STATEMENT OF VICTOR V. VEYSEY BEFORE HEARING PANEL ON PROPOSED REGULATIONS ENFORCING 160-ACRE LIMITATION OF THE RECLAMATION ACT

1. My name is Victor V. Veysey. I own and operate a farm of about 800 acres north of Brawley, California, in Imperial County. We lease additional land, farming a total of 1200 to 1500 acres.

2. Although I currently live in Pasadena, California, I have resided much of my life on the farm near Brawley.

3. I have had the honor of serving the people of Imperial and Riverside Counties as their Representative in the State Legislature and in the U.S. Congress. I can tell you that there has been no issue with respect to government in the past 25 years which has so united and galvanized the people of this area as has the perceived betrayal by Washington in seeking to apply the Reclamation Act of 1902 after making solemn pledges that this would never happen. Their cry for "FAIRNESS" will not be silenced until you in Washington understand that lands within the Imperial Irrigation District are not, have not, and should not, be subject to the restrictions of the Reclamation Act.

4. The farm I own was, in major part, reclaimed from the desert by my father who joined with his neighbors to develop canals and ditches, to level and tile the land, and to convert the blowing sand to highly productive acres which have fed and clothed thousands. This conversion from desert waste to a garden spot was accomplished by private effort; no federal funds or input were involved.

5. Following my father, I have farmed this land since 1949. My three sons are now farming this and other land in Imperial Valley, and they would like to continue to do so. We feel we have won the right to farm that land and we have firmly established our rights to the water prior to Federal intervention here. We plan to maintain our rights.

6. I would not know what the definition of a "family farm" is from a technical point of view—but I think I can show one (ours) and I believe I have just described one.

7. During a flood on the Colorado in 1905, the River broke out of its banks and flowed for 2 years through Imperial Valley to form the Salton Sea. That flow cut a canyon 50 feet deep and several hundred feet wide across our farm. The Federal government did nothing to help, but the flow was finally controlled by private endeavor and private funding.

8. I recall as a young boy hearing my father discuss whether or not the Imperial Irrigation District should join in the Federal compact which brought major Federal changes in the Colorado River. There were advantages:

(a) Controllable supply of water despite drought or flood;

(b) Clear water—free from silt for low cost ditch maintenance;

(c) Lower maintenance cost of irrigation system.

And there were disadvantages:

(a) Loss of fertile silt deposited annually to renew the soil;

(b) Obligation to repay costs of improvements;

(c) Concern that if the Federal government came in, they might apply the 160 acre limitation and thus imperil our rights and property.

9. Doubts on the last point were so strong for my father and other land owners that they opposed the compact until:

a. A good faith, categorical answer in writing was obtained from the then Secretary of the Interior that Imperial Valley would never be under the restrictions of the Reclamation Act, and

b. A legal action was settled by a Court determination that the 160 acre limitation would not apply to Imperial Valley.

With these good faith assurances, my father and others dropped their opposition and voted in the compact, and entered into a bargain with the Federal government. Now it appears that the government wants to back out of the bargain.

10. Although spasmodic talk about invoking the 160 acre limitation has been heard over the 40 years since those decisions, there has not been, until 1977, any policy decision by the government to overturn the good faith assurances of long standing. Now, I perceive a group within the Interior Department desiring to bring about land reforms without specific legislative authority other than a tortured application of the Reclamation Act of 1902.

11. As I understand the 160 acre and residency restrictions of the Reclamation Act of 1902, they were designed to prevent any person from obtaining a windfall by acquiring large tracts of unwatered desert land at a very low price and selling it at a high price after the government had brought the land under irrigation in a reclamation project. This does not match the factual situation of the Imperial Valley where the land and irrigation were developed by private initiative and private resources. There was no windfall; only dust and sweat.

12. Apparently Interior in promulgating the proposed regulations before us today has decided to apply restrictions of the Reclamation Act to areas never intended to be subject to it, and has decided to include other restrictions not authorized by any law. My answer to these efforts is: "Go to Congress and ask for that type of authority—if you think you can get it. Don't use your bureaucratic, non-elected status to undertake agrarian reforms. You have a responsibility to establish faith and credibility in government."

13. In sum, the official history and activities of the United States Government over this entire century have been that the Reclamation Act of 1902 does not apply to Imperial Valley. More than seventy years of history sustain the rights of private landowners to their land and to their water. How can you undertake, without new legislation, to reverse that? To do so is perfidy by the government against its people. It would be an unconstitutional taking without compensation—and it will have major consequences.

