are, therefore, unclear as to the purpose of H.R. 7411 with regard to information on inward foreign investment.

The International Investment Survey Act of 1976 also deals specifically with foreign investment in agricultural land which we know to be of particular concern to this subcommittee. A provision in that act requires the President to conduct a 2-year study to determine the feasibility of establishing a system to monitor foreign direct investment in agricultural real property and to report his findings to the Congress. This provision acknowledges the difficulties inherent in obtaining such information and requires a feasibility study prior to any legislative mandate regarding the collection of such data.

In contrast, H.R. 7411 would require that information on the foreign ownership of agricultural land be collected in connection with the census of agriculture. We do not believe that the census of agriculture is an appropriate vehicle for the collection of such data since it would be unduly burdensome, and add significantly to the cost of conducting the agriculture census.

The census of agriculture covers only farm operators, many of whom use land owned by others. In fact, in the 1974 census of agriculture, 72 percent of all farms were operated by owner-farmers, while 38 percent operated some or all land owned by others.

Although the name of the owner is requested on the report form, the information is not entered into the data files, but rather is used as an editing tool in selected cases to insure the accuracy of the census coverage. It is our belief that many operators would not know the

foreign ownership investment status of the land and additional surveys would be required to obtain this information.

We are investigating the utilization of the Census Bureau's industrial directory to determine if some information, even though not complete, might be obtained for farms which are part of multiestablishment firms. As part of the maintenance of the industrial directory, a question on foreign ownership is included in the company organization survey which is sent to all multiestablishment firms. We hope to be able to link this information with data collected in the census of agriculture. For this and other reasons, we do not support the collection of such data in the agriculture census, and would recommend that no action be taken until completion of the feasibility study.

I should like now to discuss some of the work being done in connection with implementing the International Investment Survey Act of 1976. Executive Order 11961 delegates responsibility for carrying out the provisions of this act generally to the Director of the Office of Management and Budget, to the Secretary of the Treasury with respect to portfolio investment, to the Secretary of Commerce with respect to direct investment, and to the Council on International Economic Policy with regard to specific report to the Congress. The responsibilities of the Secretary of Commerce in connection with the act are being performed by the Bureau of Economic Analysis and the Office of Foreign Investment in the United States.

The Office of Management and Budget has established two interagency committees to assist in determining how the act is to be implemented. The Committee on International Investment Statistics, which has already met, is considering the survey requirements of the law and should provide the Department of Commerce with specific guidance in carrying out its responsibilities.

It is expected that the Bureau of the Census will be involved in some of the data collection activities. We are, therefore, participating in the work of the committee. The Census Bureau also has representatives on the other interagency committee established by OMB to carry out this act—the Committee on Land Use Data. This committee is focusing on the feasibility study relating to monitoring direct investment in agricultural land.

Our active participation on both committees and the work we are doing in the Bureau of the Census indicates our recognition of the importance of this body of data and our support of the current efforts underway. Very shortly the Census Bureau will be issuing a report, obtained from the industrial directory mentioned before, which presents data by industry and geographic area on foreign ownership of U.S. companies. We believe that this report which will contain establishment data which have never before been tabulated is a significant step in this direction.

A second purpose of H.R. 7411 is to provide information on agricultural landownership by financial institutions, corporations, and unincorporated associations. We recognize the interest in such data and accordingly, the Census Bureau has been investigating the possibility of deriving relevant statistics from the 1974 and 1978 Censuses of Agriculture by utilizing information which is available from the Bureau's industrial directory, and from the special corporate surveys undertaken as part of the census of agriculture.

The Census Bureau published a separate report on corporate farming in the 1969 Census of Agriculture and plans extensive expansion for the 1974 and 1978 censuses. We plan to examine the economic characteristics of corporate farms, as well as the industrial structure of those enterprises which also have nonfarm activities.

We will also test the feasibility of deriving information about land directly owned and operated by financial institutions for their own account, from source material already available to us and which would require no additional surveys.

In conclusion, the Bureau of the Census strongly endorses the efforts currently underway to obtain information relating to foreign investment. We recommend that no action be taken on H.R. 7411 until an assessment is made of the success with which the International Investment Survey Act achieves its stated purposes. At such time, any proposed legislation would necessarily be more timely and focused more precisely on particular problems in the programs underway.

I am happy to answer any questions you may have at this time.

Mr. LEHMAN. Mr. Leach?

Mr. LEACH. On page 2 you state that we do not believe that the census of agriculture is an appropriate vehicle for collection of such data since it would be unduly burdensome and add significantly to the cost of collecting the agricultural census.

First of all, burdensome on whom?

Ms. KALLEK. On the respondent who has to fill out the report form.

Mr. LEACH. Is it really that burdensome to fill out the form?

Ms. KALLEK. The census form is completed only by operators of farms. We would then have to go to the owners of the farms. That would require an additional survey.

Mr. LEACH. There is hardly anyone I know in Iowa that doesn't know who owns their land if they farm. In fact, I don't know a soul who doesn't know who owns their lands. To say that it would be terribly difficult to derive that information from an agricultural census, I think because you don't want to do it you claim burdensomeness and that is a very strong term. That is one of the few things in an agricultural census that a farmer would be very appreciative to fill out and for which farmers want information.

There is intent in this. It seems to me that any time you don't want to do anything, it is burdensome, and any time you do, it is no problem.

Now, I would certainly think that it would not be overly burdensome to the Census Bureau to collate this from a census form. We already asked very detailed ownership questions. You are adding hardly anything. It could be a problem to seek beneficial ownership where that is a little bit unclear.

But at this point in time, foreign ownership of agricultural real estate is not terribly high. Part of the issue here is to set a benchmark so that we can measure it as it goes forward if that situation changes. If that situation were to change, it might become more difficult. But if we do reach the point where it becomes more difficult, we certainly should be very, very concerned, and that much more anxious to get the information.

That is the whole issue at this time. We need a benchmark and this is a relatively easy time to begin gathering information.

Ms. KALLEK. Mr. Leach, when I say burdensome, I mean burdensome to the respondent, not the Census Bureau. The Census Bureau is most sympathetic to the problem and is aware of the need for such information. Our aim, of course, is to meet the data needs of all people and all groups. The use of the census of agriculture, though, as a vehicle for doing this doesn't appear, at least to us, to be the most effective way of doing it.

First of all, we are sensitive to asking a question on citizenship of the farmowner. I guess if the form itself related only to farmowners, we would not have as great a problem. But the form collects data from farm operators and not from the owners. We know from the responses to that particular question that many farm operators really don't know who the owner is.

Mr. LEACH. I think you could ask a very simple question: Do you have any reason to believe that the land you are renting is foreign owned? There is hardly a land operator who doesn't know that.

Ms. KALLEK. It would be difficult to ask a question on the basis of supposition, particularly if we wanted to aggregate the replies. To add this item to the census form is something, as I said, we are most reluctant to do. It would require us to key the information from the census form, which is an additional cost, and then conduct an additional survey of farmowners, that is the person or the group that owns the farm.

Mr. LEACH. You are going to do some pretests shortly. Have you given any consideration to including this type of question of citizenship on your pretests?

Ms. KALLER. No, sir, we have been attempting to find other ways of obtaining this information. For example, as I pointed out, for corporate farms we have the ability to get the information about foreign ownership for multiestablishment organizations from our industrial directory. The information for banks becomes much more complicated.

We are looking into possible ways of having a rather large sample which is in response to your questions. We certainly have not asked for any funding on this basis. In effect we would have a two-stage sample. We would canvass the financial institutions from the industrial directory to find out if they have any farming interests or if they run any fiduciary trusts and then have a subsample of those which reported such interests, to obtain information in greater detail.

We have not yet found a way to get information about foreign ownership by individuals. We are attempting to see if we can come up with a plan that would meet your needs and still not put the question on the census of agriculture. The census of agriculture form as you know, is probably one of the most sensitive forms we have at the present time.

To add this type of question and then include an additional survey in the census we feel, would not be the way to go without testing the feasibility of other methods.

Mr. LEACH. In other words, you do concur that feasibility testing of this should be conducted?

Ms. KALLEK. Yes; but by using these other methods to see whether or not we could come up with a plan that would give most of the information that you want.

Mr. LEACH. What objection do you have to pretesting this?

Ms. KALLEK. None, except from the point of view that we do not believe it should be put on a census of agriculture form. As I said, if we were to do that, I am certain it would add several millions of dollars to the cost of the census of agriculture.

Mr. LEACH. That is a difficult figure for me to comprehend. What problems do you entertain with the concept of getting accurate information from financial institutions?

I would like to stress the importance of this, not only from the point of view of financial institutions playing an increasing role in management or ownership of farmland, but also as being a conduit for foreign ownership.

Take for example, the Merrill Lynch model which has since been shelved, meaning set aside and not abandoned, the theory was to use pension fund assets under a tax-free ruling. That would involve primarily American-derived funds. But the model becomes a terribly attractive model for foreign investment as well.

The reason that it becomes so important is that one of the greatest deterrents today to foreign investment in agriculture is the tremendous difficulty of buying agricultural real estate and the knowledge of how the American system works.

For example, if one is sitting in Frankfurt or Abu Dhabi, it is very difficult to figure out how to buy an Iowa farm. But through a financial institution, such as a bank or other type of investment vehicle, a foreigner could have easy access to buying agricultural real estate plus a very easy means of depositing \$1 million or \$10 million or \$100 million. Suddenly a vehicle could be in place that is able to act quickly to direct those investments toward agriculture.

My concern, therefore, is that even though foreign investment on its own or through financial institutions has not as yet become a significant part of the agricultural scene, do we have the means to monitor such developments if they occur?

