

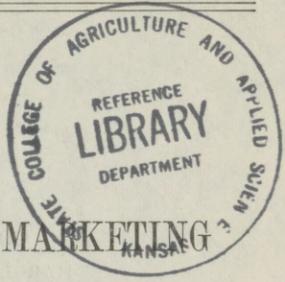
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POTATO GRADE LABELING

GOVERNMENT
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HEARINGS

BEFORE THE

SUBCOMMITTEE ON DOMESTIC MARKETING

OF THE

COMMITTEE ON AGRICULTURE

HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH CONGRESS

FIRST SESSION

ON

H. R. 4532, H. R. 4963, H. R. 5108, H. R. 5133,
H. R. 5137, H. R. 5274, H. R. 5339, H. R. 5449,
H. R. 5764, H. R. 5934, and H. R. 6409

APRIL 15 AND 16, 1957

Printed for the use of the Committee on Agriculture

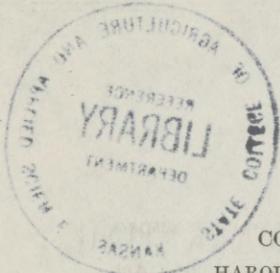
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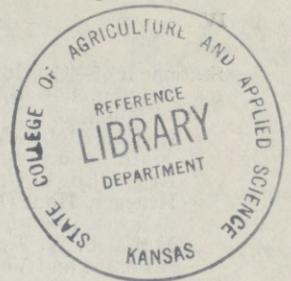
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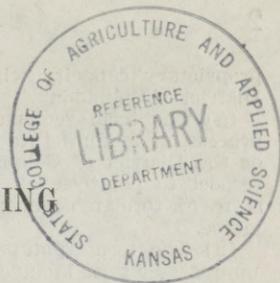
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POTATO GRADE LABELING

MONDAY, APRIL 15, 1957

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON DOMESTIC MARKETING,
OF THE COMMITTEE ON AGRICULTURE,
Washington, D. C.

The subcommittee met at 10:10 a. m., pursuant to notice, in room 1310, New House Office Building, Hon. George M. Grant (chairman of the subcommittee) presiding.

Present: Representatives Grant (presiding), Hagen, Knutson, and Williams.

Also present: Representatives Watts, Johnson, Matthews, Hill, McIntire, Krueger, and Chenoweth.

Mr. GRANT. The committee will please come to order.

The committee is meeting this morning to hear testimony on a number of bills regarding the inspection and labeling of potatoes.

I might set the bills out: H. R. 5137, by Mr. McIntire; H. R. 4532, by Mr. Wainwright; H. R. 4963, by Mrs. Knutson; H. R. 5133, by Mr. Krueger; H. R. 5274, by Mr. Porter; H. R. 6409, by Mr. Bennett; H. R. 5934, by Mr. Hagen; H. R. 5764, by Mr. Engle; H. R. 5449, by Mr. Auchincloss; H. R. 5339, by Mr. Ullman; and H. R. 5108, by Mr. Chenoweth.

(H. R. 4532, H. R. 4963, H. R. 5108, H. R. 5133, H. R. 5137, H. R. 5274, H. R. 5339, H. R. 5449, H. R. 5764, H. R. 5934, and H. R. 6409 are as follows:)

[H. R. 4532, 85th Cong., 1st sess.]

A BILL Relating to the quality requirements for, and the inspection, certification, and labeling of Irish potatoes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, when used in this Act—

(a) The term "person" means any individual, partnership, corporation, association, or any other business unit.

(b) The term "Secretary" means the Secretary of Agriculture of the United States, or any other officer or employee of the United States Department of Agriculture to the extent that such officer or employee is authorized by the Secretary to exercise the powers or to perform the duties of the Secretary under this Act.

(c) The term "inspector" means any person who is authorized or licensed by the Secretary to inspect and certify the grade, quality, and condition of potatoes.

(d) The term "United States grade" means any one of the official grade standards for potatoes which have been or may be hereafter issued by the United States Department of Agriculture.

(e) The term "State grade" means any one of the official grade standards for potatoes which have been or may be hereafter issued under applicable State laws or regulations.

(f) The term "potato producer" means any person who, during a representative period prescribed by the Secretary, produced potatoes for commerce in a

proprietary capacity within any of the States of the United States or the District of Columbia.

(g) The term "commerce" means to sell, ship, transport, handle, consign, process, or manufacture potatoes for market in any State of the United States or the District of Columbia, it being hereby found and determined that, with respect to potatoes, all such transactions are either in the current of interstate or foreign commerce, or directly burden, affect, or obstruct such commerce.

(h) The term "potatoes" means all varieties of Irish potatoes in fresh or unprocessed form included in the species "*Solanum tuberosum*."

(i) The term "to pack" means to place potatoes or cause potatoes to be placed into bags, crates, or other types of containers, or loaded in bulk into railroad cars, trucks, or any type of conveyance whatsoever, including repacking in any type of container or conveyance, for commerce.

SEC. 2. As soon as is reasonably practicable after the effective date of this Act, the Secretary shall conduct a referendum, by secret ballot, of potato producers to determine whether such producers are in favor of or opposed to the imposition of the provisions and restrictions which are set forth in section 3 and subsequent sections of this Act. Subsequent referenda may be conducted in the discretion of the Secretary or at the request of a substantial number of potato producers representing several producing areas. To be eligible to vote in a referendum under this Act, a person must qualify as a "potato producer" within the meaning of section 1 (f) of this Act. The restrictions which are set forth in section 3 and subsequent sections of this Act shall not become effective unless the Secretary determines that at least two-thirds of the producers or producers of two-thirds of the volume of production participating in a referendum are in favor of the imposition of such restrictions. If the referendum vote is unfavorable, the Secretary shall, within thirty days after its completion, proclaim the results. If the referendum vote is favorable, the Secretary shall, within thirty days after its completion, proclaim such result and order that the provisions of section 3 and subsequent sections of this Act shall, effective as of such time as he may prescribe, be in full force and effect. The determinations of the Secretary with respect to producer approval or disapproval shall be final.

SEC. 3. No person shall engage in commerce in any potatoes packed by him, or use any potatoes for manufacturing or processing for market, which are of a grade lower than U. S. No. 2: *Provided*, That the Secretary may suspend the requirements of this section for any period for which he finds that the available supply of potatoes of U. S. No. 2 and higher grades will not be sufficient to meet the normal market requirements for potatoes.

SEC. 4. No person shall engage in commerce in any potatoes packed by him which do not have affixed to each container or bulk load an appropriate tag, label, imprint, or other appropriate marking designating correctly the State of production, name and address of the packer, and the United States grade or State grade of the potatoes contained therein, as shown by an official certificate of an inspector: *Provided*, That the State of production shall not be designated for any potatoes in the absence of such evidence of the State of production of such potatoes as the Secretary may require.

SEC. 5. Every person packing potatoes for commerce, or processing, or manufacturing previously uninspected potatoes for market, shall have such potatoes inspected and certified by an authorized inspector or inspectors that they (a) meet the requirements for the minimum grade prescribed pursuant to the provisions of section 3 of this Act, and (b) are of the grade designated on the container or bulk load when required to be specified in section 4 of this Act. The cost of such inspection and certification shall be borne by the person making request therefor.

Certifications made pursuant to this Act shall be receivable in any court of the United States as prima facie evidence of the truth of the statements contained therein.

SEC. 6. The provisions of this Act shall not be applicable to the following categories of potatoes if such conditions as the Secretary may prescribe by regulation are complied with:

(a) Potatoes officially certified as seed potatoes and tagged or otherwise appropriately identified by and under the supervision of an official State seed potato certifying agency or other certifying agency approved by the Secretary.

(b) Potatoes for animal feed without further processing, or for manufacture into nonfood products, or into starch, flour, and derivatives thereof.

(c) Potatoes for grading, storage, or preparation for market within the general production or storage area, as determined by the Secretary.

(d) Potatoes repacked in an individual retail store for sale in such store directly to consumers.

SEC. 7. The Secretary by regulation or order may exempt potatoes from the specific provisions of this Act in the circumstances hereinafter specified:

(a) Potatoes which the Secretary finds cannot be inspected at reasonable cost from the provisions of section 5.

(b) Potatoes for packing or repacking from any or all provisions to the extent that the Secretary finds that their application would be inequitable and result in unnecessary duplication of inspection and certification.

(c) Potatoes to which the Secretary finds that the application of the provisions of section 3 or 4 would be inequitable or result in unnecessary hardship as follows:

(1) Potatoes for canning from (i) the provisions of section 3 if they are of the U. S. No. 2 grade except for size and (ii) the provisions of section 4. The term "canning" means the process of packing potatoes (in a liquid medium) in a hermetically sealed container, which hermetic sealing is necessary for preservation; and

(2) Potatoes for conversion into processed or manufactured products, other than those specified in sections 6 (b) and 7 (c) (1), from the provisions of section 4.

SEC. 8. The Secretary is hereby authorized to detain any lot of potatoes which is found, upon inspection, and to meet the requirements of this Act or the rules and regulations issued thereunder. In case of detention, the Secretary shall issue a detention notice in duplicate in a form to be prescribed by him, one of which shall be securely affixed in a prominent place on the lot and the other of which shall be mailed or otherwise delivered to the person who then has possession or control of such lot. The detention notice form shall contain a statement that it shall be unlawful for anyone to sell or otherwise dispose of the detained lot without first obtaining written authorization from the Secretary. Such authorizations shall be granted to permit the potatoes to be brought into compliance under such conditions as the Secretary may prescribe and to permit the potatoes to move into commerce after compliance has been achieved.

SEC. 9. The Secretary may promulgate such other rules and regulations as he may deem necessary for the administration of this Act.

SEC. 10. It shall be unlawful for any person to:

(a) Make, issue, or alter, without authority, or forge or counterfeit any certificate, tag, label, or other writing purporting to be written or authorized under this Act, or to assist in or be a party to such an action.

(b) Substitute, or attempt to substitute, following an inspection and certification under this Act, other potatoes for the inspected and graded potatoes.

(c) Remove any notice of detention placed on any container of potatoes by the Secretary, or sell or otherwise dispose of, or remove, any potatoes which have been detained unless such person has received a written notice of the release of such potatoes issued by the Secretary.

SEC. 11. Any person violating any provision of this Act or the rules and regulations issued thereunder shall be deemed to be guilty of a misdemeanor, and, upon conviction, shall be fined not more than \$1,000 or imprisoned not more than one year, or both, for each such offense.

SEC. 12. There is hereby constituted a National Potato Committee, the members and alternate members of which shall be persons engaged in the production of potatoes for market selected by the Secretary, in his discretion, after giving due consideration to recommendations submitted by persons engaged in the production of potatoes for market and their organizations, so that as adequate representation as is feasible is given to the major potato producing areas in the continental United States. Of the members and alternate members selected hereunder approximately one-half shall be selected for a term ending on July 1 of the calendar year following the calendar year in which this Act becomes effective, and the remaining one-half shall be selected for a term ending on July 1 of the second calendar year after this Act becomes effective.

Subsequent selections for each of said member and alternate member positions shall be made for a period of two years following the termination of the term of office of the respective predecessors and so that future selections will be made on a staggered basis as indicated. In making these selections, the Secretary shall designate a particular alternate for each member, and such alternate shall serve in the place and stead of such member during the absence of the

member or in the event of the removal, resignation, disqualification, or death of the member until a successor for such member's unexpired term has been selected and has assumed the duties of the office. A person shall be deemed to be disqualified for selection or service on the committee if or when he has ceased to produce potatoes or he has been convicted of any violation of this Act. In the event of a vacancy in any position occurring prior to the end of the term for which the appointment was made, a successor shall be appointed by the Secretary subject to the conditions for appointments specified above. Said members and alternate members shall serve without compensation, except that they shall be paid travel expenses and not to exceed \$15 per diem in lieu of subsistence when performing functions and duties authorized by the Secretary. Members of the National Potato Committee and alternates shall meet at such times and places as may be necessary, subject to the approval of the Secretary, for the exercise of its duties and functions. The functions and duties of the Committee shall consist of considering and making recommendations to the Secretary with respect to such matters involved in the operation of this Act as it deems proper or as the Secretary may request.

SEC. 13. This Act is not intended, nor shall it be construed, to modify, supersede, or repeal any marketing agreement or marketing order heretofore or hereafter issued pursuant to the laws of any State or pursuant to the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C., sec. 601 and the following), and nothing contained herein shall be construed as prohibiting the imposition of more stringent restrictions on potatoes pursuant to any such marketing agreement or order: *Provided, however*, That, except as authorized pursuant to section 6 or 7 of this Act, no such marketing agreement or order shall permit the handling of potatoes which are below the minimum grade or quality standards which are prescribed in or pursuant to section 3 of this Act.

SEC. 14. There are hereby authorized to be appropriated such sums as may be necessary for the administration of this Act.

SEC. 15. If any provision of this Act or the application thereof is held invalid, the remainder of this Act or other application of such provision shall be considered as continuing in full force and effect.

SEC. 16. This Act may be cited as the "National Potato Marketing Act".

[H. R. 4963, 85th Cong., 1st sess.]

A BILL To authorize the National Potato Grade Labeling Act, which provides quality requirements for, and the inspection, certification, and labeling of Irish potatoes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, when used in this Act—

(a) The term "person" means an individual, partnership, corporation, association, or any other business unit.

(b) The term "Secretary" means the Secretary of Agriculture of the United States, or any other officer or employee of the United States Department of Agriculture to the extent that such officer or employee is authorized by the Secretary to exercise the powers or to perform the duties of the Secretary under this Act.

(c) The term "inspector" means any person who is authorized or licensed by the Secretary to inspect and certify the grade, quality, and condition of potatoes.

(d) The term "United States grade" means any one of the official grade standards for potatoes which have been or may be hereafter issued by the United States Department of Agriculture.

(e) The term "State grade" means any one of the official grade standards for potatoes which have been or may be hereafter issued under applicable State laws or regulations.

(f) The term "potato producer" means any person who, during a representative period prescribed by the Secretary, produced potatoes for commerce in a proprietary capacity within any of the States of the United States or the District of Columbia.

(g) The term "commerce" means to sell, ship, transport, handle, consign, process, or manufacture potatoes for market in any States of the United States or the District of Columbia, it being hereby found and determined that, with respect to potatoes, all such transactions are either in the current of interstate or foreign commerce, or directly burden, affect, or obstruct such commerce.

(h) The term "potatoes" means all varieties of Irish potatoes in fresh or unprocessed form included in the species *Solanum tuberosum*.

(1) The term "to pack" means to place potatoes or cause potatoes to be placed into bags, crates, or other types of containers, or loaded in bulk into railroad cars, trucks, or any type of conveyance whatsoever, including repacking in any type of container or conveyance, for commerce.

