

Office Memorandum • UNITED STATES GOVERNMENT

TO : The Director

DATE: July 6, 1953

FROM : Resources and Civil Works Division (Dasher) *Dash*

SUBJECT: S. 2233, Senator Lyndon B. Johnson's bill "To provide assistance to farmers and stockmen in areas where a production disaster caused by severe drought has occurred."

In his memorandum of July 3, 1953, General Persons asked for suggestions as to an appropriate reply to Senator Johnson's June 30 letter to the President. The Senator's letter was accompanied by a copy of S. 2233, introduced on June 29, and a copy of his remarks of that date on the floor of the Senate re the drought situation in the Southwest.

Background-

The President on February 7, 1953, signed a letter, prepared in the Bureau, calling the attention of Secretary Benson to the desirability of developing a mechanism other than the President's Disaster Relief Fund (P.L. 875) for assistance to distressed farmers and stockmen. Since mid-June, Bureau staff and Department representatives have been actively working on a legislative proposal to broaden present authorities of the Department of Agriculture to provide Federal aid when necessary, and particularly to assist in the present situation in the Southwest. In late June, Secretary Benson made a quick trip through part of the Oklahoma-Texas drought area, and on his return \$8 million was allotted from the President's fund for immediate assistance, and added impetus was given to staff efforts to draft the necessary legislation to authorize a Department of Agriculture program of assistance through credit and subsidized feed.

On June 30, members of this Bureau and the Department agreed on a draft bill and the Department was informally cleared to discuss the measure with Senator Aiken and Representative Hope, Chairmen of the Agriculture Committees. This resulted in the introduction of identical bills, S. 2267 and H. R. 6054, on July 1. The Senate bill was co-sponsored by 53 Senators, including Mr. Johnson of Texas.

Advantages of S. 2267 over 2233-

1. The administration developed bill (S. 2267) would provide permanent authority for agricultural loans in areas suffering economic disaster, supplementing existing authority* to make loans in areas of physical disaster.
2. The administration bill specifies that declaration of an area as an economic disaster area will follow the procedures under P. L. 875. Senator Johnson's bill also calls for a declaration by the President, but does not tie such declaration into existing P.L. 875 procedures.

*Public Law 38, 81st Cong., approved April 6, 1949.

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Folder: OF 113-I Drought Disaster 1953 (1)

3. The administration measure authorizes Federal assistance only if credit needs cannot be met from regular sources. The Senator's bill is silent regarding this condition.

4. Senator Johnson's bill sets an interest of not more than four percent per annum. The administration bill prescribes five percent on special livestock loans, and this rate would be set by the Secretary's determination for economic disaster loans (the same rate now being charged on production, and natural disaster loans).

5. The administration bill would finance the new economic disaster and special assistance programs through the presently authorized Disaster Loan Revolving Fund of the Department of Agriculture, whereas Senator Johnson's bill presumably would call for separate financing.

Recommendation-

Inasmuch as Senator Johnson has joined in co-sponsoring S. 2267, it would appear that he might be tractable enough to actively support the administration bill, rather than his own (S. 2233). We have, therefore, prepared a proposed reply (attached) which briefly states that we consider the administration measure to be a better bill, and urge Mr. Johnson's support thereof.

Attachments:

Memorandum for General Persons
Draft letter to Senator Johnson
Senator Johnson's letter of 6/30/53
with attachments

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Folder: OF 113-I Drought Disaster 1953 (1)