Ms. KALLEK. Well, of course, in any collection effort that we would do, we would rely heavily upon the expertise of the other agencies of the department which has been working in this area. We think that we might have a method, since the Bureau's industrial directory has a list of all real estate and other financial organizations; in fact, the industrial director covers all organization in this country.

There may be problems in collecting all of the information, particularly with regard to fiduciary accounts and whether a fiduciary account has employees or doesn't have employees. We think we have the methodology by which this could be done.

Mr. LEACH. Let me pursue it further.

Let's assume we develop a model where a major American bank offers an offering to Saudi Arabia for x million dollars and then turns around in a special investment account and buys up that equivalent of American agricultural real estate.

Would that be immediately reported to you and how would you arrive at that figure?

Ms. KALLEK. No; it would not be immediately reported to us. I think some of this information is obtained by the Bureau of Economic Analysis and the portfolio investment by the Department of Treasury.

They collect information on that. We would attempt to have a systematic sample or survey which would collect this information.

Mr. LEACH. Then are you saying to me that you are going to do that or you could do that?

Ms. KALLEK. I am saying we could do that. A survey of that type, our first estimate is anywhere in the range from \$500,000 to \$700,000.

Mr. LEACH. But you would be willing to do that?

Ms. KALLEK. Yes, sir.

Mr. LEACH. In other words, you have no objection to that provision in this bill?

Ms. KALLEK. Mr. Leach, we have no objections to the intent of the bill and we certainly realize that this is a difficult problem and answers are needed.

Mr. LEACH. Your only objection is monetary, not substantive?

Ms. KALLEK. That is right, and the way to collect the information. We do not believe the census of agriculture is the proper vehicle.

Mr. LEACH. I might point out that this bill does not place overwhelming new objectives on the Census Bureau. It simply requests the Census Bureau to request this information, using tools that are currently available. When you object to the bill, you are objecting to doing it, not to any given manner of approach?

Ms. KALLEK. No; if there was that misunderstanding, I am sorry for that. We certainly believe that this is an area in which interest has been expressed and that data are needed. We feel, however, that the previous bill which has been enacted and which is now being implemented perhaps will answer the questions.

Mr. LEACH. I know nothing in the previous bill that talks about financial institutions, nothing whatsoever. Can you point to part of that bill that does?

Ms. KALLEK. No; that is on foreign directory investment. As far as financial institutions, it mentioned land ownership and agriculture. There, as I said, we are investigating. There is a way we think we can do that, but, again, not using the census of agriculture.

Mr. LEACH. Will you state specifically to this committee that you will do that?

Ms. KALLEK. If funding were made available, yes, sir, we would.

Mr. LEACH. Let me just get this straight. The only hinderance to not doing it is funding and you will support the intent of this bill on the proviso that funding is available?

Ms. KALLEK. That is right, and we would do a feasibility study which we do before we do any regular study.

Mr. LEACH. In other words, premised upon funding, you support this bill. That is the position of your office?

Ms. KALLEK. That is right, sir.

Also, as I said, we would do a feasibility study to make sure that what we planned would be possible.

Mr. LEACH. So that the record is straight, rather than opposing this bill, the Census Bureau supports it with the caveat that funding will be required?

Ms. KALLEK. Let me put it this way: We support the intent of the bill. There are two parts to the bill. One is the part on foreign owner-

ship; we believe at this point that there is a bill that does have provisions that are presently being implemented. We believe that we should wait to see whether or not that implementation will take care of all the needs.

There is another part of this bill which relates to ownership by corporations and financial institutions. That part would be done by the Census Bureau. We have been investigating various approaches since we have gotten the bill to see if we could meet your needs. We think we have methodologies that would work. We, of course, would have to test them. If they were successful, we would want to do it but it would be dependent on the funding.

Mr. LEACH. Will you do the testing without appropriations?

Ms. KALLEK. Yes; we can do some of the feasibility studies.

Mr. LEACH. When will you do that?

Ms. KALLEK. We could do that some time within the next 6 to 9 months.

Mr. LEACH. So, then, you will report back to the committee by late winter?

Ms. KALLEK. Yes, sir.

Mr. LEHMAN. Just to get it straight in my own mind, the data through the feasibility study, provided we get the funding, will lead to the information that we are hoping to gain, but this would be separate from and aside from the kind of information that we are now doing or getting through the regular agricultural census data-gathering procedures. Thus, this would not be part of the agriculture census effort?

Ms. KALLEK. That is right, sir, except that some information on corporate farming is available from the agricultural census.

Mr. LEHMAN. You would extract it from the agricultural census but not add to that census?

Ms. KALLEK. That is right.

Mr. LEHMAN. What we are trying to do is reduce the size of the agricultural census rather than expand its size. This is another purpose and this is another effort that would be funded separately from and the procedures would be separate from the basic agricultural census data collection?

Ms. KALLEK. That is right, Mr. Chairman. It relates only to the corporate and financial institutions. It does not relate to foreign investment.

Mr. LEHMAN. I just wanted to have it straight in my own head.

Mr. LEACH. Would you be willing to supply us a written statement describing the feasibility study you intend to conduct, dealing with financial institutions and corporations?

Ms. KALLEK. Yes, sir, as soon as the place is finalized.

Mr. LEACH. You will?

Ms. KALLEK. Yes.

Mr. LEACH. Fine. With regard to the agricultural aspect of this bill, it is my understanding that you feel that the 1976 act adequately covers this area?

Ms. KALLEK. We believe it does, sir. Various parts of our department are working on it. We are also members of the interagency commit-

tees and the Department of Treasury, which, as well as OMB, are working on it. We believe that that portion of the bill, of H.R. 7411, is covered adequately by the previous act.

However, after implementation, perhaps all aspects will not be covered. That is why we recommend waiting to see what happens. We believe it will cover the information and get the information that you want.

Mr. LEACH. My general observation is that everything is kind of in a formative period in dealing with the 1976 act and that less attention was centered on the agricultural issue than on other issues.

It would be my serious concern that agriculture should be a leading concern rather than a secondary one. Will that be the Census Bureau's attitude?

Ms. KALLEK. We certainly will give it as much concern as the others. I think the primary responsibility for the implementation of that act will be with the Bureau of Economic Analysis in the Office of Foreign Investment of the Department of Commerce. But we shall certainly make your wishes known.

Mr. LEHMAN. I understand that you hope to be able to get the true beneficial owner, but the Commerce Department said that you can only get to the first tier beyond the boundaries of the United States. You have no way of getting beyond the first tier of the overseas investment owner representatives, do you?

Ms. KALLEK. I would have to defer that question to Mr. Kruer.

Mr. KRUEER. We tried in the 1974 survey. We asked the question: "If you in turn are owned by someone, give us the name of that person." It almost was never completed.

Mr. LEHMAN. So we can't legislate beyond the borders of the United States. So what we are really going to end up with is the foreign ownership information up to the first tier of the overseas proprietary representative. They may or may not be the true beneficiary, but we can never be really sure in that matter.

So basically, whatever the survey produces is going to have to be looked at with this kind of qualification. There is no way you can get around those qualified aspects of it.

Ms. KALLEK. We have a question in our company on organization survey. We get it from the enterprise, and we ask the degree of ownership. As to whether it goes beyond that, we just have the first ownership.

Mr. LEHMAN. Many British mining companies own land out west, and the British mining company might be owned by investors from other countries. We don't know, and I don't think we can ever find out in many cases where the real ownership lies. I think we can get some ball-park idea or some general aspects of it or the seriousness of the problem, but to be able to deal with it precisely would be difficult. Mr. Leach and I both are talking about trends—I think that is really the factor we are concerned with, that we will wake up and find out that the trend has been going on for weeks, months, and years, and we are trying to play catchup. I think that is what we are trying to ask you people, how can we stay on top of these trends and get a handle on them before they get out of control.

Ms. KALLEK. We will certainly do our best.

Mr. LEACH. The gentleman from USDA in his statement will say, presumably, as he has in his prepared statement, that USDA recommends no action on H.R. 7411 until studies conducted by the 1976 act are available.

Will you, in conducting studies under that act, conduct a specific study related to foreign ownership of agricultural real estate?

Ms. KALLEK. There is a subcommittee set up by the Office of Management and Budget. The bill itself gives the committee a 2-year life in coming up with some answers, primarily because of the problems of trying to measure that. We are on that committee and will be working with them.

Mr. LEACH. Could you be more specific? Will you conduct a study under that act related specifically to the issue of how you come up with information on agricultural ownership?

Ms. KALLEK. I am certain this is one of the things the Department will recommend doing. The responsibility for exactly how it will be done has not yet been assigned but we will certainly make every effort to have something like that done.

Mr. LEACH. Thank you.

Mr. LEHMAN. I just wanted to ask one other question. In the relation of information-gathering for ownership of farms by the agricultural census, do you use at all the ad valorem tax rolls for farms in various counties and agencies as a form of ownership?

Ms. KALLEK. Mr. Chairman, we had tested the possibility of using the tax assessment rolls for developing our mailing lists for the census of agriculture. We use it wherever it is feasible. Not all areas have good information. The quality varies from area to area.

Mr. LEHMAN. Can you get us some documentation of what we have done in that respect?

Ms. KALLEK. Yes, sir. We have a special study that was done in connection with the 1974 census.

Mr. LEHMAN. Thank you very much. I appreciate your being here.

Mr. Lyle Schertz, Deputy Administrator, Economic Research Service, Department of Agriculture, is next.