14. While my position is that this area has not, is not, and should not be subject to the Reclamation Act restrictions. I nonetheless will state some problems with the regulations you have out for comment.

15. The unsupported finding that the regulations do not necessitate an Environmental Impact Statement and an Economic Impact Statement as required by law is a piece of arrogance that has seldom been matched in government. Of course you are subject to the general laws of the United States! Of course there are major environmental and economic effects of these regulations! The law requires that these be analyzed and presented publicly—and the obligation is on you. I am dismayed that a Secretary of the Interior, purporting to be a prominent environmentalist, can move with such disregard for the National Environmental Protection Act. I understand that the Secretary is required by the President to read all regulations, and I assume he approves what he reads and publishes in the Federal Register.

16. The 160 acre concept is outmoded and should be reexamined. Is that the correct number? Should this figure, derived from the Homestead Law, be adjusted or abandoned because it does not fit the circumstances of today? Interior should be addressing these concerns with the Congress.

17. A complex and arbitrary set of rules has been proposed defining the status of individuals, partnerships, corporations, relatives, lineal descendants, etc., under the regulations. They produce some illogical results that are indefensible. Sure, I have plenty of grandchildren to whom I can parcel out land. But what about the person not so situated? And why should I or my sons have to go through a legal sham to enjoy rights won from the desert and a rebellious river long before the government had any concern?

18. Your regulations place a limit of 160 acres on leased land. Where, in law, do you find any authorization to do that?

19. The proposed regulations require residency within 50 miles of the land to obtain delivery of water. Where and when has that standard ever been applied? Do you mean to strip a person of advanced years of his only assets because his health no longer permits residency in this severe climate?

20. What kind of concept of fairness empowers you—by promulgating severe regulations on which you have already waffled—to bring the economy of Imperial Valley to a halt? Sales of land have ceased under your threat. Tiling, levelling, and concrete ditch improvements have stopped. You have done substantial harm and have accomplished nothing.

21. Your concept of taking excess lands to offer in a lottery has no merit. Don't you believe the owner has some rights in the negotiation of any sale? Why play the role of a demagogue in raising the hopes of landless people that they may receive, by lottery, a well developed 160 acre farm on which they may live in prosperity?

22. The economics of farming work strongly against the viability of a 160 acre tract under conditions of modern agriculture. Look around you while you are here on this visit. Consider what the economic fate of the small operator will be, then decide if you want to condemn people to a lifetime of toil, heartbreak, and failure by acting as Robin Hood.

23. In closing, let me tell you what I will do if you apply these regulations to me. I will avoid them to the legal limit of my ability. I will not execute any contracts to sell nor turn the land over to the government. I will farm with the water I am granted and I will sue you for the rest of my entitlement. That part of the farm that goes dry will quickly turn barren, and the dust will blow. I invite you to sit on the porch and rock with me while we discuss the merits of a powerful Federal government and watch the world's most productive acres turn back to desert.

SENATE—*Friday, December 2, 1977*

(Legislative day of Tuesday, November 1, 1977)

The Senate met at 11 a.m. on the expiration of the recess, and was called to order by the Acting President pro tempore (Mr. METCALF).

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate stands in recess until Tuesday next.

RECESS UNTIL 1 P.M. TUESDAY, DECEMBER 6, 1977

Thereupon (at 11 o'clock and 4¾ seconds a.m.) the Senate recessed until Tuesday, December 6, 1977, at 1 p.m.

EXTENSIONS OF REMARKS

INSURANCE COMPANY PROPAGANDA UNTRUE

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 1, 1977

Mr. LAFALCE. Mr. Speaker, as chairman of the Subcommittee on Capital, Investment and Business Opportunities of the Committee on Small Business, I have been studying the problem of the lack of availability/affordability of product liability insurance presently being experienced by many businesses across our Nation.

Many of you have seen insurance company advertising reciting the legendary product liability case wherein a lawnmower was used to trim a hedge, the user injured, and a successful suit brought against the manufacturer. Further, many of you have seen insurance company advertising reciting the "fact" that product liability cases have increased to almost 1,000,000 per year. Recently it has been revealed that the now famous lawnmower case cannot be substantiated, and that the million claim figure is blatantly overstated.

In an article appearing in Business Insurance by Jerry Geisel, he traces the development of the lawnmower story and attributes its origination to a lawyer in Wichita, Kans. That lawyer claims to have read this in a newspaper article but is unable to further document this case. Despite this somewhat dubious origin, this story was circulated by the Insurance Information Institute, a public relations and educational organization supported by property and the liability insurance companies, and was carried by Crum & Foster in advertising which ran in Time, Newsweek, and Business Insurance as late as September 1977.

