

THE CONGRESSIONAL FRONT.
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THE FARM SECURITY ADMINISTRATION.

The Farm Security Administration is a bureau in the Department of Agriculture. Its operation has been a matter of high controversy since its very beginning in 1935. This controversy reached a climax recently when the committee on appropriations which reported the appropriation bill for the fiscal year 1944 containing funds for the Department of Agriculture recommended that the functions of the Farm Security Administration be preserved and transferred to the Farm Credit Administration. The House of Representatives however went even further and refused to provide any appropriations whatever for the Farm Security Administration on the ground that these activities were not authorized by law. This action has provoked considerable discussion and it is of general interest that the whole problem be presented as a contribution to sound discussion.

ORIGIN AND FUNCTIONS OF FSA.

Farm Security Administration furnishes an excellent example of a Federal function, created during the emergency by Executive Order. It is not authorized by law. Beginning in 1935, funds were made available by the Congress and were continued from year to year until the matter became controversial as a result of certain activities carried on by this agency. Its functions consisted of (1) making rehabilitation loans and grants to needy farmers together with assistance from farm and home advisers and aid in adjusting farm debts (2) technical service on rural rehabilitation projects (3) the maintenance and operation of camps for migrant workers, (4) and the development of water facilities. None of these functions are authorized by law. In addition, FSA administered the making of 40-year loans for the purchase of farms by tenants and the liquidation of a large number of homestead and subsistence projects which were built long ago by the Resettlement Administration. These two latter functions were authorized by the Congress.

REHABILITATION FUNDS.

When FSA came before Congress this year, it was to support a request from the Bureau of the Budget for funds with which to carry on operations for the fiscal year beginning July 1, 1943. The request was for 97½ million with which to make loans to needy farm families, 2 million for grants, 16½ million for farm and home management services, 1 million for farm debt adjustment services, 1½ million for water facilities, and slightly less than 6 million for administrative expenses. About 34 million of this amount would be for salaries, travel, and other expenses. FSA has been maintaining a Washington office, regional offices, state offices, district offices and county offices and in 1942, had 20,070 persons on the payroll.

COMMITTEE ACTION.

The appropriation committee after hearing all the evidence, determined to reduce the loans from 97½ to 40 million, the servicing expenditures from 36 million to 12 million and to earmark 8 of the 12 million for use by the Farm Extension Service on the ground that the Extension service already had a total force of more than 10,000 persons for work that was quite similar to that performed by FSA. In addition, the committee concluded that since FSA was operating a credit function much like those performed by the Farm Credit Administration, the logical thing to do to reduce expenditures and payroll was to transfer this whole activity to the Farm Credit Administration.

INVESTIGATORS.

For the first time in the history of the Congress, the committee had a staff of investigators to explore FSA activities and make a report. Among other things reported by the investigators was that the Farm Security Administration was (1) over-organized (2) spending too much on home management services (4) carried too many engineers (5) branched out contrary to the intent of Congress (6) that regional administration was overdone (7) duplicating work of the Farm Credit Administration and the Agricultural Adjustment Administration (8) spending too much on publicity (9) and other items where efficiency and economy could be effectuated.

COMPARISON.

In the first 6½ years of its existence, the Farm Security Administration disbursed \$576,000,000 in loans and grants and expended \$275,800,000 for salaries, travel and other expenses. In round figures this means that about \$1. was expended in salaries, travel, and expenses for every \$2. that was loaned or granted. This picture was sufficiently persuasive to cause the committee to recommend that the activities of the Farm Security Administration in reduced form be preserved but that they be transferred to an agency which already existed to handle farm credit functions.

WARNING.

A year ago, the committee formally criticized the FSA for making excessive loans to individual borrowers, for carrying on an unauthorized land purchase program, for carelessness and inefficiency on the part of certain employees and for experiments in collectivist farming which resembled the collectivist practice in Russia. Thus the action taken by the appropriation committee in dealing with the Farm Security Administration was not sumptuary or capricious but rather was based on an abundant amount of information and testimony.