SEC. 2. AS SOON as is reasonably practicable after the effective date of this Act, the Secretary shall conduct a referendum, by secret ballot, of potato producers to determine whether such producers are in favor of or opposed to the imposition of the provisions and restrictions which are set forth in section 3 and subsequent sections of this Act. Subsequent referendums may be conducted in the discretion of the Secretary or at the request of a substantial number of potato producers representing several producing areas. To be eligible to vote in a referendum under this Act, a person must qualify as a "potato producer" within the meaning of section 1 (f) of this Act. The restrictions which are set forth in section 3 and subsequent sections of this Act shall not become effective unless the Secretary determines that at least two-thirds of the producers participating in a referendum are in favor of the imposition of such restrictions. If the referendum is unfavorable, the Secretary shall, within thirty days after its completion, proclaim the results. If the referendum vote is favorable, the Secretary shall, within thirty days after its completion, proclaim such result and order that the provisions of section 3 and subsequent sections of this Act shall, effective as of such time as he may prescribe, be in full force and effect. The determinations of the Secretary with respect to producer approval or disapproval shall be final.

SEC. 3. No person shall engage in commerce in any potatoes (a) packed by him for shipment to market in fresh form which are of a grade lower than U. S. No. 2 grade, or (b) use any potatoes for processing or manufacturing into a food product unless such potatoes consist of at least 85 per centum potential U. S. No. 2 quality potatoes or better: *Provided*, That the Secretary may suspend the requirements of this section for any period for which he finds that the available supply of potatoes of U. S. No. 2 and higher grades will not be sufficient to meet the normal market requirements for potatoes.

SEC. 4. No person shall engage in commerce in any potatoes packed by him which do not have affixed to each container or bulk load an appropriate tag, label, imprint, or other appropriate marking designating correctly the State of production, name and address of the packer, and the United States grade or State grade of the potatoes contained therein, as shown by an official certificate of an inspector: *Provided*, That the State of production shall not be designated for any potatoes in the absence of such evidence of the State of production of such potatoes as the Secretary may require.

SEC. 5. Every person packing potatoes for commerce, or processing, or manufacturing previously uninspected potatoes for market, shall have such potatoes inspected and certified by an authorized inspector or inspectors that they (a) meet the requirements for the minimum grade prescribed pursuant to the provisions of section 3 of this Act, and (b) are of the grade designated on the container or bulk load when required to be specified in section 4 of this Act. The cost of such inspection and certification shall be borne by the person making request therefor.

Certifications made pursuant to this Act shall be receivable in any court of the United States as prima facie evidence of the truth of the statements contained therein.

SEC. 6. The provisions of this Act shall not be applicable to the following categories of potatoes. The Secretary may prescribe such regulations as he may deem necessary to effectuate the provisions of this section:

(a) Potatoes officially certified as seed potatoes and tagged or otherwise appropriately identified by and under the supervision of an official State seed potato certifying agency or other certifying agency approved by the Secretary.

(b) Potatoes for animal feed without further processing, or for manufacture into nonfood products, or into starch, flour, and derivatives thereof.

(c) Potatoes for grading, storage, or preparation for market within the general production or storage area, as determined by the Secretary.

(d) Potatoes repacked in an individual retail store for sale in such store directly to consumers.

SEC. 7. The Secretary by regulation or order may exempt potatoes from the specific provisions of this Act in the circumstances hereinafter specified:

(a) Potatoes which the Secretary finds cannot be inspected at reasonable costs from the provisions of section 5.

(b) Potatoes for packing or repacking from any or all provisions to the extent that the Secretary finds that their application would be inequitable and result in unnecessary duplication of inspection and certification.

(c) Potatoes to which the Secretary finds that the application of the provisions of section 3 or 4 would be inequitable or result in unnecessary hardship as follows:

(1) Potatoes for canning from (i) the provisions of section 3 if they meet the minimum quality requirements, except for size, and (ii) the provisions of section 4. The term "canning" means the process of packing potatoes (in a liquid medium) in a hermetically sealed container, which hermetic sealing is necessary for preservation; and

(2) Potatoes for conversion into processed or manufactured products, other than those specified in section 6 (b) and 7 (c) (1), from the provisions of section 4.

SEC. 8. The Secretary is hereby authorized to detain any lot of potatoes which is found, upon inspection, not to meet the requirements of this Act or the rules and regulations issued thereunder. In case of detention, the Secretary shall issue a detention notice in duplicate in a form to be prescribed by him, one of which shall be securely affixed in a prominent place on the lot and the other of which shall be mailed or otherwise delivered to the person who then has possession or control of such lot. The detention notice form shall contain a statement that it shall be unlawful for anyone to sell or otherwise dispose of the detained lot without first obtaining written authorization from the Secretary. Such authorizations shall be granted to permit the potatoes to be brought into compliance under such conditions as the Secretary may prescribe and to permit the potatoes to move into commerce after compliance has been achieved.

SEC. 9. The Secretary may promulgate such other rules and regulations as he may deem necessary for the administration of this Act.

SEC. 10. It shall be unlawful for any person to—

(a) make, issue, or alter, without authority, or forge or counterfeit any certificate, tag, label, or other writing purporting to be written or authorized under this Act, or to assist in or be a party to such an action;

(b) substitute, or attempt to substitute, following an inspection and certification under this Act, other potatoes for the inspected and graded potatoes;

(c) remove any notice of detention placed on any container of potatoes by the Secretary, or sell or otherwise dispose of, or remove, any potatoes which have been detained unless such person has received a written notice of the release of such potatoes issued by the Secretary.

SEC. 11. Any person violating any provision of this Act or the rules and regulations issued thereunder shall be deemed to be guilty of a misdemeanor, and, upon conviction, shall be fined not more than \$1,000 or imprisoned not more than one year, or both, for each offense.

SEC. 12. There is hereby constituted a National Potato Committee, the members and alternate members of which shall be persons engaged in the production of potatoes for market selected by the Secretary, in his discretion, after giving due consideration to recommendations submitted by persons engaged in the production of potatoes for market and their organizations, so that as adequate representation as is feasible is given to potato-producing areas in the continental United States. Of the members and alternate members selected hereunder approximately one-half shall be selected for a term ending on July 1 of the calendar year following the calendar year in which this Act becomes effective, and the remaining one-half shall be selected for a term ending on July 1 of the second calendar year after this Act becomes effective. Subsequent selections for each of said member and alternate member positions shall be made for a period of two years following the termination of the term of office of the respective predecessors and so that future selections will be made on a staggered basis as indicated. In making these selections, the Secretary shall designate a particular alternate for each member, and such alternate shall serve in the place and stead of such member during the absence of the member or in the event of the removal, resignation, disqualification, or death of the member until a successor for such member's unexpired term has been selected and has assumed the duties of the office. A person shall be deemed to be disqualified for selection or service on the committee if or when he has ceased to produce potatoes or he has been convicted of any violation of this Act. In the event of a vacancy in any position occurring prior to the end of the term for which the appointment was made, a successor shall be appointed by the Secretary subject to the conditions for ap-

pointments specified above. Said members and alternate members shall serve without compensation, except that they shall be paid travel expenses and not to exceed \$15 per diem in lieu of subsistence when performing functions and duties authorized by the Secretary. Members of the National Potato Committee and alternates shall meet at such times and places as may be necessary, subject to the approval of the Secretary, for the exercise of its duties and functions. The functions and duties of the Committee shall consist of considering and making recommendations to the Secretary with respect to such matters involved in the operation of this Act as it deems proper or as the Secretary may request.

SEC. 13. This Act is not intended, nor shall it be construed, to modify, supersede, or repeal any marketing agreement or marketing order heretofore or hereafter issued pursuant to the laws of any State or pursuant to the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 and the following), and nothing contained herein shall be construed as prohibiting the imposition of more stringent restrictions on potatoes pursuant to any such marketing agreement or order: *Provided, however,* That, except as authorized pursuant to section 6 or 7 of this Act, no such marketing agreement or order shall permit the handling of potatoes which are below the minimum grade or quality standards which are prescribed in or pursuant to section 3 of this Act.

SEC. 14. There are hereby authorized to be appropriated such sums as may be necessary for the administration of this Act. Transfer of program funds made available under section 32 of the Act of August 18, 1935, as amended, is authorized for this purpose.

SEC. 15. If any provision of this Act or the application thereof is held invalid, the remainder of this Act or other application of such provision shall be considered as continuing in full force and effect.

SEC. 16. This Act may be cited as the National Potato Grade Labeling Act.

[H. R. 5108, 85th Cong., 1st sess.]

A BILL To authorize the National Potato Grade Labeling Act, which provides quality requirements for, and the inspection, certification, and labeling of Irish potatoes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, when used in this Act—

(a) The term "person" means an individual, partnership, corporation, association, or any other business unit.

(b) The term "Secretary" means the Secretary of Agriculture of the United States, or any other officer or employee of the United States Department of Agriculture to the extent that such officer or employee is authorized by the Secretary to exercise the powers or to perform the duties of the Secretary under this Act.

(c) The term "inspector" means any person who is authorized or licensed by the Secretary to inspect and certify the grade, quality, and condition of potatoes.

(d) The term "United States grade" means any one of the official grade standards for potatoes which have been or may be hereafter issued by the United States Department of Agriculture.

(e) The term "State grade" means any one of the official grade standards for potatoes which have been or may be hereafter issued under applicable State laws or regulations.

(f) The term "potato producer" means any person who, during a representative period prescribed by the Secretary, produced potatoes for commerce in a proprietary capacity within any of the States of the United States or the District of Columbia.

(g) The term "commerce" means to sell, ship, transport, handle, consign, process, or manufacture potatoes for market in any States of the United States or the District of Columbia, it being hereby found and determined that, with respect to potatoes, all such transactions are either in the current of interstate or foreign commerce, or directly burden, affect, or obstruct such commerce.

(h) The term "potatoes" means all varieties of Irish potatoes in fresh or unprocessed form including in the species *Solanum tuberosum*.

(i) The term "to pack" means to place potatoes or cause potatoes to be placed into bags, crates, or other types of containers, or loaded in bulk into railroad cars, trucks, or any type of conveyance whatsoever, including repacking in any type of container or conveyance, for commerce.

SEC. 2. As soon as is reasonably practicable after the effective date of this Act, the Secretary shall conduct a referendum, by secret ballot, of potato

producers to determine whether such producers are in favor of or opposed to the imposition of the provisions and restrictions which are set forth in section 3 and subsequent sections of this Act. Subsequent referendums may be conducted in the discretion of the Secretary or at the request of a substantial number of potato producers representing several producing areas. To be eligible to vote in a referendum under this Act, a person must qualify as a "potato producer" within the meaning of section 1 (f) of this Act. The restrictions which are set forth in section 3 and subsequent sections of this Act shall not become effective unless the Secretary determines that at least two-thirds of the producers participating in a referendum are in favor of the imposition of such restrictions. If the referendum is unfavorable, the Secretary shall, within thirty days after its completion, proclaim the results. If the referendum vote is favorable, the Secretary shall, within thirty days after its completion, proclaim such result and order that the provisions of section 3 and subsequent sections of this Act shall, effective as of such time as he may prescribe, be in full force and effect. The determinations of the Secretary with respect to producer approval or disapproval shall be final.

SEC. 3. No person shall engage in commerce in any potatoes (a) packed by him for shipment to market in fresh form which are of a grade lower than U. S. No. 2 grade, or (b) use any potatoes for processing or manufacturing into a food product unless such potatoes consist of at least 85 per centum potential U. S. No. 2 quality potatoes or better: *Provided*, That the Secretary may suspend the requirements of this section for any period for which he finds that the available supply of potatoes of U. S. No. 2 and higher grade will not be sufficient to meet the normal market requirements for potatoes.

SEC. 4. No person shall engage in commerce in any potatoes packed by him which do not have affixed to each container or bulk load an appropriate tag, label, imprint, or other appropriate marking designating correctly the State, or area of production, name and address of the packer, and the United States grade or State, or area of production, grade of the potatoes contained therein, as shown by an official certificate of an inspector: *Provided*, That the State or area of production shall not be designated for any potatoes in the absence of such evidence of the State of production of such potatoes as the Secretary may require.

SEC. 5. Every person packing potatoes for commerce, or processing, or manufacturing previously uninspected potatoes for market, shall have such potatoes inspected and certified by an authorized inspector or inspectors that they (a) meet the requirements for the minimum grade prescribed pursuant to the provisions of section 3 of this Act, and (b) are of the grade designated on the container or bulk load when required to be specified in section 4 of this Act. The cost of such inspection and certification shall be borne by the person making request therefor.

Certifications made pursuant to this Act shall be receivable in any court of the United States as prima facie evidence of the truth of the statements contained therein.

SEC. 6. The provisions of this Act shall not be applicable to the following categories of potatoes. The Secretary may prescribe such regulations as he may deem necessary to effectuate the provisions of this section:

(a) Potatoes officially certified as seed potatoes and tagged or otherwise appropriately identified by and under the supervision of an official State seed potato certifying agency or other certifying agency approved by the Secretary.

(b) Potatoes for animal feed without further processing, or for manufacture into nonfood products, or into starch, flour, and derivatives thereof.

(c) Potatoes for grading, storage, or preparation for market within the general production or storage area, as determined by the Secretary.

(d) Potatoes repacked in an individual retail store for sale in such store directly to consumers.

SEC. 7. The Secretary by regulation or order may exempt potatoes from the specific provisions of this Act in the circumstances hereinafter specified:

(a) Potatoes which the Secretary finds cannot be inspected at reasonable costs from the provisions of section 5.

(b) Potatoes for packing or repacking from any or all provisions to the extent that the Secretary finds that their application would be inequitable and result in unnecessary duplication of inspection and certification.

(c) Potatoes to which the Secretary finds that the application of the provisions of section 3 or 4 would be inequitable or result in unnecessary hardship as follows:

(1) Potatoes for canning from (i) the provisions of section 3 if they meet the minimum quality requirements, except for size and (ii) the provisions of section 4. The term "canning" means the process of packing potatoes (in a liquid medium) in a hermetically sealed container, which hermetic sealing is necessary for preservation; and

(2) Potatoes for conversion into processed or manufactured products, other than those specified in sections 6 (b) and 7 (c) (1), from the provisions of section 4.

SEC. 8. The Secretary is hereby authorized to detain any lot of potatoes which is found, upon inspection, not to meet the requirements of this Act or the rules and regulations issued thereunder. In case of detention, the Secretary shall issue a detention notice in duplicate in a form to be prescribed by him, one of which shall be securely affixed in a prominent place on the lot and the other of which shall be mailed or otherwise delivered to the person who then has possession or control of such lot. The detention notice form shall contain a statement that it shall be unlawful for anyone to sell or otherwise dispose of the detained lot without first obtaining written authorization from the Secretary. Such authorizations shall be granted to permit the potatoes to be brought into compliance under such conditions as the Secretary may prescribe and to permit the potatoes to move into commerce after compliance has been achieved.