**STATEMENT OF LYLE SCHERTZ, DEPUTY ADMINISTRATOR,
ECONOMIC RESEARCH SERVICE, DEPARTMENT OF AGRICULTURE,
ACCOMPANIED BY BOB BOXLEY**

Mr. SCHERTZ. May I ask my colleague, Bob Boxley, to join me at the table?

Mr. LEHMAN. Certainly.

Mr. SCHERTZ. Mr. Chairman, the Department has a substantial interest in the whole area of ownership of resources in rural America, including the land. We recognize the substantial deficiencies in the data available to the public and to decisionmakers of Government.

We strongly favor the intent of 7411. As Mr. Leach pointed out, we think that it is prudent to wait until the feasibility studies called for under the International Investment Survey Act are completed before in fact considering the next step. Therefore we suggest that action not be taken on 7411 at this time.

I would point out two things with respect to depending on the census of agriculture for information on ownership.

One is that the census of agriculture relates to land currently in farms as defined by the Census and as we know that is only a portion of what is out there in rural America and some of the other part is quite important.

The second consideration is that it places reliance on the response of the farm operators. As pointed out earlier in many cases there is difficulty in getting true information as to the beneficiary owners because you end up with information with respect to nominees, trusts and other legal entities.

I would point out to the committee that 1945 is the most recent survey of land ownership in rural America. In recognition of this gap with respect to land ownership and, frankly, information with respect to natural resources in rural America, we have been concerned about building a system of information that not only includes information on ownership but also information with respect to the use of those resources, the investments in those resources and the behavior of owners in the use of those resources so that we can identify implications, what difference does it make, for example.

In connection with our work in the Department, we have underway now plans for a survey in 1978 of natural resources that would be carried out in cooperation with the Soil Conservation Service and the Statistical Reporting Service. We will be sampling 60,000 geographic points distributed over the entire United States and we will be inquiring among other things about citizenship, residence, type of owners and land use as well as investments in resources for their improvement.

We are now completing a study of land holdings of 570 corporations in the United States. We find with our preliminary information that they own slightly less than 60 million acres.

Mr. LEHMAN. When you are talking about land holdings, you are talking about agricultural land holdings, right?

Mr. SCHERTZ. That is right. The 60 million acres includes 5.7 million of agricultural land. They control these 60 million acres through fee ownership. We find an additional 245 million acres are associated with these leases and lease and fee arrangements. Information in that study will be reported on foreign corporations separately.

I would also like to point out to the committee that we have a contract with the University of Iowa Law School to examine the impact of the Iowa disclosure law which requires the reporting of beneficial ownership to State and local officials. To my knowledge that is the only State that has such a law.

We think that the activities under that law and the benefits in terms of information under it bear scrutiny and should be made available. And, therefore, we have arranged for this contract with the Iowa Law School.

In summary, we are making some modest efforts of bringing about some improvements with respect to the information that is available on ownership as part of an improvement in the total system of information on our natural resources in rural America. We look forward to the studies under the International Investment Survey Act and we

would recommend that action on H.R. 7411 be postponed until the results of those studies are available.

That completes my statement. We would be pleased to respond to questions that you have.

[The prepared statement follows:]

PREPARED STATEMENT OF LYLE P. SCHERTZ, DEPUTY ADMINISTRATOR, ECONOMIC RESEARCH SERVICE, USDA

Mr. Chairman, I am pleased to testify on H.R. 7411.

The Department of Agriculture has had substantial interest in ownership of resources in rural America. We are sensitive to deficiencies in basic data on ownership of land as well as other resources in rural America. Therefore, we favor the intent of 7411 to improve the information on land ownership in the United States.

As you know the International Investment Survey Act of 1976, Public Law 94-472, calls for several initiatives related to these questions. Studies pursuant to this legislation should be helpful in assessing technical, legal, and economic feasibility of obtaining ownership information. Thus, we recommend that action on H.R. 7411 be postponed until studies conducted under Public Law 94-472 4(d) have been completed.

I defer to our colleagues from the Bureau of the Census for detailed comments as to the advisability of depending on surveys of the Bureau of the Census as called for in H.R. 7411. However our thinking suggests that there may be two principal difficulties in an approach which depends on the Census of Agriculture as a means of identifying foreign land ownership.

They are: The Census of Agriculture is limited to land currently in farms as defined by the Census; and in the case of foreign owned land, heavy reliance would be placed on information obtained from farm operators.

Also I'd like to point out that secrecy or disclosure of information on land ownership is of particular significance with respect to H.R. 7411 because most of the information sought in the bill can be hidden through the use of nominees, trusts or other legal entities masking owner identity. Usual Census of Agriculture procedures would not be concerned with the difference between nominal and beneficial owner. Indeed, for the bulk of the universe of farm operators there would be no difference. In contrast, the number of land owners particularly identified in H.R. 7411—foreigners, corporations, and institutions—is small and sometimes secretive.

We recognize that data on ownership—domestic or foreign—is extremely limited. We assume that the number of foreigners who own land in rural America is small and have limited information suggesting that this judgment is correct. For example, the survey of 6,000 direct investors¹ by the Department of Commerce under the Foreign Investment Study Act of 1974 revealed only 339 foreign firms or individuals who owned 4.9 million acres.² This Commerce survey is the only primary data on foreign land ownership of which we are aware.

The report on Foreign Investment in U.S. Real Estate noted the lack of information on land owners, foreign and domestic, and recommended improvement. No national level survey of land ownership has been undertaken in the U.S. since 1945.

The agency with which I am associated, the Economic Research Service, is interested in ownership information. We view it as an integral part of a statistical system on natural resources of rural America. It is important that such a system not only include ownership information, but also information on resource use, investments in these resources, and the interactions among the variables under different and changing economic variables such as product prices, and institutions. We simply do not know how ownership affects investments, such as land clearing and drainage and the use of rural resources. And we should.

¹ The original frame contained approximately 10,000 names which, when duplication was eliminated, reduced to 7,200. About 1,200 of these were disqualified from reporting. U.S. Department of Commerce, "Foreign Direct Investment in the United States," Vol. 2, April 1976, p. 124. See also "Foreign Investment in U.S. Real Estate," USDA, ERS, 1976.

² Only acreages of 200 or more were reported. Thus, many urban sites, plant sites, were excluded. Virtually all (5,765) firms reported some property, plant or equipment in their assets. *Ibid.*

The Economic Research Service, in cooperation with the Soil Conservation Service and Statistical Reporting Service of USDA is now pretesting a questionnaire for a 1978 survey on natural resources. That survey will be based on a sample of 60,000 geographic points distributed over the entire United States and will, among other things, inquire as to citizenship, residence, type of owner (individual, partnership, corporation, etc.), and land use.

Studies of ownership in several States,³ counties⁴ and regions⁵ have helped to shape the content and form of the forthcoming natural resource survey.

The Economic Research Service is just now completing a study of the land holdings of 570 corporations in the U.S. These corporations are all large, publicly held, corporations whose names appear in the reporting services such as Standard and Poors and Moodys. Data are being checked and verified and will be available within a few weeks. These 570 corporations appear to own just under 60 million acres and control through leases and other less-than-fee arrangements, and additional 245 million acres in the U.S. Information on foreign corporations will be separately reported.

Census of Agriculture reports the form of business organization of farm operators. Preliminary data from the 1974 Census, for example, reveal that 28,000 corporations were farm operators. In 1969, 48 percent of corporate farm operators were full owners and 35 percent were part owners. However, we do not have comparable information for the 1974 Census. Therefore, we look forward to at least a modest quantity of basic data on rural land ownership.

The Committee may also be interested in knowing that an Economic Research Service research contract with the University of Iowa Law School is examining the impact of the Iowa disclosure law. Sec. 172(c) Code of Iowa 1977, requires reporting of beneficial ownership to State and local officials. Tentatively, there appears to be no constitutional limit on a State or local government to require disclosure of beneficial ownership. However, differences in State policies on restricting or encouraging foreign investment suggest that if national data are desired, some federal reporting requirement may be needed.

In addition to the Iowa contract, a proceedings of a seminar on the ethics, law and economics of secrecy and disclosure of wealth in land is in progress.

In summary, we favor the intent of 7411 to improve the information on land ownership in the United States. However, we recommend that action on H.R. 7411 be postponed until studies conducted by the International Investment Survey Act of 1976 are available. In the meantime we are engaged in efforts which will provide modest amounts of basic data on rural land ownership.

Mr. LEHMAN. Mr. Leach.

Mr. LEACH. When will the results of these studies be available?

Mr. SCHERTZ. I do not have a target time for that. As the representative from the Census Bureau indicated, OMB is chairing a committee that is charged with making plans for the work related to land ownership.

Mr. LEACH. Are you on that committee?

Mr. SCHERTZ. Yes; we are on that committee. The definite timing of the plan of work has not been completed.

Mr. LEACH. I think it might be of importance to the committee not only to get the surveys but possibly to get the plan of work when it is completed. Sometimes getting a plan of work gets things done. When that becomes available, we would sure appreciate getting it.

Mr. SCHERTZ. I am sure that can be made available to the committee when it is completed.

Mr. LEACH. Do you have any preliminary observations on the Iowa law on disclosure? Does that look like something that might be duplicated in other States or could be nationwide?

³ Iowa, Oregon. Other States have undertaken ownership surveys (Tennessee, New York, West Virginia) without ERS participation.

⁴ Rappahannock Co., Va. See: "Land Along the Blue Ridge: Ownership and Use of Land in Rappahannock County, Va." AER No. 299, USDA, ERS, July 1975.

⁵ New England Land Ownership Survey in process.

Mr. SCHERTZ. I do not, but I would want to ask Robert Boxley who is the leader of our resources, ownership, and control program area.