The 1,000,000 annual product liability claims figure was also widely circulated by the Insurance Information Institute and was mentioned recently in advertising by Aetna Life & Casualty Co. The validity of this figure was questioned as early as 1976 by representatives of the Insurance Services Office (ISO), the major product liability statistical-gathering and ratemaking organization for product liability insurers. ISO presently estimates the number of claims to range between 60,000 to 120,000 annually.

While both statements have recently been repudiated by the Insurance Information Institute and taken out of their literature, the incident nevertheless points out how portions of the insurance industry have used the advertising media to "sell" American industry on higher product liability rates through false advertising. Because of the lack of reliable data, it is presently impossible to determine whether the rate increases experienced by many firms in the product liability area are justified or result merely from panic pricing and will provide the insurance industry with windfall profits.

The insurance industry's accounting methodology helps to obfuscate the problem further. In information circulated by the Insurance Information Institute, an underwriting deficit of $2.22 billion was reported for 1976. However, during the same period, the industry reported an increase in net worth of approximately $5.73 billion, up 22 percent from the previous year. Further, assets increased an additional $18 billion representing a 20-percent increase from the previous year. If such substantial increases in net worth and asset size can occur during a period in which underwriting deficits are sustained, serious questions as to the meaning of these underwriting deficits must be raised.

The insurance industry, historically exempt from Federal regulation or monitoring, is becoming increasingly important in our complex and sophisticated society. This is evidenced by the product liability problem at present, the medical malpractice problem of recent years, and the false propaganda circulated in periodicals read by millions. The exemption from Federal scrutiny is becoming increasingly more difficult to justify and bears a continuing reevaluation from us in Congress.

HOUSE OF REPRESENTATIVES—*Monday, December 5, 1977*

The House met at 12 o'clock noon.

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. ROSTENKOWSKI) laid before the House the following communication from the Speaker:

WASHINGTON, D.C.,
December 5, 1977.

I hereby designate the Honorable DAN ROSTENKOWSKI to act as Speaker pro tempore for today.

THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives.

PRAYER

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

The world passeth away and the lust thereof; but he that doeth the will of God abideth forever.—I John 2: 17.

O God, our Father, above us yet within us, far away yet ever near, grant unto us clear minds, clean hearts, and creative spirits as we begin the work of another week. In this center of freedom we do not ask for easy tasks but for strength to support us in our hard tasks, not for light burdens but for power to carry heavy burdens, not for smooth ways but for wisdom to walk in worthy ways.

We thank Thee for this America of the past and for the sacrifices and suffering which made her great. We thank Thee for the America of the present and pray that by our endeavors we may keep her great. We pray for the America of the future that to her greatness may come an increasing sense of goodness. Thus may our America be great and good for this age and for the ages to come. God help us so to do. Amen and amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of the clerks, announced that Mr. HATHAWAY be a conferee on the bill (H.R. 9346) entitled "An act to amend the Social Security Act and the Internal Revenue Code of 1954 to strengthen the financing of the social security system, to reduce the effect of wage and price fluctuation on the system's benefit structure, to provide for the conduct of studies with respect to coverage under the system for Federal employees and for employees of State and local governments, to increase the earnings limitation, to eliminate certain gender-based distinctions and provide for a study of proposals to eliminate dependency and sex discrimination from the social security program, and for other purposes," vice Mr. HASKELL, excused.

ADDITIONAL PROGRAM FOR TOMORROW

(Mr. MAHON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MAHON. Mr. Speaker, according to the present schedule, tomorrow the House will consider the supplemental appropriation bill conference report and House Joint Resolution 662, a continuing resolution for the District of Columbia for the balance of this fiscal year. When I call up that resolution I plan to offer an amendment which will include the Departments of Labor and Health, Education, and Welfare at the rate of the conference agreement. That amendment will be printed in the RECORD of today in accordance with the rule providing for the consideration of House Joint Resolution 662.

As soon as I have offered my amendment, I will yield to the gentleman from Illinois (Mr. MICHEL), the ranking minority member of the Committee on Appropriations Subcommittee on Labor-HEW for an amendment concerning the abortion issue.

It is my understanding that Mr. MICHEL will offer the following amendment:

Provided, That none of the funds provided for in this paragraph shall be used to perform abortions except where the life of the mother would be endangered if the fetus were carried to term; or except for such medical procedures necessary for the victims of forced rape