SEC. 9. The Secretary may promulgate such other rules and regulations as he may deem necessary for the administration of this Act.

SEC. 10. It shall be unlawful for any person to—

(a) make, issue, or alter, without authority, or forge or counterfeit any certificate, tag, label, or other writing purporting to be written or authorized under this Act, or to assist in or be a party to such an action;

(b) substitute, or attempt to substitute, following an inspection and certification under this Act, other potatoes for the inspected and graded potatoes or

(c) remove any notice of detention placed on any container of potatoes by the Secretary, or sell or otherwise dispose of, or remove, any potatoes which have been detained unless such person has received a written notice of the release of such potatoes issued by the Secretary.

SEC. 11. Any person violating any provision of this Act or the rules and regulations issued thereunder shall be deemed to be guilty of a misdemeanor, and, upon conviction, shall be fined not more than \$1,000 or imprisoned not more than one year, or both, for each offense.

SEC. 12. There is hereby constituted a National Potato Committee, the members and alternate members of which shall be persons engaged in the production of potatoes for market selected by the Secretary, in his discretion, after giving the consideration to recommendations submitted by persons engaged in the production of potatoes for market and their organizations, so that as adequate representation as is feasible is given to potato producing areas in the continental United States. Of the members and alternate members selected hereunder approximately one-half shall be selected for a term ending on July 1 of the calendar year following the calendar year in which this Act becomes effective, and the remaining one-half shall be selected for a term ending on July 1 of the second calendar year after this Act becomes effective. Subsequent selections for each of said member and alternate member positions shall be made for a period of two years following the termination of the term of office of the respective predecessors and so that future selections will be made on a staggered basis as indicated. In making these selections, the Secretary shall designate a particular alternate for each member, and such alternate shall serve in the place and stead of such member during the absence of the member or in the event of the removal, resignation, disqualification, or death of the member until a successor for such member's unexpired term has been selected and has assumed the duties of the office. A person shall be deemed to be disqualified for selection or service on the Committee if or when he has ceased to produce potatoes or he has been convicted of any violation of this Act. In the event of a vacancy in any position occurring prior to the end of the term for which the appointment was made, a successor shall be appointed by the Secretary subject to the conditions for appointments specified above. Said members and alternate members shall serve without compensation, except that they shall be paid travel expenses and not to exceed \$15 per diem in lieu of subsistence when performing functions and duties authorized by the Secretary. Members of the National Potato Committee and alternates shall meet at such times and places as may be necessary, subject to the approval of the Secretary, for the exercise of its duties and func-

tions. The functions and duties of the Committee shall consist of considering and making recommendations to the Secretary with respect to such matters involved in the operation of this Act as it deems proper or as the Secretary request.

SEC. 13. This Act is not intended, nor shall it be construed, to modify, supersede, or repeal any marketing agreement or marketing order heretofore or hereafter issued pursuant to the laws of any State or pursuant to the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 and the following), and nothing contained herein shall be construed as prohibiting the imposition of more stringent restrictions on potatoes pursuant to any such marketing agreement or order: *Provided, however*, That, except as authorized pursuant to section 6 or 7 of this Act, no such marketing agreement or order shall permit the handling of potatoes which are below the minimum grade or quality standards which are prescribed in or pursuant to section 3 of this Act.

SEC. 14. There are hereby authorized to be appropriated such sums as may be necessary for the administration of this Act. Transfer of program funds made available under section 32 of the Act of August 18, 1935, as amended, is authorized for this purpose.

SEC. 15. If any provision of this Act or the application thereof is held invalid, the remainder of this Act or other application of such provision shall be considered as continuing in full force and effect.

SEC. 16. This Act may be cited as the "National Potato Grade Labeling Act".

[H. R. 5133, 85th Cong., 1st sess.]

A BILL To authorize the National Potato Grade Labeling Act, which provides quality requirements for, and the inspection, certification, and labeling of Irish potatoes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, when used in this Act—

(a) The term "person" means an individual, partnership, corporation, association, or any other business unit.

(b) The term "Secretary" means the Secretary of Agriculture of the United States, or any other officer or employee of the United States Department of Agriculture to the extent that such officer or employee is authorized by the Secretary to exercise the powers or to perform the duties of the Secretary under this Act.

(c) The term "inspector" means any person who is authorized or licensed by the Secretary to inspect and certify the grade, quality, and condition of potatoes.

(d) The term "United States grade" means any one of the official grade standards for potatoes which have been or may be hereafter issued by the United States Department of Agriculture.

(e) The term "State grade" means any one of the official grade standards for potatoes which have been or may be hereafter issued under applicable State laws or regulations.

(f) The term "potato producer" means any person who, during a representative period prescribed by the Secretary, produced potatoes for commerce in a proprietary capacity within any of the States of the United States or the District of Columbia.

(g) The term "commerce" means to sell, ship, transport, handle, consign, process, or manufacture potatoes for market in any States of the United States or the District of Columbia, it being hereby found and determined that, with respect to potatoes, all such transactions are either in the current of interstate or foreign commerce, or directly burden, affect, or obstruct such commerce.

(h) The term "potatoes" means all varieties of Irish potatoes in fresh or unprocessed form included in the species *Solanum tuberosum*.

(i) The term "to pack" means to place potatoes or cause potatoes to be placed into bags, crates, or other types of containers, or loaded in bulk into railroad cars, trucks, or any type of conveyance whatsoever, including repacking in any type of container or conveyance, for commerce.

SEC. 2. As soon as is reasonably practicable after the effective date of this Act, the Secretary shall conduct a referendum, by secret ballot, of potato producers to determine whether such producers are in favor of or opposed to the imposition of the provisions and restrictions which are set forth in section 3 and subsequent sections of this Act. Subsequent referendums may be conducted in the discretion of the Secretary or at the request of a substantial number of potato producers representing several producing areas. To be

eligible to vote in a referendum under this Act, a person must qualify as a "potato producer" within the meaning of section 1 (f) of this Act. The restrictions which are set forth in section 3 and subsequent sections of this Act shall not become effective unless the Secretary determines that at least two-thirds of the producers participating in a referendum are in favor of the imposition of such restrictions. If the referendum is unfavorable, the Secretary shall, within thirty days after its completion, proclaim the results. If the referendum vote is favorable, the Secretary shall, within thirty days after its completion, proclaim such result and order that the provision of section 3 and subsequent sections of this Act shall, effective as of such time as he may prescribe, be in full force and effect. The determinations of the Secretary with respect to producer approval or disapproval shall be final.

SEC. 3. No person shall engage in commerce in any potatoes (a) packed by him for shipment to market in fresh form which are of a grade lower than U. S. No. 2 grade, or (b) use any potatoes for processing or manufacturing into a food product unless such potatoes consist of at least 85 per centum potential U. S. No. 2 quality potatoes or better: *Provided*, That the Secretary may suspend the requirements of this section for any period for which he finds that the available supply of potatoes of U. S. No. 2 and higher grade will not be sufficient to meet the normal market requirements for potatoes.

SEC. 4. No person shall engage in commerce in any potatoes packed by him which do not have affixed to each container or bulk load an appropriate tag, label, imprint, or other appropriate marking designating correctly the State, or area of production, name and address of the packer, and the United States grade or State, or area of production, grade of the potatoes contained therein, as shown by an official certificate of an inspector: *Provided*, That the State, or area of production, shall not be designated for any potatoes in the absence of such evidence of the State of production of such potatoes as the Secretary may require.

SEC. 5. Every person packing potatoes for commerce, or processing, or manufacturing previously uninspected potatoes for market, shall have such potatoes inspected and certified by an authorized inspector or inspectors that they (a) meet the requirements for the minimum grade prescribed pursuant to the provisions of section 3 of this Act, and (b) are of the grade designated on the container or bulk load when required to be specified in section 4 of this Act. The cost of such inspection and certification shall be borne by the person making request therefor.

Certifications made pursuant to this Act shall be receivable in any court of the United States as prima facie evidence of the truth of the statements contained therein.

SEC. 6. The provisions of this Act shall not be applicable to the following categories of potatoes. The Secretary may prescribe such regulations as he may deem necessary to effectuate the provisions of this section:

(a) Potatoes officially certified as seed potatoes and tagged or otherwise appropriately identified by and under the supervision of an official State seed potato certifying agency or other certifying agency approved by the Secretary.

(b) Potatoes for animal feed without further processing, or for manufacture into nonfood products, or into starch, flour, and derivatives thereof.

(c) Potatoes for grading, storage, or preparation for market within the general production or storage area, as determined by the Secretary.

(d) Potatoes repacked in an individual retail store for sale in such store directly to consumers.

SEC. 7. The Secretary by regulation or order may exempt potatoes from the specific provisions of this Act in the circumstances hereinafter specified:

(a) Potatoes which the Secretary finds cannot be inspected at reasonable costs from the provisions of section 5.

(b) Potatoes for packing or repacking from any or all provisions to the extent that the Secretary finds that their application would be inequitable and result in unnecessary duplication of inspection and certification.

(c) Potatoes to which the Secretary finds that the application of the provisions of section 3 or 4 would be inequitable or result in unnecessary hardship as follows:

(1) Potatoes for canning from (i) the provisions of section 3 if they meet the minimum quality requirements, except for size and (ii) the provisions of section 4. The term "canning" means the process of packing potatoes (in a

liquid medium) in a hermetically sealed container, which hermetic sealing is necessary for preservation; and

(2) Potatoes for conversion into processed or manufactured products, other than those specified in sections 6 (b) and 7 (c) (1), from the provisions of section 4.

SEC. 8. The Secretary is hereby authorized to detain any lot of potatoes which is found, upon inspection, not to meet the requirements of this Act or the rules and regulations issued thereunder. In case of detention, the Secretary shall issue a detention notice in duplicate in a form to be prescribed by him, one of which shall be securely affixed in a prominent place on the lot and the other of which shall be mailed or otherwise delivered to the person who then has possession or control of such lot. The detention notice form shall contain a statement that it shall be unlawful for anyone to sell or otherwise dispose of the detained lot without first obtaining written authorization from the Secretary. Such authorizations shall be granted to permit the potatoes to be brought into compliance under such conditions as the Secretary may prescribe and to permit the potatoes to move into commerce after compliance has been achieved.

SEC. 9. The Secretary may promulgate such other rules and regulations as he may deem necessary for the administration of this Act.

SEC. 10. It shall be unlawful for any person to—

(a) make, issue, or alter, without authority, or forge or counterfeit any certificate, tag, label, or other writing purporting to be written or authorized under this Act, or to assist in or be a party to such an action;

(b) substitute, or attempt to substitute, following an inspection and certification under this Act, other potatoes for the inspected and graded potatoes; or

(c) remove any notice of detention placed on any container of potatoes by the Secretary, or sell or otherwise dispose of, or remove, any potatoes which have been detained unless such person has received a written notice of the release of such potatoes issued by the Secretary.

SEC. 11. Any person violating any provision of this Act or the rules and regulations issued thereunder shall be deemed to be guilty of a misdemeanor, and, upon conviction, shall be fined not more than \$1,000 or imprisoned not more than one year, or both, for each offense.

SEC. 12. There is hereby constituted a National Potato Committee, the members and alternate members of which shall be persons engaged in the production of potatoes for market selected by the Secretary, in his discretion, after giving due consideration to recommendations submitted by persons engaged in the production of potatoes for market and their organizations, so that as adequate representation as is feasible is given to potato producing areas in the continental United States. Of the members and alternate members selected hereunder approximately one-half shall be selected for a term ending on July 1 of the calendar year following the calendar year in which this Act becomes effective, and the remaining one-half shall be selected for a term ending on July 1 of the second calendar year after this Act becomes effective. Subsequent selections for each of said member and alternate member positions shall be made for a period of two years following the termination of the term of office of the respective predecessors and so that future selections will be made on a staggered basis as indicated. In making these selections, the Secretary shall designate a particular alternate for each member, and such alternate shall serve in the place and stead of such member during the absence of the member or in the event of the removal, resignation, disqualification, or death of the member until a successor for such member's unexpired term has been selected and has assumed the duties of the office. A person shall be deemed to be disqualified for selection or service on the Committee if or when he has ceased to produce potatoes or he has been convicted of any violation of this Act. In the event of a vacancy in any position occurring prior to the end of the term for which the appointment was made, a successor shall be appointed by the Secretary subject to the conditions for appointments specified above. Said members and alternate members shall serve without compensation, except that they shall be paid travel expenses and not to exceed \$15 per diem in lieu of subsistence when performing functions and duties authorized by the Secretary. Members of the National Potato Committee and alternates shall meet at such times and places as may be necessary, subject to the approval of the Secretary, for the exercise of its duties and functions. The functions and duties of the Committee shall consist of considering and making recommendations to the Secretary with respect to such matters involved in the operation of this Act as it deems proper or as the Secretary may request.

SEC. 13. This Act is not intended, nor shall it be construed, to modify, supersede, or repeal any marketing agreement or marketing order heretofore or hereafter issued pursuant to the laws of any State or pursuant to the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 and the following), and nothing contained herein shall be construed as prohibiting the imposition of more stringent restrictions on potatoes pursuant to any such marketing agreement or order: *Provided, however*, That, except as authorized pursuant to section 6 or 7 of this Act, no such marketing agreement or order shall permit the handling of potatoes which are below the minimum grade or quality standards which are prescribed in or pursuant to section 3 of this Act.

SEC. 14. There are hereby authorized to be appropriated such sums as may be necessary for the administration of this Act. Transfer of program funds made available under section 32 of the Act of August 18, 1935, as amended, is authorized for this purpose.

SEC. 15. If any provision of this Act or the application thereof is held invalid, the remainder of this Act or other application of such provision shall be considered as continuing in full force and effect.

SEC. 16. This Act may be cited as the "National Potato Grade Labeling Act."

[H. R. 5137, 85th Cong., 1st sess.]

A BILL To authorize the National Potato Grade Labeling Act, which provides quality requirements for, and the inspection, certification, and labeling of Irish potatoes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, when used in this Act—

(a) The term "person" means an individual, partnership, corporation, association, or any other business unit.

(b) The term "Secretary" means the Secretary of Agriculture of the United States, or any other officer or employee of the United States Department of Agriculture to the extent that such officer or employee is authorized by the Secretary to exercise the powers or to perform the duties of the Secretary under this Act.

(c) The term "inspector" means any person who is authorized or licensed by the Secretary to inspect and certify the grade, quality, and condition of potatoes.