Mr. LEHMAN. Are you asking if this land registration or something similar to what you have in Iowa, should that be applied on a national basis? Is that the question?

Mr. LEACH. Partly?

Mr. BOXLEY. I think the law has been in existence for probably 2 years now. One component of this contract does call for an evaluation, and I think Iowa plans to do it anyway, of the effects during its first year of operation.

I am not exactly sure of the status, but I think that—well, I can say that 1 year of experience has been accumulated. It is probably being evaluated now. If the results are not immediately available, they should be available reasonably soon.

Mr. LEACH. Sir, how serious do you look on the potential involvement of financial institutions in agriculture? Is that something that is of concern to the Department?

Mr. SCHERTZ. It is something that is of very much concern to the Department. As you have probably noticed in the earlier dialog with respect to the Continental Bank plans, the Secretary of Agriculture took a very definite position with respect to that. That continues to be the policy of the Department of Agriculture.

Mr. LEACH. Thank you. I have no further questions.

Mr. LEHMAN. I have no other questions except the one that I have asked the other groups which is: How do you really get down to the real trends of ownership in the agricultural lands of this country other than what we are already doing?

If you can give us any information or any guidelines that will assist us in these matters that we can deal with legislatively, we would be very happy to listen or to receive it at a later date.

Mr. SCHERTZ. We will continue to examine that question and we will be pleased to provide information as we get greater insight. It is certainly a challenge to us.

I would volunteer one other consideration for the committee. There is, in our judgment, clear relationships between the returns to agriculture and the potential investments coming from foreign entities. Therefore, what we do with respect to our price support programs has clear relevance to the type of problems and the type of trends we visualize will be developing in this country with respect to foreign investment.

Mr. LEHMAN. You are saying that American taxes that go to help support price maintenance will attract foreign investment?

Mr. SCHERTZ. That summarizes it very well. We see a substantial amount of money of foreigners that is looking for a home. We see that the return to agriculture has a relevance to whether they find investments in U.S. agricultural land attractive to them.

Mr. LEHMAN. Are you in a position to give us any kind of an answer to any national land registration act that you would like to see implemented?

Mr. SCHERTZ. We are not in a position to comment on that, Mr. Chairman.

Mr. LEHMAN. Thank you very much.

Mr. SCHERTZ. You are welcome.

Mr. LEHMAN. Mr. Keyser from the Treasury Department is next.

**STATEMENT OF C. DIRCK KEYSER, DIRECTOR, OFFICE OF
STATISTICAL REPORTS, DEPARTMENT OF THE TREASURY**

Mr. KEYSER. Since the Department of Commerce has already testified on the direct investment survey aspects of H.R. 7411, and Agriculture on the question of ownership of agricultural land, my remarks will be addressed to the portfolio investment survey requirements contained in the proposed new section 197. This section, in the definition of property contained in subsection 197(c), refers to "stock of any corporation, or equivalent interest in any unincorporated association," and thus would require collection of portfolio investment data by the Census Bureau.

While the purposes of this legislation are praiseworthy, it would appear that the foreign ownership reporting provisions are duplicative of provisions already contained in the International Investment Survey Act of 1976, Public Law 94-472. It would thus lead to surveys of foreign investment in the United States by more than one agency at more frequent intervals than is necessary.

This kind of duplication of effort would, we believe, not only increase the cost of Government but would also increase the already excessive public burden of governmental reports. Another reservation we have is in connection with the provision of subsection 197(b) that: "The Secretary shall publish any data relating to the foreign ownership of property * * * which is collected." This provision could be interpreted to mean that the names of owners should be published. We do not believe that such a breach of confidentiality would be conducive to accurate data collection.

The already existing International Investment Survey Act of 1976 requires the President to conduct a comprehensive benchmark survey of foreign portfolio investment in the United States at least once every 5 years. The Commerce Department's investment surveys will cover the ownership or control, directly or indirectly, by foreign residents of 10 percent or more of any business enterprise. Our Treasury portfolio investment surveys will cover foreign ownership of securities, including stocks constituting less than 10 percent of the voting stock. These two surveys will between them thus cover all ownership of business properties in the United States by foreign residents.

The surveys of foreign portfolio investment in the United States mandated by the 1976 act are to be repeated every 5 years and follow an exhaustive benchmark survey of foreign portfolio investment in the United States undertaken as of December 31, 1974, in response to the Foreign Investment Study Act of 1974, Public Law 94-479. A report on the results of the 1974 survey was submitted to Congress on August 4, 1976. I have a copy here which I would like to present to the subcommittee.

Since H.R. 7411 deals only with foreign ownership of U.S. stocks, I will address only that side of portfolio investment, leaving aside foreign investments in U.S. bonds and other debt instruments. The 1974 survey found that foreign portfolio investment in the voting stock of U.S. corporations amounted to \$23.8 billion, or 3.8 percent

of the \$621.5 billion total of outstanding voting stock of all companies with reportable foreign holdings. Some \$836 million of nonvoting stock and other equity investments, such as partnership interests, brought the overall total to \$24.7 billion.

Most of this foreign ownership of U.S. equities—\$16 billion, or 71 percent of the total—represented investment by Europeans. The second largest participation was \$3.4 billion, or 15 percent, owned by Canadians. The third most significant group of foreign owners of U.S. stocks were residents of Latin American republics and other Western Hemisphere countries, who owned \$1.5 billion worth, or 6 percent of the total held by foreigners.

Only five countries held more than a billion dollars worth of U.S. stocks: Switzerland, the United Kingdom, Canada, the Netherlands, and France. The figures are as follows:

Switzerland, \$7,032,000; United Kingdom, \$3,782,000; Canada, \$3,564,000; Netherlands, \$2,110,000; and France, \$1,758,000.

These data include the holdings of U.S. citizens resident in these countries and exclude official holdings.

Although these are large figures, they are quite small by comparison with the overall total of \$622 billion of outstanding voting stock of U.S. corporations covered by the 1974 survey, and by the survey definition of portfolio investment, no single holding represents as much as 10 percent of the outstanding stock of the company concerned. These are investments in the United States stock market, and reflect the fact that the United States is the foremost stock market of the world. The large Canadian participation reflects the intimate familiarity of Canadians with the U.S. stock market and the fact that many U.S. brokerage firms do a fairly active business in Canada. The British, Dutch, and French holdings are a long term tradition in American economic history.

Another factor, particularly with respect to the Swiss and British holdings, and probably also in connection with the Dutch, is the rise of institutional investment management in these countries. Foreign portfolio managers would find it difficult to manage the large amounts of money they must handle were it not for the availability of the American stock markets. Consultants employed in connection with the 1974 survey concluded that 60 to 70 percent of the total investment opportunity in the free world is in the United States.

One European banker noted that a \$2 million trade for the stock of a large European firm might take 3 to 4 weeks to consummate in European markets without unduly influencing the price, whereas a comparable trade in the United States for a security with comparable capitalization could normally be executed in hours, due to the depth of the U.S. market. Other factors, some perhaps more significant, for the choice of the U.S. market by foreign portfolio managers are the importance they attach to safety of capital, long-term growth, and the political and economic stability of the United States.

During 1975, we estimate that the 1974 figure of \$24.7 billion probably increased to about \$35.5 billion, reflecting \$4.7 billion in net new purchases by foreign investors, and market appreciation of \$6.1 billion. In 1976, we estimate there was a further increase of \$2.7 billion in net new purchases, and about \$6.5 billion in market appreciation, to bring the year-end total to \$44.6 billion.

The latest estimates available—those as of April 1977—indicate a figure on the order of \$43.6 billion, the \$757 million of net new purchases during the first 4 months of this year having been more than offset by a decline in market value.

It is possible for us to make this kind of estimate because foreigners' purchases and sales of stocks and bonds are reported to us monthly by U.S. banks and brokers on the Treasury International Capital Form S, a copy of which I'll present to the committee.

We can use the 1974 benchmark figure as a point of departure, adding net new purchases each month and making quarterly adjustments for estimated market appreciation. This process is subject to some inaccuracy, particularly because of the uncertainty attached to our estimates of market appreciation.

In addition, some transactions probably escape our reporting system. However, these errors are not of a major order of magnitude. The cumulative error over the 33 years between the last two benchmark surveys amounted to only about 1 percent per annum. To the extent it is deemed desirable to have an even greater degree of accuracy, the quinquennial benchmark surveys mandated by the 1976 act would permit calibration of these flow data at more frequent intervals. We do not believe that the ownership data which could be gathered under the terms of H.R. 7411 would add appreciably to the accuracy of this continuous, ongoing estimating process.

I understand the subcommittee is interested in the Treasury's views on the impact of a foreign portfolio investment in the U.S. economy. I can only say that we welcome the contributions of foreign investors to the pool of American investment capital. While the flows from abroad are not particularly large in the context of the total American capital market, there can be no question that these flows are beneficial for production and employment.

We also feel, in the larger context of the international capital markets and capital flows of the free world, that the free movement of investment funds is healthy and beneficial to the overall balance of the world economy.

[The attachment follows:]

TABLE I.—FOREIGN OWNERSHIP OF U.S. STOCKS, DEC. 31, 1974

[Dollar amounts in millions]

Residence of holder	Total held by foreign residents	Held by U.S. nationals	Held by foreign nationals	
			Amount	Percent
Europe.....	17,562	1,541	16,021	71.4
Canada.....	3,580	225	3,355	15.0
Latin America and Western Hemisphere.....	1,522	278	1,244	5.6
Middle East oil exporting countries.....	518	20	498	2.2
Other Asia.....	913	132	781	3.5
Africa.....	61	20	41	.2
Miscellaneous.....	518	30	488	2.2
Total.....	24,671	2,245	22,426	100.0

Source: Data from "Report to Congress on Foreign Portfolio Investment in the United States," Aug. 4, 1976.

Mr. LEHMAN. Mr. Leach?

Mr. LEACH. I have a couple of questions.

First, on page 1, I would like to make it very clear that there is no intent whatsoever to publish the names of owners in this bill. That was never the intent.

Second, with regard to duplication, as far as foreign ownership of agricultural real estate is concerned, it is my feeling that your International Investment Survey Act of 1976 to date has not made much progress in this particular area. My bill would only require the use of existing vehicles in a very simple way to gather information which then can be given to people working on implementing the Survey Act of 1976. It is not overly duplicative at all.

With regard to financial institutions, there is nothing in the Survey Act that deals with that issue.

Mr. KEYSER. Well, sir, in the 1974 survey, which is somewhat the model for the 1973 Survey Act, we did in fact ask questions about the nature of the owner of the stock. We asked whether they were private individuals, whether they were U.S. citizens residing abroad or if not private citizens, what was the nature of the institution: Was it a bank, a broker, or an industrial corporation?

We did get certain information on that and it was published in the 1974 survey.

Mr. LEACH. You will note in my bill we are not talking about portfolio investment. We are talking about investment in agricultural real estate. What is true of portfolio investments is not necessarily true of investments in agricultural real estate. Under this act we are amending section 142 of title XIII relating to census of agricultural, irrigation, and drainage. We are not talking here about the portfolios of the stock market.

Mr. KEYSER. My remarks were addressed only to that aspect of the bill that might touch on portfolio investment, since stock was mentioned.

Mr. LEACH. Frankly, the bill does not deal with that in a major way.

On another subject I am somewhat intrigued by your statement, and maybe I misinterpreted it, so correct me if I am wrong, but on page 4 you say no single holder represents as much as 10 percent of the outstanding stock of the company.

Are you saying that foreign interests don't in any case hold more than 10 percent of U.S. corporations or that a specific foreign interest doesn't own more than 10 percent of the U.S. stock?

Mr. KEYSER. This would be the specific foreign interest. In other words, if the foreign owner held more than 10 percent, it would become a direct investment and would be reportable to the Department of Commerce and would not be covered by this survey.

Mr. LEACH. So you refer only to those covered by the survey, not all those which may in fact exist. I am sure there are foreign countries which hold more than 10 percent interest, in some cases.

Mr. KEYSER. That would be covered by the statistics of Commerce.

Mr. LEACH. Second, with regard to your table on page 4 on Swiss investments, do you go beyond, as the chairman mentioned a while ago, the first step? Are Swiss investments Swiss citizens or might they be foreign citizens investing through Switzerland?

Mr. KEYSER. We do not go beyond the question of the nationality of the purchaser and the purchaser in this case would be reported to us as being—actually, we do not ask the question about the nationality; we ask the question about the residence.

The purchaser would be reported as a resident of Switzerland. We know this to be true that most of the purchasers are Swiss institutions. The Swiss institutions in turn tend to be in the portfolio management business. They tend to be handling funds for a large number of foreign investors who may not be Swiss citizens themselves.

Mr. LEACH. So we have to be careful in interpreting your statement that only five countries held more than \$1 billion worth of U.S. stocks. All five were European and Canadian banks. But in actuality, there would be a significant possibility that a non-European country might hold well over \$1 billion worth of U.S. stocks?

Mr. KEYSER. They might hold a beneficial interest. These would not be controlling interests.

Mr. LEACH. Exactly. I just wanted to make that clear.

Thank you. I have no further questions.

Mr. LEHMAN. The only question I have is: Is there any implication in the information you seem to be able to have collected that you might have been able to get to the actual stock ownership from overseas individuals or residents, whereas the other people that have been here testified they could not get beyond the first tier? Are you getting beyond the first tier of stock ownership by individuals or residents of overseas other than what is being obtained by the Commerce Department or the other agencies?

Is my question clear?

Mr. KEYSER. Not on the S form, sir. The regular monthly data we collect on the S form would only ask the question as to the residence of the person with whom our reporter was dealing. Our reporters are basically stockbrokers and some banks. They tell us when they handle transactions with a foreign resident. On the survey itself we have not designed the survey questions to that point as yet. This might be difficult to do.

Mr. LEHMAN. On page 2 you say. "Most of this foreign ownership, \$16 billion or 17 percent, is represented by Europeans." Are you talking about European people or are you talking about European institutions? It could be a bank in Switzerland that owned part of the 16 percent and the banks in Switzerland could be owned by maybe the Saudis or the Japanese or somebody else.

Mr. KEYSER. Yes, sir. The figure comes from the 1974 survey when we found that \$17.5 billion was owned by residents of Europe, of which about \$1.7 billion was owned by U.S. citizens resident in Europe.

So this \$16 billion is actual European persons, either individual European residents who are not U.S. citizens or European institutions. About \$11 billion of it was banks, brokers, and nominees in Europe.

Mr. LEHMAN. You seem to be able to get a little beyond that silk screen or something that the other agencies have not been able to penetrate. Do you think we are able to get more information as to the true ownership of their securities than we are getting as to the true ownership of land? I don't know. I am trying to find out.

Mr. KEYSER. These questions are all derived from the information collected in the 1974 portfolio investment survey. We don't get this kind of information on a regular basis.

Mr. LEHMAN. What kind of question did you ask in that survey that enabled you to get information that was not asked in the surveys that the other agencies had?

Mr. KEYSER. Well, sir, we had a fairly extensive form which was included in the back of this report that I presented to the subcommittee. We actually had two forms. One form was addressed to U.S. holders of record. These were nominees essentially.

The question asked was: "Are you a holder of record directly or indirectly of shares of stock or any direct obligations for foreign persons? Are you holding these on behalf of your foreign customers?" A lot of it was so held.

Mr. LEHMAN. If they said, yes, do you go further?

Mr. KEYSER. Yes, we asked for identification of the investments.

Mr. LEHMAN. Do you get that information?

Mr. KEYSER. Yes, sir.

Mr. LEHMAN. Couldn't that same information be derived by the people in the other agencies if they were just to ask the questions in that respect?

I am trying to get these two sides together. If Mr. Kruer would like to respond to this.

Mr. KRUEER. In their survey they went no further once they were abroad than we were able to go. Getting past the nominee was getting past the U.S. nominee, which we also got past. Once you get to the Swiss bank they do not get past the Swiss bank to the owner of deposits with the Swiss bank which is the same situation as we were in.

Mr. LEHMAN. I will have to think this through. I am just wondering whether there is any information that we are getting on equity shares that we are not getting in other directions. I don't know exactly how to ask the question other than what you said.

Mr. KRUEER. I was very much involved in the coordination with the Treasury portfolio survey in coordinating it with ours. Theirs did not go any further once you got aboard than did ours.

Mr. KEYSER. I think that is an accurate statement. The point that needs to be reemphasized is that if you own less than 50 percent of something, you don't control the management. We have cut the line much lower than 50 percent. We have put it at 10 percent. We assume when we draw the line at 10 percent that we are dealing very much with noncontrol situations. The moment there is any trace of control, even as much as 11 percent which is not very much, that is a Commerce problem. That is where we think we have direct investment where there may be some influence on management.

Mr. LEHMAN. Thank you very much. Do you have any other questions?

Mr. LEACH. No; thank you.

Mr. LEHMAN. I want to thank all you people for being here. The hearing has been very informative and very helpful in pursuit of this problem. I think trend is the key word in trying to stay up with what is happening.

The hearing will be adjourned.

[Whereupon, at 11:35 a.m., the subcommittee was adjourned.]

95TH CONGRESS
1ST SESSION

H. R. 7411

IN THE HOUSE OF REPRESENTATIVES

MAY 24, 1977

Mr. LEACH introduced the following bill; which was referred to the Committee on Post Office and Civil Service

A BILL

To amend title 13, United States Code, to provide for the publication of data relating to the foreign ownership of property within the United States, and for other 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 (a) (1) subchapter V of chapter 5 of title 13, United
4 States Code, relating to censuses, is amended by adding at
5 the end thereof the following new section:

6 **"§ 197. Data on foreign ownership**

7 " (a) If, in conducting any census or interim survey
8 under this chapter, data is to be collected which indicates
9 ownership of property within the United States, the Secre-
10 tary shall collect such additional data as is necessary to de-

1 termine whether such property is subject to foreign owner-
2 ship.

3 “(b) The Secretary shall publish any data relating to
4 the foreign ownership of property within the United States
5 which is collected in any census or interim survey under this
6 chapter.

7 “(c) For purposes of this section—

8 “(1) ‘property within the United States’ means
9 property situated within the United States, or stock of
10 any corporation, or equivalent interest in any unincor-
11 porated association, organized or created by or under the
12 laws of the United States or any State (or the District of
13 Columbia) ;

14 “(2) ‘ownership’ means ownership or control,
15 whether directly or indirectly or by contractual commit-
16 ment or otherwise;

17 “(3) ‘foreign ownership’ means ownership by an
18 individual who is not a citizen of the United States,
19 by a foreign government, or by a corporation or unincor-
20 porated association the majority interest in which is
21 owned by such individual or entities; and

22 “(4) ‘United States’, when used in a geographical
23 sense, means the several States, the District of Columbia,
24 the Commonwealth of Puerto Rico, the Canal Zone, and
25 all territories and possessions of the United States.”.

1 (2) The analysis for chapter 5 of title 13, United States
2 Code, is amended by adding after the item relating to sec-
3 tion 196 the following new item:

“197. Data on foreign ownership.”.