(d) The term "United States grade" means any one of the official grade standards for potatoes which have been or may be hereafter issued by the United States Department of Agriculture.

(e) The term "State grade" means any one of the official grade standards for potatoes which have been or may be hereafter issued under applicable State laws or regulations.

(f) The term "potato producer" means any person who, during a representative period prescribed by the Secretary, produced potatoes for commerce in a proprietary capacity within any of the States of the United States or the District of Columbia.

(g) The term "commerce" means to sell, ship, transport, handle, consign, process, or manufacture potatoes for market in any States of the United States or the District of Columbia, it being hereby found and determined that, with respect to potatoes, all such transactions are either in the current of interstate or foreign commerce, or directly burden, affect, or obstruct such commerce.

(h) The term "potatoes" means all varieties of Irish potatoes in fresh or unprocessed form included in the species *Solanum tuberosum*.

(i) The term "to pack" means to place potatoes or cause potatoes to be placed into bags, crates, or other types of containers, or loaded in bulk into railroad cars, trucks, or any type of conveyance whatsoever, including repacking in any type of container or conveyance, for commerce.

SEC. 2. As soon as is reasonably practicable after the effective date of this Act, the Secretary shall conduct a referendum, by secret ballot, of potato producers to determine whether such producers are in favor of or opposed to the imposition of the provisions and restrictions which are set forth in section 3 and subsequent sections of this Act. Subsequent referendums may be conducted in the discretion of the Secretary or at the request of a substantial number of potato producers representing several producing areas. To be eligible to vote in a referendum under this Act, a person must qualify as a "potato producer" within the meaning of section 1 (f) of this Act. The restrictions which are set forth in section 3 and subsequent sections of this Act shall not become effective unless the Secretary

determines that at least two-thirds of the producers participating in a referendum are in favor of the imposition of such restrictions. If the referendum is unfavorable, the Secretary shall, within thirty days after its completion, proclaim the results. If the referendum vote is favorable, the Secretary shall, within thirty days after its completion, proclaim such result and order that the provisions of section 3 and subsequent sections of this Act shall, effective as of such time as he may prescribe, be in full force and effect. The determinations of the Secretary with respect to producer approval or disapproval shall be final.

SEC. 3. No person shall engage in commerce in any potatoes (a) packed by him for shipment to market in fresh form which are of a grade lower than U. S. No. 2 grade, or (b) use any potatoes for processing or manufacturing into a food product unless such potatoes consist of at least 85 per centum potential U. S. No. 2 quality potatoes or better: *Provided*, That the Secretary may suspend the requirements of this section for any period for which he finds that the available supply of potatoes of U. S. No. 2 and higher grade will not be sufficient to meet the normal market requirements for potatoes.

SEC. 4. No person shall engage in commerce in any potatoes packed by him which do not have affixed to each container or bulk load an appropriate tag, label, imprint, or other appropriate marking designating correctly the State, or area of production, name and address of the packer, and the United States grade or State, or area of production, grade of the potatoes contained therein, as shown by an official certificate of an inspector: *Provided*, That the State, or area of production, shall not be designated for any potatoes in the absence of such evidence of the State of production of such potatoes as the Secretary may require.

SEC. 5. Every person packing potatoes for commerce, or processing, or manufacturing previously uninspected potatoes for market, shall have such potatoes inspected and certified by an authorized inspector or inspectors that they (a) meet the requirements for the minimum grade prescribed pursuant to the provisions of section 3 of this Act, and (b) are of the grade designated on the container or bulk load when required to be specified in section 4 of this Act. The cost of such inspection and certification shall be borne by the person making request therefor.

Certifications made pursuant to this Act shall be receivable in any court of the United States as prima facie evidence of the truth of the statements contained therein.

SEC. 6. The provisions of this Act shall not be applicable to the following categories of potatoes. The Secretary may prescribe such regulations as he may deem necessary to effectuate the provisions of this section:

(a) Potatoes officially certified as seed potatoes and tagged or otherwise appropriately identified by and under the supervision of an official State seed potato certifying agency or other certifying agency approved by the Secretary.

(b) Potatoes for animal feed without further processing, or for manufacture into nonfood products, or into starch, flour, and derivatives thereof.

(c) Potatoes for grading, storage, or preparation for market within the general production or storage area, as determined by the Secretary.

(d) Potatoes repacked in an individual retail store for sale in such store directly to consumers.

SEC. 7. The Secretary by regulation or order may exempt potatoes from the specific provisions of this Act in the circumstances hereinafter specified:

(a) Potatoes which the Secretary finds cannot be inspected at reasonable costs from the provisions of section 5.

(b) Potatoes for packing or repacking from any or all provisions to the extent that the Secretary finds that their application would be inequitable and result in unnecessary duplication of inspection and certification.

(c) Potatoes to which the Secretary finds that the application of the provisions of section 3 or 4 would be inequitable or result in unnecessary hardship as follows:

(1) Potatoes for canning from (i) the provisions of section 3 if they meet the minimum quality requirements, except for size and (ii) the provisions of section 4. The term "canning" means the process of packing potatoes (in a liquid medium) in a hermetically sealed container, which hermetic sealing is necessary for preservation; and

(2) Potatoes for conversion into processed or manufactured products, other than those specified in sections 6 (b) and 7 (c) (1), from the provisions of section 4.

SEC. 8. The Secretary is hereby authorized to detain any lot of potatoes which is found, upon inspection, not to meet the requirements of this Act or the rules

and regulations issued thereunder. In case of detention, the Secretary shall issue a detention notice in duplicate in a form to be prescribed by him, one of which shall be securely affixed in a prominent place on the lot and the other of which shall be mailed or otherwise delivered to the person who then has possession or control of such lot. The detention notice form shall contain a statement that it shall be unlawful for anyone to sell or otherwise dispose of the detained lot without first obtaining written authorization from the Secretary. Such authorizations shall be granted to permit the potatoes to be brought into compliance under such conditions as the Secretary may prescribe and to permit the potatoes to move into commerce after compliance has been achieved.

SEC. 9. The Secretary may promulgate such other rules and regulations as he may deem necessary for the administration of this Act.

SEC. 10. It shall be unlawful for any person to—

(a) make, issue, or alter, without authority, or forge or counterfeit any certificate, tag, label, or other writing purporting to be written or authorized under this Act, or to assist in or be a party to such an action;

(b) substitute, or attempt to substitute, following an inspection and certification under this Act, other potatoes for the inspected and graded potatoes; or

(c) remove any notice of detention placed on any container of potatoes by the Secretary, or sell or otherwise dispose of, or remove, any potatoes which have been detained unless such person has received a written notice of the release of such potatoes issued by the Secretary.

SEC. 11. Any person violating any provision of this Act or the rules and regulations issued thereunder shall be deemed to be guilty of a misdemeanor, and, upon conviction, shall be fined not more than \$1,000 or imprisoned not more than one year, or both, for each offense.

SEC. 12. There is hereby constituted a National Potato Committee, the members and alternate members of which shall be persons engaged in the production of potatoes for market selected by the Secretary, in his discretion, after giving due consideration to recommendations submitted by persons engaged in the production of potatoes for market and their organizations, so that as adequate representation as is feasible is given to potato producing areas in the continental United States. Of the members and alternate members selected hereunder approximately one-half shall be selected for a term ending on July 1 of the calendar year following the calendar year in which this Act becomes effective, and the remaining one-half shall be selected for a term ending on July 1 of the second calendar year after this Act becomes effective. Subsequent selections for each of said member and alternate member positions shall be made for a period of two years following the termination of the term of office of the respective predecessors and so that future selections will be made on a staggered basis as indicated. In making these selections, the Secretary shall designate a particular alternate for each member, and such alternate shall serve in the place and stead of such member during the absence of the member or in the event of the removal, resignation, disqualification, or death of the member until a successor for such member's unexpired term has been selected and has assumed the duties of the office. A person shall be deemed to be disqualified for selection or service on the Committee if or when he has ceased to produce potatoes or he has been convicted of any violation of this Act. In the event of a vacancy in any position occurring prior to the end of the term for which the appointment was made, a successor shall be appointed by the Secretary subject to the conditions for appointments specified above. Said members and alternate members shall serve without compensation, except that they shall be paid travel expenses and not to exceed \$15 per diem in lieu of subsistence when performing functions and duties authorized by the Secretary. Members of the National Potato Committee and alternates shall meet at such times and places as may be necessary, subject to the approval of the Secretary, for the exercise of its duties and functions. The functions and duties of the Committee shall consist of considering and making recommendations to the Secretary with respect to such matters involved in the operation of this Act as it deems proper or as the Secretary may request.

SEC. 13. This Act is not intended, nor shall it be construed, to modify, supersede, or repeal any marketing agreement or marketing order heretofore or hereafter issued pursuant to the laws of any State or pursuant to the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 and the following), and nothing contained herein shall be construed as prohibiting the imposition of more stringent restrictions on potatoes pursuant to any such marketing agreement or order: *Provided, however,* That, except as authorized pursuant to section 6

or 7 of this Act, no such marketing agreement or order shall permit the handling of potatoes which are below the minimum grade or quality standards which are prescribed in or pursuant to section 3 of this Act.

SEC. 14. There are hereby authorized to be appropriated such sums as may be necessary for the administration of this Act. Transfer of program funds made available under section 32 of the Act of August 18, 1935, as amended, is authorized for this purpose.

SEC. 15. If any provision of this Act or the application thereof is held invalid, the remainder of this Act or other application of such provision shall be considered as continuing in full force and effect.

SEC. 16. This Act may be cited as the "National Potato Grade Labeling Act."

[H. R. 5274, 85th Cong., 1st sess.]

A BILL To authorize the National Potato Grade Labeling Act, which provides quality requirements for, and the inspection, certification, and labeling of Irish potatoes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, when used in this Act—

(a) The term "person" means an individual, partnership, corporation, association, or any other business unit.

(b) The term "Secretary" means the Secretary of Agriculture of the United States, or any other officer or employee of the United States Department of Agriculture to the extent that such officer or employee is authorized by the Secretary to exercise the powers or to perform the duties of the Secretary under this Act.

(c) The term "inspector" means any person who is authorized or licensed by the Secretary to inspect and certify the grade, quality, and condition of potatoes.

(d) The term "United States grade" means any one of the official grade standards for potatoes which have been or may be hereafter issued by the United States Department of Agriculture.

(e) The term "State grade" means any one of the official grade standards for potatoes which have been or may be hereafter issued under applicable State laws or regulations.

(f) The term "potato producer" means any person who, during a representative period prescribed by the Secretary, produced potatoes for commerce in a proprietary capacity within any of the States of the United States or the District of Columbia.

(g) The term "commerce" means to sell, ship, transport, handle, consign, process, or manufacture potatoes for market in any States of the United States or the District of Columbia, it being hereby found and determined that, with respect to potatoes, all such transactions are either in the current of interstate or foreign commerce, or directly burden, affect, or obstruct such commerce.

(h) The term "potatoes" means all varieties of Irish potatoes in fresh or unprocessed form included in the species *Solanum tuberosum*.

(i) The term "to pack" means to place potatoes or cause potatoes to be placed into bags, crates, or other types of containers, or loaded in bulk into railroad cars, trucks, or any type of conveyance whatsoever, including repacking in any type of container or conveyance, for commerce.

SEC. 2. As soon as is reasonably practicable after the effective date of this Act, the Secretary shall conduct a referendum, by secret ballot, of potato producers to determine whether such producers are in favor of or opposed to the imposition of the provisions and restrictions which are set forth in section 3 and subsequent sections of this Act. Subsequent referendums may be conducted in the discretion of the Secretary or at the request of a substantial number of potato producers representing several producing areas. To be eligible to vote in a referendum under this Act, a person must qualify as a "potato producer" within the meaning of section 1 (f) of this Act. The restrictions which are set forth in section 3 and subsequent sections of this Act shall not become effective unless the Secretary determines that at least two-thirds of the producers participating in a referendum are in favor of the imposition of such restrictions. If the referendum is unfavorable, the Secretary shall, within thirty days after its completion, proclaim the results. If the referendum vote is favorable, the Secretary shall, within thirty days after its completion, proclaim such result and order that the provisions of section 3 and subsequent sections of this Act shall, effective as of such time as he may prescribe, be in full force and effect. The determinations of the Secretary with respect to producer approval or disapproval shall be final.

SEC. 3. No person shall engage in commerce in any potatoes (a) packed by him for shipment to market in fresh form which are of a grade lower than U. S. No. 2 grade, or (b) use any potatoes for processing or manufacturing into a food product unless such potatoes consist of at least 85 per centum potential U. S. No. 2 quality potatoes or better: *Provided*, That the Secretary may suspend the requirements of this section for any period for which he finds that the available supply of potatoes of U. S. No. 2 and higher grade will not be sufficient to meet the normal market requirements for potatoes.

SEC. 4. No person shall engage in commerce in any potatoes packed by him which do not have affixed to each container or bulk load an appropriate tag, label, imprint, or other appropriate marking designating correctly the State, or area of production, name and address of the packer, and the United States grade or State, or area of production, grade of the potatoes contained therein, as shown by an official certificate of an inspector: *Provided*, That the State, or area of production, shall not be designated for any potatoes in the absence of such evidence of the State of production of such potatoes as the Secretary may require.

SEC. 5. Every person packing potatoes for commerce, or processing, or manufacturing previously uninspected potatoes for market, shall have such potatoes inspected and certified by an authorized inspector or inspectors that they (a) meet the requirements for the minimum grade prescribed pursuant to the provisions of section 3 of this Act, and (b) are of the grade designated on the container or bulk load when required to be specified in section 4 of this Act. The cost of such inspection and certification shall be borne by the person making request therefor.

Certifications made pursuant to this Act shall be receivable in any court of the United States as prima facie evidence of the truth of the statements contained therein.

SEC. 6. The provisions of this Act shall not be applicable to the following categories of potatoes. The Secretary may prescribe such regulations as he may deem necessary to effectuate the provisions of this section:

(a) Potatoes officially certified as seed potatoes and tagged or otherwise appropriately identified by and under the supervision of an official State seed potato certifying agency or other certifying agency approved by the Secretary.

(b) Potatoes for animal feed without further processing, or for manufacture into nonfood products, or into starch, flour, and derivatives thereof.

(c) Potatoes for grading, storage, or preparation for market within the general production or storage area, as determined by the Secretary.

(d) Potatoes repacked in an individual retail store for sale in such store directly to consumers.

SEC. 7. The Secretary by regulation or order may exempt potatoes from the specific provisions of this Act in the circumstances hereinafter specified:

(a) Potatoes which the Secretary finds cannot be inspected at reasonable costs from the provisions of section 5.