4 (b) Section 142 of title 13, United States Code, relat-
5 ing to censuses of agriculture, irrigation, and drainage, is
6 amended by adding at the end thereof the following new sub-
7 section:

8 “(d) (1) In connection with the publication of data
9 collected in censuses taken under this section, the Secre-
10 tary shall publish data indicating the amount and value of
11 agricultural land within the United States which is—

12 “(A) under foreign ownership;

13 “(B) under ownership by financial institutions
14 (such as banks, savings and loan institutions, credit
15 unions, and insurance, investment, or mutual fund com-
16 panies) for their own account or for the collective invest-
17 ment of assets held by such institutions as fiduciary,
18 agent, or in any similar capacity; and

19 “(C) under ownership by corporations or unincor-
20 porated associations which have annual sales of non-
21 agricultural goods and services in excess of \$10,000,000.

22 In determining the amount of nonagricultural sales of any
23 person under subparagraph (C) of this paragraph, there
24 shall be included the nonagricultural sales of any person

1 which owns or controls, is owned or controlled by, or is
2 under common ownership or control with, such person.

3 “(2) To the maximum extent practicable, data re-
4 quired to be published under paragraph (1) of this sub-
5 section shall be based on information which would otherwise
6 be collected under this title or which is reasonably available
7 to the Secretary under section 6 of this title.

8 “(3) Terms used in this subsection which are defined
9 in section 197 (c) of this title shall have the same meaning
10 as given them in such section.”.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JUL 14 1977

Honorable William Lehman
Chairman, Subcommittee on
Census and Population
Committee on Post Office and
Civil Service
House of Representatives
Washington, D. C. 20515

Dear Mr. Lehman:

This is in further response to your letter of June 30 concerning the subcommittee's hearing on H. R. 7411, a bill to amend title 13 to provide for publication of data relating to foreign ownership of property within the United States, and for other purposes.

We have been in contact with Alan Beer of your staff. He has agreed that the Office of Management and Budget (OMB) would not be expected to testify at the July 15 hearing but would provide a description of work now being undertaken on foreign ownership data and its relationship to the bill before your subcommittee.

The International Investment Survey Act of 1976 (P. L. 94-472) requires the President to maintain a regular, comprehensive data collection and publication program on international investment. The President is to

- study the adequacy of information on international investment and recommend improvements;
- conduct benchmark surveys every five years of foreign direct investment in the United States, U.S. direct investment abroad, and foreign portfolio investment in the United States;
- conduct a benchmark survey of U.S. portfolio investment abroad within five years of enactment; and
- undertake a feasibility study of a system to monitor foreign direct investment in U.S. real property, including the feasibility of a nationwide multipurpose land data system.

Executive Order 11961 delegates all these functions to the Director of OMB and redelegates certain functions relating to direct investment to the Secretary of Commerce and indirect investment to the Secretary of the Treasury.

Two interagency committees have been established by OMB to coordinate the administration of this act. A committee on international investment

statistics is currently reviewing a proposed Commerce benchmark survey of U.S. direct investment abroad and is laying the groundwork for the overall study of the adequacy of international investment information, which the committee will coordinate. This committee will also coordinate planning for the other benchmark and sample surveys of direct and portfolio investment to be conducted under the act.

A second committee on land use data will coordinate the feasibility studies relating to real property. It is currently considering a proposed plan of work for these studies and the assignment for execution of that work.

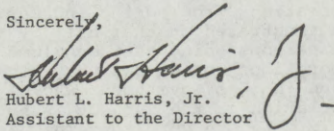
The provisional work plan is still being reviewed and modified but a summary of current major elements is in order. It will result in a report on the feasibility of establishing a system to monitor foreign direct investment in agricultural, rural, and urban real property that will provide current information on the volume, location, and type of land owned by foreign investors. This report will examine: Relative advantages of the basic sources of such information; procedures needed to implement a requirement for central collection of such information; and the technical, legal, and economic implications of a full Federal disclosure requirement for foreign land holdings in the United States.

There will also be a report on the feasibility of a multiple purpose national land data system based on a network of local reporting units and capable of identifying ownership, including residence and citizenship. It will include study of ownership information and recording methods in local records, review of relevant alternatives for land record keeping based on practices in other countries, and economic analysis of the present land record keeping system in comparison with hypothetical networks of local/State/national records.

The work plan also provides for analysis of related special topics, such as secrecy and disclosure of wealth in land, the value of land as an investment, and the economics of administering a land data network.

As testimony by the Departments of Treasury, Commerce, and Agriculture will show, the intent of H.R. 7411 is satisfied by the provisions of P.L. 94-472. It would clearly be desirable to assess the results of the studies and surveys now planned under P.L. 94-472 before considering the need for additional or more specific authority. Therefore, we recommend that no action be taken on H.R. 7411.

Sincerely,


Hubert L. Harris, Jr.
Assistant to the Director

National
FARMERS ORGANIZATION

NATIONAL HEADQUARTERS • CORNING, IOWA 50841 • 515/322-3131
Washington Office: Suite 2250 475 L'Enfant Plaza
WASHINGTON, D.C. 20024 202/484-7075

July 14, 1977

The Hon. William Lehman, Chairman
Subcommittee on Census and Population
Committee on Post Office and Civil Service
601 House Office Building Annex I
Washington, D. C. 20515

Dear Mr. Chairman:

Thank you for the invitation to testify before your Subcommittee on July 15th regarding H.R. 7411 introduced by Mr. Leach of Iowa. There are serious conflicts that prevent my appearance before the Committee on that date but this brief statement is offered for the record.

We approve of the concept advanced in H.R. 7411 because it has continuously been a problem for our members and the leadership of the organization to verify or discard the widespread claims of encroachment by foreign capital in our farming enterprises in many localities. It is often equally hard for interested local authorities to ascertain the true identity of the owners, even though some corporate name and set of offices may be shown as a matter of record at the local Courthouse.

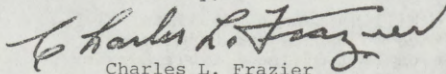
This organization has supported S. 840, The Family Farm Antitrust Act, an Amendment to the antitrust laws that has languished without active interest in the Judiciary Committee starting with the 92nd Congress. It would prevent large corporations from owning and operating farm land. We have been frustrated on that bill by various excuses, one of the more serious being that conglomerates and large interstate corporations do not own very much land. The truth is that anyone in this Government who may have access to reliable information on the subject is not making it known to the public. We are very concerned and believe we are entitled to factual information.

The farmer or small business man who may be subjected to a very serious form of unfair competition and facing bankruptcy really does not worry about the origin of the money involved. If he is done in by competitors who have accumulated capital, processing facilities, control of transportation and market outlets not available to him he can be injured as

completely by a domestic corporation as well as one of hidden foreign ownership.

For this reason, we endorse the proposal to ascertain and publish the data for three categories of ownership -- the foreign concerns, financial institutions and the large corporations, whose major sources of income rest in interstate commerce separate from farming. We urge favorable action on the bill. It will be appreciated if you or Mr. Leach will make this statement a part of the record.

Sincerely,



Charles L. Frazier
Director, Washington Staff

American Farm Bureau Federation

July 6, 1977

Honorable William Lehman, Chairman
Subcommittee on Census and Population
Committee on Post Office and Civil Service
U. S. House of Representatives
Washington, D. C. 20515

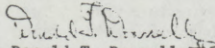
Dear Mr. Chairman:

We appreciate your invitation to testify before your Subcommittee with regard to H. R. 7411, legislation to require the Bureau of the Census to publish data relating to foreign ownership of property in the United States.

Since Farm Bureau does not have specific policy covering this area, we do not plan to present testimony at this time.

We shall follow the hearing with interest and commend you for holding hearings on this subject.

Sincerely,



Donald T. Donnelly
Associate Director
Washington Office

national grange

1616 H STREET, N.W.
John W. Scott, Master

WASHINGTON, D. C. 20006

(202) 628-3507



July 15, 1977

Honorable William Lehman, Chairman
Subcommittee on Census and Population
Committee on Post Office & Civil Service
U. S. House of Representatives
Washington, D. C. 20515

Dear Mr. Chairman:

The National Grange is in strong support of H.R. 7411, to amend title 13, United States Code, to provide for the publication of data relating to the foreign ownership of property within the United States. The bill also provides for the publication of data "indicating the amount and value of agricultural land within the United States which is under ownership of financial institutions (such as banks, savings and loan institutions, credit unions, and insurance, investment, or mutual fund companies) for their own account or for the collective investment of assets held by such institutions as fiduciary, agent, or in any similar capacity." In addition, data pertaining to ownership of agricultural land by "corporations or unincorporated associations which have annual sales of non-agricultural goods and services in excess of \$10,000.00" must also be published.

The National Grange supports this effort to obtain and make public information regarding agricultural land ownership. For years we have heard and been told that the corporate conglomerate invasion of agriculture was a paper tiger, something that the family farmer need not be concerned about, as conglomerates owned a very small percentage of agricultural land and were responsible for a small amount of total production. We have also been told that industrial-type farms were not as efficient as family farms and therefore were not competitive.

The information obtained on corporate farms in the 1974 Census tends to bear out the fact that they are a relatively small part of the total agricultural production. But we still do not know the identity of the ownership of such corporations. It seems to us that it is just as important to know the ownership of a corporation as it is to know how much land they own and the amount of total crops they produce.

In recent months we have seen a greater interest on the part of financial institutions, foreign investors, and trust funds in owning agricultural land. First we successfully fought off an invasion into agricultural land ownership by Merrill Lynch, Pierce, Fenner and Smith and the Continental Bank of Illinois. The reason they withdrew their plan was because it involved pension funds that

were thought to be exempt from federal income tax and they asked the Internal Revenue Service for a specific ruling on their tax status. Farm organizations, Congress and the Department of Agriculture raised such a fuss that the financial giants withdrew the plan.

Just this week a Vice President of Merrill Lynch announced that they once more are interested in agricultural land as a straight investment, not limited solely to pension funds. They also intend to lease or rent to individual farmers if their plan is revived.

At the present time a group of investors in California have organized a financial syndicate known as Western Farmlands, Inc., which includes a land management company and two investment corporations, one of which is foreign based. Officials of the group have current or former ties with some of California's largest land, banking and food corporations. The syndicate is seeking investors who can put up a minimum of \$1 million each to raise between \$20 million and \$50 million, to invest in agricultural land. It is their intention to rent the land back to individual farmers much like Merrill Lynch had planned to do, but with control in the hands of those who were supplying the capital.

All of this activity by the financial institutions makes the Grange believe that greater importance must be placed on gathering and publishing information on agricultural land ownership. The 1978 Census of Agriculture will be none too soon to start finding out who is controlling U. S. agriculture.

At the present time we do not have any federal law prohibiting such non-agricultural investment in agricultural land. Only a handful of states have such laws on the books. The Grange at this time is not prepared to state whether we should have such a federal law, but we surely must have information regarding agricultural land ownership before we or Congress can determine the effects of such agricultural land ownership on family farms and the American consumer, and thereby decide on the desirability of seeking passage of such a law.

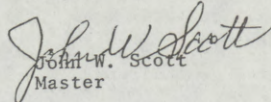
We cannot help but feel that the trend toward greater absentee ownership of agricultural land and relegating the family farmer to the status of sharecropper or tenant farmer is not in the best interest of this nation.

In order for farmers, the Legislative and the Executive to make an intelligent decision on who should own agricultural land, we need to have the kind of information that H.R. 7411 seeks to have collected and published.

We urge that this subcommittee report H.R. 7411 favorably to the full committee and work for its adoption by Congress.

Thank you for permitting the National Grange to make its views known. We ask that this letter be made a part of the hearing record.

Sincerely,


John W. Scott
Master



STATE OF MINNESOTA
OFFICE OF THE ATTORNEY GENERAL
ST. PAUL 55155

WARREN SPANNAUS
ATTORNEY GENERAL

TELEPHONE
(612) 296-6196

July 14, 1977

Subcommittee on Census and
Population
House Annex No. One
Room 601
Washington, D. C. 20515

Attention Alan

Dear Alan:

Enclosed please find a copy of Minn. Laws 1977, ch. 269 restricting acquisition of agricultural lands by aliens and Minn. Stat. § 500.24 (1976) relating to corporate ownership of agricultural lands.

I hope this information proves helpful to you and the Subcommittee. Please do not hesitate to contact me if you have further questions.

Sincerely,

A handwritten signature in cursive script that reads "Paul Strandberg".

PAUL A. STRANDBERG
Special Assistant
Attorney General

420 State Office Building
Saint Paul, Minnesota 55155
Telephone: (612) 296-2856

PAS:jyp

Enclosures

500.20 DEFEASIBLE ESTATES. Subdivision 1. Nominal conditions and limitations. When any conditions annexed to a grant, devise or conveyance of land are, or shall become, merely nominal, and of no actual and substantial benefit to the party or parties to whom or in whose favor they are to be performed, they may be wholly disregarded; and a failure to perform the same shall in no case operate as a basis of forfeiture of the lands subject thereto.

Subd. 2. Restriction of duration of condition. All covenants, conditions, or restrictions hereafter created by any other means, by which the title or use of real property is affected, shall cease to be valid and operative 30 years after the date of the deed, or other instrument, or the date of the probate of the will, creating them; and after such period of time they may be wholly disregarded.

Subd. 3. Time to assert power of termination. Hereafter any right to reenter or to repossess land on account of breach made in a condition subsequent shall be barred unless such right is asserted by entry or action within six years after the happening of the breach upon which such right is predicated.

[*RL s 3234; 1937 c 487 s 1*] (8075)

NOTE: See Marketable Title Act, Section 541.023.

500.21 APPLICATION TO GROUND LEASE. The provisions of sections 500.16 and 500.20 shall not apply to so-called ground leases providing for the construction by the lessee of buildings or other structures upon the lands of the lessor.

[*1937 c 487 s 3*] (8075-1)

500.22 RESTRICTIONS ON ACQUISITION OF TITLE. Subdivision 1. By aliens and non-American corporations. Except as hereinafter provided, no person, unless he be a citizen of the United States or has declared his intention to become a citizen, and no corporation, unless created by or under the laws of the United States or of some state thereof, shall hereafter acquire lands, or any interest therein, exceeding 90,000 square feet, except such as have been or may be acquired by devise or inheritance, or by a distribution to stockholders of any assets of a corporation upon dissolution of the corporation or otherwise, and such as may be held as security for indebtedness. The provisions of this section shall not apply to actual settlers upon farms of not more than 160 acres, or to citizens or subjects of a foreign country whose rights to hold land are secured by treaty.

Subd. 2. [Repealed, 1959 c 495 s 3]

Subd. 3. [Repealed, 1973 c 427 s 2]

Subd. 4. [Repealed, 1973 c 427 s 2]

Subd. 5. [Repealed, 1973 c 427 s 2]

[*RL s 3235, 3236, 3237, 3238, 3239; 1907 c 439; 1911 c 130 s 1; 1945 c 280 s 1; 1947 c 153 s 1; 1953 c 218 s 1; 1959 c 495 s 1,2*] (8076, 8077, 8078, 8079, 8080)

CORPORATE USE OF AGRICULTURAL LANDS

500.23 [Repealed, 1973 c 427 s 2]

500.24 CORPORATE FARMING. Subdivision 1. Definitions. For the purposes of this section, the terms defined in this subdivision have the meanings here given them:

(a) "Farming" means the cultivation of land for the production of (1) agricultural crops; (2) livestock or livestock products; (3) poultry or poultry products; (4) milk or dairy products; or (5) fruit or other horticultural products. It shall not include the production of timber or forest products; nor shall it include a contract whereby a processor or distributor of farm products or supplies provides spraying, harvesting or other farm services.

(b) "Family farm" means an unincorporated farming unit owned by one or more persons residing on the farm or actively engaging in farming.

(c) "Family farm corporation" means a corporation founded for the purpose of farming and the ownership of agricultural land in which the majority of the voting stock is held by and the majority of the stockholders are persons or the spouses of persons related to each other within the third degree of kindred according to the rules of the civil law, and at least one of said related persons is residing on or actively oper-

ating the farm, and none of whose stockholders are corporations; provided that a family farm corporation shall not cease to qualify as such hereunder by reason of any devise or bequest of shares of voting stock.

(d) "Authorized farm corporation" means a corporation meeting the following standards:

- (1) Its shareholders do not exceed five in number;
- (2) All its shareholders, other than any estate are natural persons;
- (3) It does not have more than one class of shares; and
- (4) Its revenues from rent, royalties, dividends, interest and annuities does not exceed 20 percent of its gross receipts; and
- (5) A majority of the shareholders must be residing on the farm or actively engaging in farming.

(e) "Agricultural land" means land used for farming.

Subd. 2. Farming and ownership of agricultural land by corporations restricted. After May 20, 1973, no corporation shall engage in farming; nor shall any corporation, directly or indirectly, own, acquire, or otherwise obtain an interest, whether legal, beneficial or otherwise, in any title to real estate used for farming or capable of being used for farming in this state. Provided, however, that the restrictions provided in this subdivision shall not apply to the following:

- (a) A bona fide encumbrance taken for purposes of security;
- (b) A family farm corporation or an authorized farm corporation as defined in subdivision 1;
- (c) Agricultural land and land capable of being used for farming owned by a corporation as of May 20, 1973 including the normal expansion of such ownership at a rate not to exceed 20 percent of the amount of land owned as of May 20, 1973, measured in acres, in any five year period, and including additional ownership reasonably necessary to meet the requirements of pollution control regulations;
- (d) Agricultural land operated for research or experimental purposes, provided that any commercial sales from such farm shall be incidental to the research or experimental objectives of the corporation;
- (e) Agricultural land operated by a corporation for the purpose of raising breeding stock for resale to farmers or operated for the purpose of growing seed, wild rice, nursery plants or sod;
- (f) Agricultural land and land capable of being used for farming leased by a corporation in an amount, measured in acres, not to exceed the acreage under lease to such corporation as of May 20, 1973 and the additional acreage required for normal expansion at a rate not to exceed 20 percent of the amount of land leased as of May 20, 1973 in any five year period, and the additional acreage reasonably necessary to meet the requirements of pollution control regulations;
- (g) Agricultural land when acquired as a gift (either by grant or a devise) by an educational, religious or charitable non-profit corporation; provided that all lands so acquired which are not operated for research or experimental purposes, or are not operated for the purpose of raising breeding stock for resale to farmers or operated for the purpose of growing seed, wild rice, nursery plants or sod must be disposed of within ten years after acquiring title thereto;
- (h) Agricultural land acquired by a corporation other than a family farm corporation or authorized farm corporation, as defined in subdivision 1, for which the corporation has documented plans to use and subsequently uses the land within six years from the date of purchase for a specific nonfarming purpose, or if the land is zoned nonagricultural, or if the land is located within an incorporated area. A corporation may hold such agricultural land in such acreage as may be necessary to its nonfarm business operation; provided, however, that pending the development of agricultural land for nonfarm purposes, such land may not be used for farming except under lease to a family farm unit, a family farm corporation or an authorized farm corporation, or except when controlled through ownership, options, leaseholds, or other agreements by a corporation which has entered into an agreement with the United States of America pursuant to the New Community Act of 1968 (Title IV of the Housing and Urban Development Act of 1968, 42 U.S.C. 3901-3914) as amended, or a subsidiary or assign of such a corporation;