(b) Potatoes for packing or repacking from any or all provisions to the extent that the Secretary finds that their application would be inequitable and result in unnecessary duplication of inspection and certification.

(c) Potatoes to which the Secretary finds that the application of the provisions of section 3 or 4 would be inequitable or result in unnecessary hardship as follows:

(1) Potatoes for canning from (i) the provisions of section 3 if they meet the minimum quality requirements, except for size and (ii) the provisions of section 4. The term "canning" means the process of packing potatoes (in a liquid medium) in a hermetically sealed container, which hermetic sealing is necessary for preservation; and

(2) Potatoes for conversion into processed or manufactured products, other than those specified in sections 6 (b) and 7 (c) (1), from the provisions of section 4.

SEC. 8. The Secretary is hereby authorized to detain any lot of potatoes which is found, upon inspection, not to meet the requirements of this Act or the rules and regulations issued thereunder. In case of detention, the Secretary shall issue a detention notice in duplicate in a form to be prescribed by him, one of which shall be securely affixed in a prominent place on the lot and the other of which shall be mailed or otherwise delivered to the person who then has possession or control of such lot. The detention notice form shall contain a statement that it shall be unlawful for anyone to sell or otherwise dispose of the detained lot without first obtaining written authorization from the Secretary. Such authorizations shall be granted to permit the potatoes

to be brought into compliance under such conditions as the Secretary may prescribe and to permit the potatoes to move into commerce after compliance has been achieved.

SEC. 9. The Secretary may promulgate such other rules and regulations as he may deem necessary for the administration of this Act.

SEC. 10. It shall be unlawful for any person to—

(a) make, issue, or alter, without authority, or forge or counterfeit any certificate, tag, label, or other writing purporting to be written or authorized under this Act, or to assist in or be a party to such an action;

(b) substitute, or attempt to substitute, following an inspection and certification under this Act, other potatoes for the inspected and graded potatoes; or

(c) remove any notice of detention placed on any container of potatoes by the Secretary, or sell or otherwise dispose of, or remove, any potatoes which have been detained unless such person has received a written notice of the release of such potatoes issued by the Secretary.

SEC. 11. Any person violating any provision of this Act or the rules and regulations issued thereunder shall be deemed to be guilty of a misdemeanor, and, upon conviction, shall be fined not more than \$1,000 or imprisoned not more than one year, or both, for each offense.

SEC. 12. There is hereby constituted a National Potato Committee, the members and alternate members of which shall be persons engaged in the production of potatoes for market selected by the Secretary, in his discretion, after giving due consideration to recommendations submitted by persons engaged in the production of potatoes for market and their organizations, so that as adequate representation as is feasible is given to potato producing areas in the continental United States. Of the members and alternate members selected hereunder approximately one-half shall be selected for a term ending on July 1 of the calendar year following the calendar year in which this Act becomes effective, and the remaining one-half shall be selected for a term ending on July 1 of the second calendar year after this Act becomes effective. Subsequent selections for each of said member and alternate member positions shall be made for a period of two years following the termination of the term of office of the respective predecessors and so that future selections will be made on a staggered basis as indicated. In making these selections, the Secretary shall designate a particular alternate for each member, and such alternate shall serve in the place and stead of such member during the absence of the member or in the event of the removal, resignation, disqualification, or death of the member until a successor for such member's unexpired term has been selected and has assumed the duties of the office. A person shall be deemed to be disqualified for selection or service on the Committee if or when he has ceased to produce potatoes or he has been convicted of any violation of this Act. In the event of a vacancy in any position occurring prior to the end of the term for which the appointment was made, a successor shall be appointed by the Secretary subject to the conditions for appointments specified above. Said members and alternate members shall serve without compensation, except that they shall be paid travel expenses and not to exceed \$15 per diem in lieu of subsistence when performing functions and duties authorized by the Secretary. Members of the National Potato Committee and alternates shall meet at such times and places as may be necessary, subject to the approval of the Secretary, for the exercise of its duties and functions. The functions and duties of the Committee shall consist of considering and making recommendations to the Secretary with respect to such matters involved in the operation of this Act as it deems proper or as the Secretary may request.

SEC. 13. This Act is not intended, nor shall it be construed, to modify, supersede, or repeal any marketing agreement or marketing order heretofore or hereafter issued pursuant to the laws of any State or pursuant to the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 and the following), and nothing contained herein shall be construed as prohibiting the imposition of more stringent restrictions on potatoes pursuant to any such marketing agreement or order: *Provided, however,* That, except as authorized pursuant to section 6 or 7 of this Act, no such marketing agreement or order shall permit the handling of potatoes which are below the minimum grade or quality standards which are prescribed in or pursuant to section 3 of this Act.

SEC. 14. There are hereby authorized to be appropriated such sums as may be necessary for the administration of this Act. Transfer of program funds made available under section 32 of the Act of August 18, 1935, as amended, is authorized for this purpose.

SEC. 15. If any provision of this Act or the application thereof is held invalid, the remainder of this Act or other application of such provision shall be considered as continuing in full force and effect.

SEC. 16. This Act may be cited as the "National Potato Grade Labeling Act".

[H. R. 5339, 85th Cong., 1st sess.]

A BILL To authorize the National Potato Grade Labeling Act, which provides quality requirements for, and the inspection, certification, and labeling of Irish potatoes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, when used in this Act—

(a) The term "person" means an individual, partnership, corporation, association, or any other business unit.

(b) The term "Secretary" means the Secretary of Agriculture of the United States, or any other officer or employee of the United States Department of Agriculture to the extent that such officer or employee is authorized by the Secretary to exercise the powers or to perform the duties of the Secretary under this Act.

(c) The term "inspector" means any person who is authorized or licensed by the Secretary to inspect and certify the grade, quality, and condition of potatoes.

(d) The term "United States grade" means any one of the official grade standards for potatoes which have been or may be hereafter issued by the United States Department of Agriculture.

(e) The term "State grade" means any one of the official grade standards for potatoes which have been or may be hereafter issued under applicable State laws or regulations.

(f) The term "potato producer" means any person who, during a representative period prescribed by the Secretary, produced potatoes for commerce in a proprietary capacity within any of the States of the United States or the District of Columbia.

(g) The term "commerce" means to sell, ship, transport, handle, consign, process, or manufacture potatoes for market in any States of the United States or the District of Columbia, it being hereby found and determined that, with respect to potatoes, all such transactions are either in the current of interstate or foreign commerce, or directly burden, affect, or obstruct such commerce.

(h) The term "potatoes" means all varieties of Irish potatoes in fresh or unprocessed form included in the species *Solanum tuberosum*.

(i) The term "to pack" means to place potatoes or cause potatoes to be placed into bags, crates, or other types of containers, or loaded in bulk into railroad cars, trucks, or any type of conveyance whatsoever, including repacking in any type of container or conveyance, for commerce.

SEC. 2. As soon as is reasonably practicable after the effective date of this Act, the Secretary shall conduct a referendum, by secret ballot, of potato producers to determine whether such producers are in favor of or opposed to the imposition of the provisions and restrictions which are set forth in section 3 and subsequent sections of this Act. Subsequent referendums may be conducted in the discretion of the Secretary or at the request of a substantial number of potato producers representing several producing areas. To be eligible to vote in a referendum under this Act, a person must qualify as a "potato producer" within the meaning of section 1 (f) of this Act. The restrictions which are set forth in section 3 and subsequent sections of this Act shall not become effective unless the Secretary determines that at least two-thirds of the producers participating in a referendum are in favor of the imposition of such restrictions. If the referendum is unfavorable, the Secretary shall, within thirty days, after its completion, proclaim the results. If the referendum vote is favorable, the Secretary shall, within thirty days after its completion, proclaim such result and order that the provisions of section 3 and subsequent sections of this Act shall, effective as of such time as he may prescribe, be in full force and effect. The determinations of the Secretary with respect to producer approval or disapproval shall be final.

SEC. 3. No person shall engage in commerce in any potatoes (a) packed by him for shipment to market in fresh form which are of a grade lower than U. S. No. 2 grade, or (b) use any potatoes for processing or manufacturing into a food product unless such potatoes consist of at least 85 per centum potential U. S. No. 2 quality potatoes or better: *Provided*, That the Secretary may suspend the requirements of this section for any period for which he finds that the

available supply of potatoes of U. S. No. 2 and higher grade will not be sufficient to meet the normal market requirements for potatoes.

Sec. 4. No person shall engage in commerce in any potatoes packed by him which do not have affixed to each container or bulk load an appropriate tag, label, imprint, or other appropriate marking designating correctly the State, or area of production, name and address of the packer, and the United States grade or State, or area of production grade of the potatoes contained therein, as shown by an official certificate of an inspector: *Provided*, That the State, or area of production, shall not be designated for any potatoes in the absence of such evidence of the State of production of such potatoes as the Secretary may require.

Sec. 5. Every person packing potatoes for commerce, or processing, or manufacturing previously uninspected potatoes for market, shall have such potatoes inspected and certified by an authorized inspector or inspectors that they (a) meet the requirements for the minimum grade prescribed pursuant to the provisions of section 3 of this Act, and (b) are of the grade designated on the container or bulk load when required to be specified in section 4 of this Act. The cost of such inspection and certification shall be borne by the person making request therefor.

Certifications made pursuant to this Act shall be receivable in any court of the United States as prima facie evidence of the truth of the statements contained therein.

Sec. 6. The provisions of this Act shall not be applicable to the following categories of potatoes. The Secretary may prescribe such regulations as he may deem necessary to effectuate the provisions of this section:

(a) Potatoes officially certified as seed potatoes and tagged or otherwise appropriately identified by and under the supervision of an official State seed potato certifying agency or other certifying agency approved by the Secretary.

(b) Potatoes for animal feed without further processing, or for manufacture into nonfood products, or into starch, flour, and derivatives thereof.

(c) Potatoes for grading, storage, or preparation for market within the general production or storage area, as determined by the Secretary.

(d) Potatoes repacked in an individual retail store for sale in such store directly to consumers.

Sec. 7. The Secretary by regulation or order may exempt potatoes from the specific provisions of this Act in the circumstances hereinafter specified:

(a) Potatoes which the Secretary finds cannot be inspected at reasonable costs from the provisions of section 5.

(b) Potatoes for packing or repacking from any or all provisions to the extent that the Secretary finds that their application would be inequitable and result in unnecessary duplication of inspection and certification.

(c) Potatoes to which the Secretary finds that the application of the provisions of section 3 or 4 would be inequitable or result in unnecessary hardship as follows:

(1) Potatoes for canning from (i) the provisions of section 3 if they meet the minimum quality requirements, except for size and (ii) the provisions of section 4. The term "canning" means the process of packing potatoes (in a liquid medium) in a hermetically sealed container, which hermetic sealing is necessary for preservation; and

(2) Potatoes for conversion into processed or manufactured products, other than those specified in sections 6 (b) and 7 (c) (1), from the provisions of section 4.

Sec. 8. The Secretary is hereby authorized to detain any lot of potatoes which is found, upon inspection, not to meet the requirements of this Act or the rules and regulations issued thereunder. In case of detention, the Secretary shall issue a detention notice in duplicate in a form to be prescribed by him, one of which shall be securely affixed in a prominent place on the lot and the other of which shall be mailed or otherwise delivered to the person who then has possession or control of such lot. The detention notice form shall contain a statement that it shall be unlawful for anyone to sell or otherwise dispose of the detained lot without first obtaining written authorization from the Secretary. Such authorizations shall be granted to permit the potatoes to be brought into compliance under such conditions as the Secretary may prescribe and to permit the potatoes to move into commerce after compliance has been achieved.

Sec. 9. The Secretary may promulgate such other rules and regulations as he may deem necessary for the administration of this Act.

SEC. 10. It shall be unlawful for any person to—

(a) make, issue, or alter, without authority, or forge or counterfeit any certificate, tag, label, or other writing purporting to be written or authorized under this Act, or to assist in or be a party to such an action;

(b) substitute, or attempt to substitute, following an inspection and certification under this Act, other potatoes for the inspected and graded potatoes; or

(c) remove any notice of detention placed on any container of potatoes by the Secretary, or sell or otherwise dispose of, or remove, any potatoes which have been detained unless such person has received a written notice of the release of such potatoes issued by the Secretary.

SEC. 11. Any person violating any provision of this Act or the rules and regulations issued thereunder shall be deemed to be guilty of a misdemeanor, and, upon conviction, shall be fined not more than \$1,000 or imprisoned not more than one year, or both, for each offense.

SEC. 12. There is hereby constituted a National Potato Committee, the members and alternate members of which shall be persons engaged in the production of potatoes for market selected by the Secretary, in his discretion, after giving due consideration to recommendations submitted by persons engaged in the production of potatoes for market and their organizations, so that as adequate representation as is feasible is given to potato producing areas in the continental United States. Of the members and alternate members selected hereunder approximately one-half shall be selected for a term ending on July 1 of the calendar year following the calendar year in which this Act becomes effective, and the remaining one-half shall be selected for a term ending on July 1 of the second calendar year after this Act becomes effective. Subsequent selections for each of said member and alternate member positions shall be made for a period of two years following the termination of the term of office of the respective predecessors and so that future selections will be made on a staggered basis as indicated. In making these selections, the Secretary shall designate a particular alternate for each member, and such alternate shall serve in the place and stead of such member during the absence of the member or in the event of the removal, resignation, disqualification, or death of the member until a successor for such member's unexpired term has been selected and has assumed the duties of the office. A person shall be deemed to be disqualified for selection or service on the Committee if or when he has ceased to produce potatoes or he has been convicted of any violation of this Act. In the event of a vacancy in any position occurring prior to the end of the term for which the appointment was made, a successor shall be appointed by the Secretary subject to the conditions for appointments specified above. Said members and alternate members shall serve without compensation, except that they shall be paid travel expenses and not to exceed \$15 per diem in lieu of subsistence when performing functions and duties authorized by the Secretary. Members of the National Potato Committee and alternates shall meet at such times and places as may be necessary, subject to the approval of the Secretary, for the exercise of its duties and functions. The functions and duties of the Committee shall consist of considering and making recommendations to the Secretary with respect to such matters involved in the operation of this Act as it deems proper or as the Secretary may request.

SEC. 13. This Act is not intended, nor shall it be construed, to modify, supersede, or repeal any marketing agreement or marketing order heretofore or hereafter issued pursuant to the laws of any State or pursuant to the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 and the following), and nothing contained herein shall be construed as prohibiting the imposition of more stringent restrictions on potatoes pursuant to any such marketing agreement or order: *Provided, however,* That, except as authorized pursuant to section 6 or 7 of this Act, no such marketing agreement or order shall permit the handling of potatoes which are below the minimum grade or quality standards which are prescribed in or pursuant to section 3 of this Act.

SEC. 14. There are hereby authorized to be appropriated such sums as may be necessary for the administration of this Act. Transfer of program funds made available under section 32 of the Act of August 18, 1935, as amended, is authorized for this purpose.

SEC. 15. If any provision of this Act or the application thereof is held invalid, the remainder of this Act or other application of such provision shall be considered as continuing in full force and effect.

SEC. 16. This Act may be cited as the "National Potato Grade Labeling Act".

[H. R. 5449, 85th Cong., 1st sess.]

A BILL To authorize the National Potato Grade Labeling Act, which provides quality requirements for, and the inspection, certification, and labeling of Irish potatoes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, when used in this Act—

(a) The term "person" means an individual, partnership, corporation, association, or any other business unit.

(b) The term "Secretary" means the Secretary of Agriculture of the United States, or any other officer or employee of the United States Department of Agriculture to the extent that such officer or employee is authorized by the Secretary to exercise the powers or to perform the duties of the Secretary under this Act.

(c) The term "inspector" means any person who is authorized or licensed by the Secretary to inspect and certify the grade, quality, and condition of potatoes.

(d) The term "United States grade" means any one of the official grade standards for potatoes which have been or may be hereafter issued by the United States Department of Agriculture.

(e) The term "State grade" means any one of the official grade standards for potatoes which have been or may be hereafter issued under applicable State laws or regulations.

(f) The term "potato producer" means any person who, during a representative period prescribed by the Secretary, produced potatoes for commerce in a proprietary capacity within any of the States of the United States or the District of Columbia.

(g) The term "commerce" means to sell, ship, transport, handle, consign, process, or manufacture potatoes for market in any State of the United States or the District of Columbia, it being hereby found and determined that, with respect to potatoes, all such transactions are either in the current of interstate or foreign commerce, or directly burden, affect, or obstruct such commerce.

(h) The term "potatoes" means all varieties of Irish potatoes in fresh or unprocessed form included in the species *Solanum tuberosum*.

(i) The term "to pack" means to place potatoes or cause potatoes to be placed into bags, crates, or other types of containers, or loaded in bulk into railroad cars, trucks, or any type of conveyance whatsoever, including repacking in any type of container or conveyance, for commerce.

SEC. 2. As soon as is reasonably practicable after the effective date of this Act, the Secretary shall conduct a referendum, by secret ballot, of potato producers to determine whether such producers are in favor of or opposed to the imposition of the provisions and restrictions which are set forth in section 3 and subsequent sections of this Act. Subsequent referendums may be conducted in the discretion of the Secretary or at the request of a substantial number of potato producers representing several producing areas. To be eligible to vote in a referendum under this Act, a person must qualify as a "potato producer" within the meaning of section 1 (f) of this Act. The restrictions which are set forth in section 3 and subsequent sections of this Act shall not become effective unless the Secretary determines that at least two-thirds of the producers participating in a referendum are in favor of the imposition of such restrictions. If the referendum is unfavorable, the Secretary shall, within thirty days after its completion, proclaim the results. If the referendum vote is favorable, the Secretary shall, within thirty days after its completion, proclaim such result and order that the provisions of section 3 and subsequent sections of this Act shall, effective as of such time as he may prescribe, be in full force and effect. The determinations of the Secretary with respect to producer approval or disapproval shall be final.

SEC. 3. No person shall engage in commerce in any potatoes (a) packed by him for shipment to market in fresh form which are of a grade lower than U. S. No. 2 grade, or (b) use any potatoes for processing or manufacturing into a food product unless such potatoes consist of at least 85 per centum potential U. S. No. 2 quality potatoes or better: *Provided*, That the Secretary may suspend the requirements of this section for any period for which he finds that the available supply of potatoes of U. S. No. 2 and higher grade will not be sufficient to meet the normal market requirements for potatoes.

SEC. 4. No person shall engage in commerce in any potatoes packed by him which do not have affixed to each container or bulk load an appropriate tag, label, imprint, or other appropriate marking designating correctly the State, or area of production, name and address of the packer, and the United States grade or State, or area of production, grade of the potatoes contained therein,

as shown by an official certificate of an inspector; *Provided*, That the State, or area of production, shall not be designated for any potatoes in the absence of such evidence of the State of production of such potatoes as the Secretary may require.

SEC. 5. Every person packing potatoes for commerce, or processing, or manufacturing previously uninspected potatoes for market, shall have such potatoes inspected and certified by an authorized inspector or inspectors that they (a) meet the requirements for the minimum grade prescribed pursuant to the provisions of section 3 of this Act, and (b) are of the grade designated on the container or bulk load when required to be specified in section 4 of this Act. The cost of such inspection and certification shall be borne by the person making request therefor.

Certifications made pursuant to this Act shall be receivable in any court of the United States as prima facie evidence of the truth of the statements contained herein.

SEC. 6. The provisions of this Act shall not be applicable to the following categories of potatoes. The Secretary may prescribe such regulations as he may deem necessary to effectuate the provisions of this section:

(a) Potatoes officially certified as seed potatoes and tagged or otherwise appropriately identified by and under the supervision of an official State seed potato certifying agency or other certifying agency approved by the Secretary.

(b) Potatoes for animal feed without further processing, or for manufacture into nonfood products, or into starch, flour, and derivatives thereof.

(c) Potatoes for grading, storage, or preparation for market within the general production or storage area, as determined by the Secretary.

(d) Potatoes repacked in an individual retail store for sale in such store directly to consumers.

SEC. 7. The Secretary by regulation or order may exempt potatoes from the specific provisions of this Act in the circumstances hereinafter specified:

(a) Potatoes which the Secretary finds cannot be inspected at reasonable costs from the provisions of section 5.

(b) Potatoes for packing or repacking from any or all provisions to the extent that the Secretary finds that their application would be inequitable and result in unnecessary duplication of inspection and certification.

(c) Potatoes to which the Secretary finds that the application of the provisions of section 3 or 4 would be inequitable or result in unnecessary hardship as follows:

(1) Potatoes for canning from (i) the provisions of section 3 if they meet the minimum quality requirements, except for size and (ii) the provisions of section 4. The term "canning" means the process of packing potatoes (in a liquid medium) in a hermetically sealed container, which hermetic sealing is necessary for preservation; and

(2) Potatoes for conversion into processed or manufactured products, other than those specified in sections 6 (b) and 7 (c) (1), from the provisions of section 4.

SEC. 8. The Secretary is hereby authorized to detain any lot of potatoes which is found, upon inspection, not to meet the requirements of this Act or the rules and regulations issued thereunder. In case of detention, the Secretary shall issue a detention notice in duplicate in a form to be prescribed by him, one of which shall be securely affixed in a prominent place on the lot and the other of which shall be mailed or otherwise delivered to the person who then has possession or control of such lot. The detention notice form shall contain a statement that it shall be unlawful for anyone to sell or otherwise dispose of the detained lot without first obtaining written authorization from the Secretary. Such authorizations shall be granted to permit the potatoes to be brought into compliance under such conditions as the Secretary may prescribe and to permit the potatoes to move into commerce after compliance has been achieved.

SEC. 9. The Secretary may promulgate such other rules and regulations as he may deem necessary for the administration of this Act.

SEC. 10. It shall be unlawful for any person to—

(a) make, issue, or alter, without authority, or forge or counterfeit any certificate, tag, label, or other writing purporting to be written or authorized under this Act, or to assist in or be a party to such an action;

(b) substitute, or attempt to substitute, following an inspection and certification under this Act, other potatoes for the inspected and graded potatoes; or

(c) remove any notice of detention placed on any container of potatoes by the Secretary, or sell or otherwise dispose of, or remove, any potatoes which have been detained unless such person has received a written notice of the release of such potatoes issued by the Secretary.

SEC. 11. Any person violating any provision of this Act or the rules and regulations issued thereunder shall be deemed to be guilty of a misdemeanor, and, upon conviction, shall be fined not more than \$1,000 or imprisoned not more than one year, or both, for each offense.

SEC. 12. There is hereby constituted a National Potato Committee, the members and alternate members of which shall be persons engaged in the production of potatoes for market selected by the Secretary, in his discretion, after giving due consideration to recommendations submitted by persons engaged in the production of potatoes for market and their organizations, so that as adequate representation as is feasible is given to potato producing areas in the continental United States. Of the members and alternate members selected hereunder approximately one-half shall be selected for a term ending on July 1 of the calendar year following the calendar year in which this Act becomes effective, and the remaining one-half shall be selected for a term ending on July 1 of the second calendar year after this Act becomes effective. Subsequent selections for each of said member and alternate member positions shall be made for a period of two years following the termination of the term of office of the respective predecessors and so that future selections will be made on a staggered basis as indicated. In making these selections, the Secretary shall designate a particular alternate for each member, and such alternate shall serve in the place and stead of such member during the absence of the member or in the event of the removal, resignation, disqualification, or death of the member until a successor for such member's unexpired term has been selected and has assumed the duties of the office. A person shall be deemed to be disqualified for selection or service on the Committee if or when he has ceased to produce potatoes or he has been convicted of any violation of this Act. In the event of a vacancy in any position occurring prior to the end of the term for which the appointment was made, a successor shall be appointed by the Secretary subject to the conditions for appointments specified above. Said members and alternate members shall serve without compensation, except that they shall be paid travel expenses and not to exceed \$15 per diem in lieu of subsistence when performing functions and duties authorized by the Secretary. Members of the National Potato Committee and alternates shall meet at such times and places as may be necessary, subject to the approval of the Secretary, for the exercise of its duties and functions. The functions and duties of the Committee shall consist of considering and making recommendations to the Secretary with respect to such matters involved in the operation of this Act as it deems proper or as the Secretary may request.

SEC. 13. This Act is not intended, nor shall it be construed, to modify, supersede, or repeal any marketing agreement or marketing order heretofore or hereafter issued pursuant to the laws of any State or pursuant to the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 and the following), and nothing contained herein shall be construed as prohibiting the imposition of more stringent restrictions on potatoes pursuant to any such marketing agreement or order: *Provided, however,* That, except as authorized pursuant to section 6 or 7 of this Act, no such marketing agreement or order shall permit the handling of potatoes which are below the minimum grade or quality standards which are prescribed in or pursuant to section 3 of this Act.

SEC. 14. There are hereby authorized to be appropriated such sums as may be necessary for the administration of this Act. Transfer of program funds made available under section 32 of the Act of August 18, 1935, as amended, is authorized for this purpose.

SEC. 15. If any provision of this Act or the application thereof is held invalid, the remainder of this Act or other application of such provision shall be considered as continuing in full force and effect.

SEC. 16. This Act may be cited as the "National Potato Grade Labeling Act".

[H. R. 5764, 85th Cong., 1st sess.]

A BILL To authorize the National Potato Grade Labeling Act, which provides quality requirements for, and the inspection, certification, and labeling of Irish potatoes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, when used in this Act—

(a) The term "person" means an individual, partnership, corporation, association, or any other business unit.

(b) The term "Secretary" means the Secretary of Agriculture of the United States, or any other officer or employee of the United States Department of Agriculture to the extent that such officer or employee is authorized by the Secretary to exercise the powers or to perform the duties of the Secretary under this Act.

(c) The term "inspector" means any person who is authorized or licensed by the Secretary to inspect and certify the grade, quality, and condition of potatoes.

(d) The term "United States grade" means any one of the official grade standards for potatoes which have been or may be hereafter issued by the United States Department of Agriculture.

(e) The term "State grade" means any one of the official grade standards for potatoes which have been or may be hereafter issued under applicable State laws or regulations.

(f) The term "potato producer" means any person who, during a representative period prescribed by the Secretary, produced potatoes for commerce in a proprietary capacity within any of the State of the United States or the District of Columbia.

(g) The term "commerce" means to sell, ship, transport, handle, consign, process, or manufacture potatoes for market in any States of the United States or the District of Columbia, it being hereby found and determined that, with respect to potatoes, all such transactions are either in the current of interstate or foreign commerce, or directly burden, affect, or obstruct such commerce.

(h) The term "potatoes" means all varieties of Irish potatoes in fresh or unprocessed form included in the species *Solanum tuberosum*.

(i) The term "to pack" means to place potatoes or cause potatoes to be placed into bags, crates, or other types of containers, or loaded in bulk into railroad cars, trucks, or any type of conveyance whatsoever, including repacking in any type of container or conveyance, for commerce.

SEC. 2. AS soon as is reasonably practicable after the effective date of this Act, the Secretary shall conduct a referendum, by secret ballot, of potato producers to determine whether such producers are in favor of or opposed to the imposition of the provisions and restrictions which are set forth in section 3 and subsequent sections of this Act. Subsequent referendums may be conducted in the discretion of the Secretary or at the request of a substantial number of potato producers representing several producing areas. To be eligible to vote in a referendum under this Act, a person must qualify as a "potato producer" within the meaning of section 1 (f) of this Act. The restrictions which are set forth in section 3 and subsequent sections of this Act shall not become effective unless the Secretary determines that at least two-thirds of the producers participating in a referendum are in favor of the imposition of such restrictions. If the referendum is unfavorable, the Secretary shall, within thirty days after its completion, proclaim the results. If the referendum vote is favorable, the Secretary shall, within thirty days after its completion, proclaim such result and order that the provisions of section 3 and subsequent sections of this Act shall, effective as of such time as he may prescribe, be in full force and effect. The determinations of the Secretary with respect to producer approval or disapproval shall be final.

SEC. 3. No person shall engage in commerce in any potatoes (a) packed by him for shipment to market in fresh form which are of a grade lower than U. S. No. 2 grade, or (b) use any potatoes for processing or manufacturing into a food product unless such potatoes consist of at least 85 per centum potential U. S. No. 2 quality potatoes or better: *Provided*, That the Secretary may suspend the requirements of this section for any period for which he finds that the available supply of potatoes of U. S. No. 2 and higher grade will not be sufficient to meet the normal market requirements for potatoes.

SEC. 4. No person shall engage in commerce in any potatoes packed by him which do not have affixed to each container or bulk load an appropriate tag, label, imprint, or other appropriate marking designating correctly the State, or area of production, name and address of the packer, and the United States grade or State, or area of production grade of the potatoes contained therein, as shown by an official certificate of an inspector: *Provided*, That the State, or area of production, shall not be designated for any potatoes in the absence of such evidence of the State of production of such potatoes as the Secretary may require.

SEC. 5. Every person packing potatoes for commerce, or processing, or manufacturing previously uninspected potatoes for market, shall have such potatoes inspected and certified by an authorized inspector or inspectors that they (a) meet the requirements for the minimum grade prescribed pursuant to the provisions of section 3 of this Act, and (b) are of the grade designated on the container or bulk load when required to be specified in section 4 of this Act. The cost of such inspection and certification shall be borne by the person making request therefor.