(i) Agricultural lands acquired by a corporation by process of law in the collection of debts, or by any procedure for the enforcement of a lien or claim thereon, whether created by mortgage or otherwise; provided, however, that all lands so acquired be disposed of within ten years after acquiring the title thereto, and further provided that the land so acquired shall not be used for farming during the ten year period except under a lease to a family farm unit, a family farm corporation or an authorized farm corporation. The aforementioned ten year limitation period shall be deemed a covenant running with the title to the land against any corporate grantee or assignee or the successor of such corporation;

(j) Agricultural land acquired by a corporation regulated under the provisions of Minnesota Statutes 1974, Chapter 216B, for purposes described in that chapter or by an electric generation or transmission cooperative for use in its business, provided, however, that such land may not be used for farming except under lease to a family farm unit, or a family farm corporation;

(k) Agricultural land, either leased or owned, totaling no more than 2700 acres, acquired after May 20, 1973 for the purpose of replacing or expanding asparagus growing operations, provided that such corporation had established 2000 acres of asparagus production;

(l) All agricultural land or land capable of being used for farming which was owned or leased by an authorized farm corporation as defined in Minnesota Statutes 1974, Section 500.24, Subdivision 1, Clause (d) but which does not qualify as an authorized farm corporation as defined in subdivision 1, clause (d);

(m) A corporation formed primarily for religious purposes whose sole income is derived from agriculture;

(n) Agricultural land owned or leased by a corporation prior to August 1, 1975, which was exempted from the restriction of subdivision 2 under the provisions of Laws 1973, Chapter 427, including normal expansion of such ownership or leasehold interest to be exercised at a rate not to exceed 20 percent of the amount of land owned or leased on August 1, 1975 in any five year period and the additional ownership reasonably necessary to meet requirements of pollution control regulations.

Subd. 3. Reports. (a) Every corporation which holds any interest in agricultural land or land used for the breeding, feeding, pasturing, growing, or raising of livestock, dairy or poultry, or products thereof, or land used for the production of agricultural crops or fruit or other horticultural products, other than a bona fide encumbrance taken for purposes of security, or which is engaged in farming or proposing to commence farming in this state after May 20, 1973, shall file with the commissioner of agriculture a report containing the following information:

(1) The name of the corporation and its place of incorporation;

(2) The address of the registered office of the corporation in this state, the name and address of its registered agent in this state and, in the case of a foreign corporation, the address of its principal office in its place of incorporation;

(3) The acreage and location listed by quarter-quarter section, township and county of each lot or parcel of land in this state owned or leased by the corporation and used for the growing of crops or the keeping or feeding of poultry or livestock;

(4) The names and addresses of the officers, shareholders owning more than 10 percent of the stock, including the percent of stock owned by each such shareholder and the members of the board of directors of the corporation; and

(5) The farm products which the corporation produces or intends to produce on its agricultural land.

The report of a corporation seeking to qualify hereunder as a family farm corporation or an authorized farm corporation shall contain the following additional information: The number of shares owned by persons residing on the farm or actively engaged in farming, or their relatives within the third degree of kindred according to the rules of the civil law or their spouses; the name, address and number of shares owned by each shareholder; and a statement as to percentage of gross receipts of the corporation derived from rent, royalties, dividends, interest and annuities. No corporation shall commence farming in this state until the commissioner of agriculture has inspected the report and certified that its proposed operations comply with the provisions of this section.

(b) Every corporation as described in clause (a) shall, prior to April 15 of each year, file with the commissioner of agriculture a report containing the information required in clause (a), based on its operations in the preceding calendar year and its status at the end of such year; provided that every corporation not engaged in farming on August 1, 1975, but engaged in activities described in clause (a) shall file the first required report prior to September 15, 1975.

(c) Failure to file a required report, or the willful filing of false information, shall constitute a gross misdemeanor.

Subd. 4. Enforcement. If the attorney general has reason to believe that a corporation is violating subdivision 2, he shall commence an action in the district court in which any agricultural lands relative to such violation are situated, or if situated in two or more counties, in any county in which a substantial part of the lands are situated. The attorney general shall file for record with the county recorder or the registrar of titles of each county in which any portion of said lands are located a notice of the pendency of the action as provided in section 557.02. If the court finds that the lands in question are being held in violation of subdivision 2, it shall enter an order so declaring. The attorney general shall file for record any such order with the county recorder or the registrar of titles of each county in which any portion of said lands are located. Thereafter, the corporation owning such land shall have a period of five years from the date of such order to divest itself of such lands. The aforementioned five year limitation period shall be deemed a covenant running with the title to the land against any corporate grantee or assignee or the successor of such corporation. Any lands not so divested within the time prescribed shall be sold at public sale in the manner prescribed by law for the foreclosure of a mortgage by action. In addition, any prospective or threatened violation may be enjoined by an action brought by the attorney general in the manner provided by law.

[1973 c 427 s 1; 1975 c 324 s 1; 1976 c 181 s 2; 1976 c 239 s 123]

Table 1--State law restrictions on alien and corporate ownership of land--continued

State	Restrictions on alien ownership		Special restriction on sale of State lands		Restrictions on corporate ownership	
	General prohibition:		Restriction on sale of State lands		Restrictions on corporate ownership	
	(1)	(2)	(3)	(4)	(5)	(6)
Rhode Island			X	X		
South Carolina				X		X
South Dakota				X		
Tennessee				X		
Texas				X		
Utah				X		
Virginia			X	X		
Washington				X		
West Virginia				X		X
Wisconsin		X		X		X
Wyoming			X			

TABLE 1.—STATE LAW RESTRICTIONS ON ALIEN OWNERSHIP OF REAL PROPERTY AND SUMMARY OF REPORTING MECHANISMS

State	Natural persons must report alien status	Limitations on entities placed on entities formed in foreign countries	Entities are required to report alien status of beneficial owners	Entities must trace beneficial owners to natural persons	Periodic reporting by entities on alien status of beneficial owners	Attribution rules are applicable			Citizenship
						Limit long term leases	Limit sales on the contract	Domicile Residence	
Nevada								—	×
New Hampshire ¹⁸								×	×
New Jersey ¹⁹								—	×
New Mexico								—	×
New York ²⁰		×						—	×
North Carolina ²¹								×	×
North Dakota								—	×
Ohio								—	×
Oklahoma ²²	×							—	×
Oregon ²³	×							—	×
Pennsylvania ²⁴	×	×						—	×
Rhode Island								—	×
South Carolina ²⁵		×						—	×
South Dakota ²⁶		×						—	×
Tennessee								—	×
Texas								—	×
Utah								—	×
Virginia ²⁷								—	×
Vermont								—	×
Washington								—	×
West Virginia								—	×
Wisconsin ²⁸		×						—	×
Wyoming ²⁹		×						—	×

- ¹ Alaska Stats., sec. 38.05.190 (1961).
² Ariz. Rev. Stats. Ann., sec. 33-1201 through sec. 33-1207 (1939).
³ Cal. Probate Code, sec. 255 (1947).
⁴ Conn. Gen. Stats. Rev., sec. 47-57, 47-58, (1949), Conn. Gen. Stats. Rev., sec. 45-278 (1947).
⁵ Hawaii Rev. Stats., sec. 206-9 (1965), sec. 516-33 (1967).
⁶ Idaho Rev. Stats., sec. 58-313 (1974).
⁷ Ill. Rev. Stats., c. 6, secs. 1 and 2 (1897).
⁸ Ind. Code, secs. 32-1-2-1 (1953) and 32-1-8-2 (1905).
⁹ Iowa Code, sec. 567; Iowa H.F. 215 (1975).
¹⁰ Kans. Stats. Ann., sec. 59-211 (1939).
¹¹ Ky. Rev. Stats. Ann. 381.290, 381.300; Ky. Rev. Stats. Ann. 381.320, and 310.
¹² La. Ann. Code, art. 21, sec. 1-4-101 (1972).
¹³ Mass. Ann. Laws, c. 206, sec. 27B (1956).
¹⁴ Minn. stat., sec. 500.22 and 500.24 (1945).
¹⁵ Miss. Code Ann., 89-1-23 (1940).
¹⁶ Mont. Rev. Code Ann., sec. 91-520 (1953).
¹⁷ Neb. Rev. Stats., secs. 76-402-414 (1939).
¹⁸ N.H. Rev. Stats. Ann., sec. 477.20.
¹⁹ N.J. Stats. Ann., sec. 46.3-18 (1924).
²⁰ N.Y. Sur. Court. Prov. Act, sec. 2218; N.Y. Gen. Corp. Law, sec. 221 (1935).
²¹ N.C. Gen. Stats., sec. 64-1 and 64-3 (1959).
²² Oklahoma Stats., sec. 60-121 through 60-123 (1931).
²³ Oregon Rev. Stats., sec. 273.255 (1974), 517.010 (1971), 517.044 (1961).
²⁴ Pa. Stats. 68, secs. 21 through 32 (1956).
²⁵ S.C.C.A., sec. 57-103 (1956).
²⁶ Acts of S.D., 1974, c. 294.
²⁷ Va. Code Ann., sec. 55-1 (1919).
²⁸ Wis. Stats., sec. 710.
²⁹ Wyoming Stats. Ann., sec. 34-151 (1943).