Certifications made pursuant to this Act shall be receivable in any court of the United States as prima facie evidence of the truth of the statements contained therein.

SEC. 6. The provisions of this Act shall not be applicable to the following categories of potatoes. The Secretary may prescribe such regulations as he may deem necessary to effectuate the provisions of this section:

(a) Potatoes officially certified as seed potatoes and tagged or otherwise appropriately identified by and under the supervision of an official State seed potato certifying agency or other certifying agency approved by the Secretary.

(b) Potatoes for animal feed without further processing, or for manufacture into nonfood products, or into starch, flour, and derivatives thereof.

(c) Potatoes for grading, storage, or preparation for market within the general production or storage area, as determined by the Secretary.

(d) Potatoes repacked in an individual retail store for sale in such store directly to consumers.

SEC. 7. The Secretary by regulation or order may exempt potatoes from the specific provisions of this Act in the circumstances hereinafter specified:

(a) Potatoes which the Secretary finds cannot be inspected at reasonable costs from the provisions of section 5.

(b) Potatoes for packing or repacking from any or all provisions to the extent that the Secretary finds that their application would be inequitable and result in unnecessary duplication of inspection and certification.

(c) Potatoes to which the Secretary finds that the application of the provisions of section 3 or 4 would be equitable or result in unnecessary hardship as follows:

(1) Potatoes for canning from (i) the provisions of section 3 if they meet the minimum quality requirements, except for size and (ii) the provisions of section 4. The term "canning" means the process of packing potatoes (in a liquid medium) in a hermetically sealed container, which hermetic sealing is necessary for preservation; and

(2) Potatoes for conversion into processed or manufactured products, other than those specified in sections 6 (b) and 7 (c) (1), from the provisions of section 4.

SEC. 8. The Secretary is hereby authorized to detain any lot of potatoes which is found, upon inspection, not to meet the requirements of this Act or the rules and regulations issued thereunder. In case of detention, the Secretary shall issue a detention notice in duplicate in a form to be prescribed by him, one of which shall be securely affixed in a prominent place on the lot and the other of which shall be mailed or otherwise delivered to the person who then has possession or control of such lot. The detention notice form shall contain a statement that it shall be unlawful for anyone to sell or otherwise dispose of the detained lot without first obtaining written authorization from the Secretary. Such authorizations shall be granted to permit the potatoes to be brought into compliance under such conditions as the Secretary may prescribe and to permit the potatoes to move into commerce after compliance has been achieved.

SEC. 9. The Secretary may promulgate such other rules and regulations as he may deem necessary for the administration of this Act.

SEC. 10. It shall be unlawful for any person to—

(a) make, issue, or alter, without authority, or forge or counterfeit any certificate, tag, label, or other writing purporting to be written or authorized under this Act, or to assist in or be a party to such an action;

(b) substitute, or attempt to substitute, following an inspection and certification under this Act, other potatoes for the inspected and graded potatoes; or

(c) remove any notice of detention placed on any container of potatoes by the Secretary, or sell or otherwise dispose of, or remove, any potatoes which have been detained unless such person has received a written notice of the release of such potatoes issued by the Secretary.

SEC. 11. Any person violating any provision of this Act or the rules and regulations issued thereunder shall be deemed to be guilty of a misdemeanor, and, upon conviction, shall be fined not more than \$1,000 or imprisoned not more than one year, or both, for each offense.

SEC. 12. There is hereby constituted a National Potato Committee, the members and alternate members of which shall be persons engaged in the production of potatoes for market selected by the Secretary, in his discretion, after giving due consideration to recommendations submitted by persons engaged in the production of potatoes for market and their organizations, so that as adequate representation as is feasible is given to potato producing areas in the continental United States. Of the members and alternate members selected hereunder, approximately one-half shall be selected for a term ending on July 1 of the calendar year following the calendar year in which this Act becomes effective, and the remaining one-half shall be selected for a term ending on July 1 of the second calendar year after this Act becomes effective. Subsequent selections for each of said member and alternate member positions shall be made for a period of two years following the termination of the term of office of the respective predecessors and so that future selections will be made on a staggered basis as indicated. In making these selections, the Secretary shall designate a particular alternate for each member, and such alternate shall serve in the place and stead of such member during the absence of the member or in the event of the removal, resignation, disqualification, or death of the member until a successor for such member's unexpired term has been selected and has assumed the duties of the office. A person shall be deemed to be disqualified for selection or service on the Committee if or when he has ceased to produce potatoes or he has been convicted of any violation of this Act. In the event of a vacancy in any position occurring prior to the end of the term for which the appointment was made, a successor shall be appointed by the Secretary subject to the conditions for appointments specified above. Said members and alternate members shall serve without compensation, except that they shall be paid travel expenses and not to exceed \$15 per diem in lieu of subsistence when performing functions and duties authorized by the Secretary. Members of the National Potato Committee and alternates shall meet at such times and places as may be necessary, subject to the approval of the Secretary, for the exercise of its duties and functions. The functions and duties of the Committee shall consist of considering and making recommendations to the Secretary with respect to such matters involved in the operation of this Act as it deems proper or as the Secretary may request.

SEC. 13. This Act is not intended, nor shall it be construed, to modify, supersede, or repeal any marketing agreement or marketing order heretofore or hereafter issued pursuant to the laws of any State or pursuant to the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 and the following), and nothing contained herein shall be construed as prohibiting the imposition of more stringent restrictions on potatoes pursuant to any such marketing agreement or order: *Provided, however,* That, except as authorized pursuant to section 6 or 7 of this Act, no such marketing agreement or order shall permit the handling of potatoes which are below the minimum grade or quality standards which are prescribed in or pursuant to section 3 of this Act.

SEC. 14. There are hereby authorized to be appropriated such sums as may be necessary for the administration of this Act. Transfer of program funds made available under section 32 of the Act of August 18, 1935, as amended, is authorized for this purpose.

SEC. 15. If any provision of this Act or the application thereof is held invalid, the remainder of this Act or other application of such provision shall be considered as continuing in full force and effect.

SEC. 16. This Act may be cited as the "National Potato Grade Labeling Act."

[H. R. 5934, 85th Cong., 1st sess.]

A BILL To authorize the National Potato Grade Labeling Act, which provides quality requirements for, and the inspection, certification, and labeling of Irish potatoes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, when used in this Act—

(a) The term "person" means an individual, partnership, corporation, association, or any other business unit.

(b) The term "Secretary" means the Secretary of Agriculture of the United States, or any other officer or employee of the United States Department of Agriculture to the extent that such officer or employee is authorized by the Secretary to exercise the powers or to perform the duties of the Secretary under this Act.

(c) The term "inspector" means any person who is authorized or licensed by the Secretary to inspect and certify the grade, quality, and condition of potatoes.

(d) The term "United States grade" means any one of the official grade standards for potatoes which have been or may be hereafter issued by the United States Department of Agriculture.

(e) The term "State grade" means any one of the official grade standards for potatoes which have been or may be hereafter issued under applicable State laws or regulations.

(f) The term "potato producer" means any person who, during a representative period prescribed by the Secretary, produced potatoes for commerce in a proprietary capacity within any of the States of the United States or the District of Columbia.

(g) The term "commerce" means to sell, ship, transport, handle, consign, process, or manufacture potatoes for market in any States of the United States or the District of Columbia, it being hereby found and determined that, with respect to potatoes, all such transactions are either in the current of interstate or foreign commerce, or directly burden, affect, or obstruct such commerce.

(h) The term "potatoes" means all varieties of Irish potatoes in fresh or unprocessed form included in the species *Solanum tuberosum*.

(i) The term "to pack" means to place potatoes or cause potatoes to be placed into bags, crates, or other types of containers, or loaded in bulk into railroad cars, trucks, or any type of conveyance whatsoever, including repacking in any type of container or conveyance, for commerce.

Sec. 2. As soon as is reasonably practicable after the effective date of this Act, the Secretary shall conduct a referendum, by secret ballot, of potato producers to determine whether such producers are in favor of or opposed to the imposition of the provisions and restrictions which are set forth in section 3 and subsequent sections of this Act. Subsequent referendums may be conducted in the discretion of the Secretary or at the request of a substantial number of potato producers representing several producing areas. To be eligible to vote in a referendum under this Act, a person must qualify as a "potato producer" within the meaning of section 1 (f) of this Act. The restrictions which are set forth in section 3 and subsequent sections of this Act shall not become effective unless the Secretary determines that at least two-thirds of the producers participating in a referendum are in favor of the imposition of such restrictions. If the referendum is unfavorable, the Secretary shall, within thirty days after its completion, proclaim the results. If the referendum vote is favorable, the Secretary shall, within thirty days after its completion, proclaim such result and order that the provisions of section 3 and subsequent sections of this Act shall, effective as of such time as he may prescribe, be in full force and effect. The determinations of the Secretary with respect to producer approval or disapproval shall be final.

Sec. 3. No person shall engage in commerce in any potatoes (a) packed by him for shipment to market in fresh form which are of a grade lower than U. S. No. 2 grade, or (b) use any potatoes for processing or manufacturing into a food product unless such potatoes consist of at least 85 per centum potential U. S. No. 2 quality potatoes or better: *Provided*, That the Secretary may suspend the requirements of this section for any period for which he finds that the available supply of potatoes of U. S. No. 2 and higher grade will not be sufficient to meet the normal market requirements for potatoes.

Sec. 4. No person shall engage in commerce in any potatoes packed by him which do not have affixed to each container or bulk load an appropriate tag, label, imprint, or other appropriate marking designating correctly the State, or area of production, name and address of the packer, and the United States grade

or State, or area of production, grade of the potatoes contained therein, as shown by an official certificate of an inspector: *Provided*, That the State, or area of production, shall not be designated for any potatoes in the absence of such evidence of the State of production of such potatoes as the Secretary may require.

Sec. 5. Every person packing potatoes for commerce, or processing, or manufacturing previously uninspected potatoes for market, shall have such potatoes inspected and certified by an authorized inspector or inspectors that they (a) meet the requirements for the minimum grade prescribed pursuant to the provisions of section 3 of this Act, and (b) are of the grade designated on the container or bulk load when required to be specified in section 4 of this Act. The cost of such inspection and certification shall be borne by the person making request therefor.

Certifications made pursuant to this Act shall be receivable in any court of the United States as prima facie evidence of the truth of the statements contained therein.

Sec. 6. The provisions of this Act shall not be applicable to the following categories of potatoes. The Secretary may prescribe such regulations as he may deem necessary to effectuate the provisions of this section:

(a) Potatoes officially certified as seed potatoes and tagged or otherwise appropriately identified by and under the supervision of an official State seed potato certifying agency or other certifying agency approved by the Secretary.

(b) Potatoes for animal feed without further processing, or for manufacture into nonfood products, or into starch, flour, and derivatives thereof.

(c) Potatoes for grading, storage, or preparation for market within the general production or storage area, as determined by the Secretary.

(d) Potatoes repacked in an individual retail store for sale in such store directly to consumers.

Sec. 7. The Secretary by regulation or order may exempt potatoes from the specific provisions of this Act in the circumstances hereinafter specified:

(a) Potatoes which the Secretary finds cannot be inspected at reasonable costs from the provisions of section 5.

(b) Potatoes for packing or repacking from any or all provisions to the extent that the Secretary finds that their application would be inequitable and result in unnecessary duplication of inspection and certification.

(c) Potatoes to which the Secretary finds that the application of the provisions of section 3 or 4 would be inequitable or result in unnecessary hardship as follows:

(1) Potatoes for canning from (i) the provisions of section 3 if they meet the minimum quality requirements, except for size and (ii) the provisions of section 4. The term "canning" means the process of packing potatoes (in a liquid medium) in a hermetically sealed container, which hermetic sealing is necessary for preservation; and

(2) Potatoes for conversion into processed or manufactured products, other than those specified in sections 6 (b) and 7 (c) (1), from the provisions of section 4.

Sec. 8. The Secretary is hereby authorized to detain any lot of potatoes which is found, upon inspection, not to meet the requirements of this Act or the rules and regulations issued thereunder. In case of detention, the Secretary shall issue a detention notice in duplicate in a form to be prescribed by him, one of which shall be securely affixed in a prominent place on the lot and the other of which shall be mailed or otherwise delivered to the person who then has possession or control of such lot. The detention notice form shall contain a statement that it shall be unlawful for anyone to sell or otherwise dispose of the detained lot without first obtaining written authorization from the Secretary. Such authorizations shall be granted to permit the potatoes to be brought into compliance under such conditions as the Secretary may prescribe and to permit the potatoes to move into commerce after compliance has been achieved.

Sec. 9. The Secretary may promulgate such other rules and regulations as he may deem necessary for the administration of this Act.

Sec. 10. It shall be unlawful for any person to—

(a) make, issue, or alter, without authority, or forge or counterfeit any certificate, tag, label, or other writing purporting to be written or authorized under this Act, or to assist in or be a party to such an action;

(b) substitute, or attempt to substitute, following an inspection and certification under this Act, other potatoes for the inspected and graded potatoes; or

(c) remove any notice of detention placed on any container of potatoes by the Secretary, or sell or otherwise dispose of, or remove, any potatoes which have been detained unless such person has received a written notice of the release of such potatoes issued by the Secretary.

SEC. 11. Any person violating any provision of this Act or the rules and regulations issued thereunder shall be deemed to be guilty of a misdemeanor, and, upon conviction, shall be fined not more than \$1,000 or imprisoned not more than one year, or both, for each offense.

SEC. 12. There is hereby constituted a National Potato Committee, the members and alternate members of which shall be persons engaged in the production of potatoes for market selected by the Secretary, in his discretion, after giving due consideration to recommendations submitted by persons engaged in the production of potatoes for market and their organizations, so that as adequate representation as is feasible is given to potato producing areas in the continental United States. Of the members and alternate members selected hereunder approximately one-half shall be selected for a term ending on July 1 of the calendar year following the calendar year in which this Act becomes effective, and the remaining one-half shall be selected for a term ending on July 1 of the second calendar year after this Act becomes effective. Subsequent selections for each of said member and alternate member positions shall be made for a period of two years following the termination of the term of office of the respective predecessors and so that future selections will be made on a staggered basis as indicated. In making these selections, the Secretary shall designate a particular alternate for each member, and such alternate shall serve in the place and stead of such member during the absence of the member or in the event of the removal, resignation, disqualification, or death of the member until a successor for such member's unexpired term has been selected and has assumed the duties of the office. A person shall be deemed to be disqualified for selection or service on the Committee if or when he has ceased to produce potatoes or he has been convicted of any violation of this Act. In the event of a vacancy in any position occurring prior to the end of the term for which the appointment was made, a successor shall be appointed by the Secretary subject to the conditions for appointments specified above. Said members and alternate members shall serve without compensation, except that they shall be paid travel expenses and not to exceed \$15 per diem in lieu of subsistence when performing functions and duties authorized by the Secretary. Members of the National Potato Committee and alternates shall meet at such times and places as may be necessary, subject to the approval of the Secretary, for the exercise of its duties and functions. The functions and duties of the Committee shall consist of considering and making recommendations to the Secretary with respect to such matters involved in the operation of this Act as it deems proper or as the Secretary may request.

SEC. 13. This Act is not intended, nor shall it be construed, to modify, supersede, or repeal any marketing agreement or marketing order heretofore or hereafter issued pursuant to the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 and the following), and nothing contained herein shall be construed as prohibiting the imposition of more stringent restrictions on potatoes pursuant to any such marketing agreement or order: *Provided, however,* That, except as authorized pursuant to section 6 or 7 of this Act, no such marketing agreement or order shall permit the handling of potatoes which are below the minimum grade or quality standards which are prescribed in or pursuant to section 3 of this Act.

SEC. 14. There are hereby authorized to be appropriated such sums as may be necessary for the administration of this Act. Transfer of program funds made available under section 32 of the Act of August 18, 1935, as amended, is authorized for this purpose.

SEC. 15. If any provision of this Act or the application thereof is held invalid, the remainder of this Act or other application of such provision shall be considered as continuing in full force and effect.

SEC. 16. This Act may be cited as the "National Potato Grade Labeling Act."

[H. R. 6409, 85th Cong., 1st sess.]

A BILL To authorize the National Potato Grade Labeling Act, which provides quality requirements for, and the inspection, certification, and labeling of Irish potatoes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, when used in this Act—

(a) The term "person" means an individual, partnership, corporation, association, or any other business unit.

(b) The term "Secretary" means the Secretary of Agriculture of the United States, or any other officer or employee of the United States Department of Agriculture to the extent that such officer or employee is authorized by the Secretary to exercise the powers or to perform the duties of the Secretary under this Act.

(c) The term "inspector" means any person who is authorized or licensed by the Secretary to inspect and certify the grade, quality, and condition of potatoes.

(d) The term "United States grade" means any one of the official grade standards for potatoes which have been or may hereafter issued by the United States Department of Agriculture.

(e) The term "State grade" means any one of the official grade standards for potatoes which have been or may be hereafter issued under applicable State laws or regulations.

(f) The term "potato producer" means any person who, during a representative period prescribed by the Secretary, produced potatoes for commerce in a proprietary capacity within any of the States of the United States or the District of Columbia.

(g) The term "commerce" means to sell, ship, transport, handle, consign, process, or manufacture potatoes for market in any States of the United States or the District of Columbia, it being hereby found and determined that, with respect to potatoes, all such transactions are either in the current of interstate or foreign commerce, or directly burden, affect, or obstruct such commerce.

(h) The term "potatoes" means all varieties of Irish potatoes in fresh or unprocessed form included in the species *Solanum tuberosum*.

(i) The term "to pack" means to place potatoes or cause potatoes to be placed into bags, crates, or other types of containers, or loaded in bulk into railroad cars, trucks, or any type of conveyance whatsoever, including repacking in any type of container or conveyance, for commerce.

Sec. 2. As soon as is reasonably practicable after the effective date of this Act, the Secretary shall conduct a referendum, by secret ballot, of potato producers to determine whether such producers are in favor of or opposed to the imposition of the provisions and restrictions which are set forth in section 3 and subsequent sections of this Act. Subsequent referendums may be conducted in the discretion of the Secretary or at the request of a substantial number of potato producers representing several producing areas. To be eligible to vote in a referendum under this Act, a person must qualify as a "potato producer" within the meaning of section 1 (f) of this Act. The restrictions which are set forth in section 3 and subsequent sections of this Act shall not become effective unless the Secretary determines that at least two-thirds of the producers participating in a referendum are in favor of the imposition of such restrictions. If the referendum is unfavorable, the Secretary shall, within thirty days after its completion, proclaim the results. If the referendum vote is favorable, the Secretary shall, within thirty days after its completion, proclaim such result and order that the provisions of section 3 and subsequent sections of this Act shall, effective as of such time as he may prescribe, be in full force and effect. The determinations of the Secretary with respect to producer approval or disapproval shall be final.

Sec. 3. No person shall engage in commerce in any potatoes (a) packed by him for shipment to market in fresh form which are of a grade lower than U. S. No. 2 grade, or (b) use any potatoes for processing or manufacturing into a food product unless such potatoes consist of at least 85 per centum potential U. S. No. 2 quality potatoes or better: *Provided*, That the Secretary may suspend the requirements of this section for any period for which he finds that the available supply of potatoes of U. S. No. 2 and higher grade will not be sufficient to meet the normal market requirements for potatoes.

Sec. 4. No person shall engage in commerce in any potatoes packed by him which do not have affixed to each container or bulk load an appropriate tag, label, imprint, or other appropriate marking designating correctly the State, or area of production, name and address of the packer, and the United States grade or State, or area of production, grade of the potatoes contained therein, as shown by an official certificate of an inspector: *Provided*, That the State, or area of production, shall not be designated for any potatoes in the absence of such evidence of the State of production of such potatoes as the Secretary may require.

SEC. 5. Every person packing potatoes for commerce, or processing, or manufacturing previously uninspected potatoes for market, shall have such potatoes inspected and certified by an authorized inspector or inspectors that they (a) meet the requirements for the minimum grade prescribed pursuant to the provisions of section 3 of this Act, and (b) are of the grade designated on the container or bulk load when required to be specified in section 4 of this Act. The cost of such inspection and certification shall be borne by the person making request therefor.

Certifications made pursuant to this Act shall be receivable in any court of the United States as prima facie evidence of the truth of the statements contained therein.

SEC. 6. The provisions of this Act shall not be applicable to the following categories of potatoes. The Secretary may prescribe such regulations as he may deem necessary to effectuate the provisions of this section:

(a) Potatoes officially certified as seed potatoes and tagged or otherwise appropriately identified by and under the supervision of an official State seed potato certifying agency or other certifying agency approved by the Secretary.

(b) Potatoes for animal feed without further processing, or for manufacture into nonfood products, or into starch, flour, and derivatives thereof.

(c) Potatoes for grading, storage, or preparation for market within the general production or storage area, as determined by the Secretary.

(d) Potatoes repacked in an individual retail store for sale in such store directly to consumers.

SEC. 7. The Secretary by regulation or order may exempt potatoes from the specific provisions of this Act in the circumstances hereinafter specified:

(a) Potatoes which the Secretary finds cannot be inspected at reasonable costs from the provisions of section 5.

(b) Potatoes for packing or repacking from any or all provisions to the extent that the Secretary finds that their application would be inequitable and result in unnecessary duplication of inspection and certification.

(c) Potatoes to which the Secretary finds that the application of the provisions of section 3 or 4 would be inequitable or result in unnecessary hardship as follows:

(1) Potatoes for canning from (i) the provisions of section 3 if they meet the minimum quality requirements, except for size and (ii) the provisions of section 4. The term "canning" means the process of packing potatoes (in a liquid medium) in a hermetically sealed container, which hermetic sealing is necessary for preservation; and

(2) Potatoes for conversion into processed or manufactured products, other than those specified in sections 6 (b) and 7 (c) (1), from the provisions of section 4.

SEC. 8. The Secretary is hereby authorized to detain any lot of potatoes which is found, upon inspection, not to meet the requirements of this Act or the rules and regulations issued thereunder. In case of detention, the Secretary shall issue a detention notice in duplicate in a form to be prescribed by him, one of which shall be securely affixed in a prominent place on the lot and the other of which shall be mailed or otherwise delivered to the person who then has possession or control of such lot. The detention notice form shall contain a statement that it shall be unlawful for anyone to sell or otherwise dispose of the detained lot without first obtaining written authorization from the Secretary. Such authorizations shall be granted to permit the potatoes to be brought into compliance under such conditions as the Secretary may prescribe and to permit the potatoes to move into commerce after compliance has been achieved.

SEC. 9. The Secretary may promulgate such other rules and regulations as he may deem necessary for the administration of this Act.

SEC. 10. It shall be unlawful for any person to—

(a) make, issue, or alter, without authority, or forge or counterfeit any certificate, tag, label, or other writing purporting to be written or authorized under this Act, or to assist in or be a party to such an action;

(b) substitute, or attempt to substitute, following an inspection and certification under this Act, other potatoes for the inspected and graded potatoes; or

(c) remove any notice of detention placed on any container of potatoes by the Secretary, or sell or otherwise dispose of, or remove, any potatoes which have been detained unless such person has received a written notice of the release of such potatoes issued by the Secretary.

SEC. 11. Any person violating any provision of this Act or the rules and regulations issued thereunder shall be deemed to be guilty of a misdemeanor, and,

upon conviction, shall be fined not more than \$1,000 or imprisoned not more than one year, or both, for each offense.

SEC. 12. There is hereby constituted a National Potato Committee, the members and alternate members of which shall be persons engaged in the production of potatoes for market selected by the Secretary, in his discretion, after giving due consideration to recommendations submitted by persons engaged in the production of potatoes for market and their organizations, so that as adequate representation as is feasible is given to potato producing areas in the continental United States. Of the members and alternate members selected hereunder approximately one-half shall be selected for a term ending on July 1 of the calendar year following the calendar year in which this Act becomes effective, and the remaining one-half shall be selected for a term ending on July 1 of the second calendar year after this Act becomes effective. Subsequent selections for each of said member and alternate member positions shall be made for a period of two years following the termination of the term of office of the respective predecessors and so that future selections will be made on a staggered basis as indicated. In making these selections, the Secretary shall designate a particular alternate for each member, and such alternate shall serve in the place and stead of such member during the absence of the member or in the event of the removal, resignation, disqualification, or death of the member until a successor for such member's unexpired term has been selected and has assumed the duties of the office. A person shall be deemed to be disqualified for selection or service on the Committee if or when he has ceased to produce potatoes or he has been convicted of any violation of this Act. In the event of a vacancy in any position occurring prior to the end of the term for which the appointment was made, a successor shall be appointed by the Secretary subject to the conditions for appointments specified above. Said members and alternate members shall serve without compensation, except that they shall be paid travel expenses and not to exceed \$15 per diem in lieu of subsistence when performing functions and duties authorized by the Secretary. Members of the National Potato Committee and alternates shall meet at such times and places as may be necessary, subject to the approval of the Secretary, for the exercise of its duties and functions. The functions and duties of the Committee shall consist of considering and making recommendations to the Secretary with respect to such matters involved in the operation of this Act as it deems proper or as the Secretary may request.

SEC. 13. This Act is not intended, nor shall it be construed, to modify, supercede, or repeal any marketing agreement or marketing order heretofore or hereafter issued pursuant to the laws of any State or pursuant to the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 and the following), and nothing contained herein shall be construed as prohibiting the imposition of more stringent restrictions on potatoes pursuant to any such marketing agreement or order: *Provided, however*, That, except as authorized pursuant to section 6 or 7 of this Act, no such marketing agreement or order shall permit the handling of potatoes which are below the minimum grade or quality standards which are prescribed in or pursuant to section 3 of this Act.

SEC. 14. There are hereby authorized to be appropriated such sums as may be necessary for the administration of this Act. Transfer of program funds made available under section 32 of the Act of August 18, 1935, as amended, is authorized for this purpose.

SEC. 15. If any provision of this Act or the application thereof is held invalid, the remainder of this Act or other application of such provision shall be considered as continuing in full force and effect.

SEC. 16. This Act may be cited as the "National Potato Grade Labeling Act."

Mr. GRANT. The first witnesses this morning are Mr. Grange and Mr. Hedlund, of the United States Department of Agriculture.

STATEMENT OF FLOYD F. HEDLUND, DEPUTY DIRECTOR; ACCOMPANIED BY GEORGE R. GRANGE, DEPUTY DIRECTOR, FRUIT AND VEGETABLE DIVISION, AGRICULTURAL MARKETING SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE

Mr. HEDLUND. Mr. Chairman, my name is Floyd Hedlund, and with me is George R. Grange. We have a prepared statement on the position of the Department.

Mr. GRANT. We will be glad to hear from you.

Mr. HEDLUND. Mr. Chairman, I would like to say that the Department is filing a formal report on this legislation, but the report has not yet cleared the channels of the Department. It will be here in due course. And at this time, the Department position has not yet received the approval of the Bureau of the Budget.

Of the several bills before the committee—most of them are identical—our statement is addressed to H. R. 5137.

This bill proposes to enact a National Potato Grade Labeling Act. There are three basic features contained in this bill. These are: (1) The establishment of minimum grade standards which would prohibit the shipment of cull potatoes to market, (2) compulsory labeling of potatoes as to grade and State or area of production to identify properly the quality and origin of each lot of potatoes, and (3) compulsory inspection of potatoes in order to enforce the grading and labeling requirements. There are numerous other provisions in the bill which are designed to make the program more flexible, but the three stated above constitute the heart of the proposal.

This proposal covers two distinct aspects relating to the marketing of potatoes. One is directed toward improving the quality of potatoes marketed and the other to that of proper grade and origin designations. The Department approves and supports the objectives of the bill if the potato industry wants such a program. We believe that the proposal is feasible and workable if there is a genuine interest and willingness on the part of the potato industry to support actively the program which is charted.

In the absence of such support and interest by the potato industry, it is our opinion that the program here proposed would be ineffective and unworkable. Let's not underestimate the task involved. This is a very far-reaching proposal in many respects. It will require the backing and energetic support and patience of all factors in the potato industry to achieve the desired objectives.

The definitions to be used in this proposal are set forth in the first few paragraphs. It is suggested that the definitions be designated as section 1. Some of the definitions are self-explanatory and concerning which we offer no comment. The following comments, however, are directed toward certain definitions in order to set forth our interpretation of the language used.

Subsection (f) defines "potato producer" to mean any person who, during a representative period prescribed by the Secretary, produced potatoes for commerce in a proprietary capacity within any of the States of the United States or the District of Columbia.

The term "producer" is used in the bill only in section 2, and is the person who is eligible to vote in a referendum. A "potato producer" as here defined is limited to a person who produces potatoes commercially and in a proprietary capacity. We interpret this to exclude any person who produces potatoes only for his own use or for giving away to his neighbors.

In order to be eligible as a potato producer, such person must produce potatoes for commerce; that is, for commercial sale. Moreover, such person must produce the potatoes in a proprietary capacity; that is, he must have ownership of the potatoes produced.

Inasmuch as this definition prescribes the qualifications of a person to vote in a referendum, it should be pointed out that we construe

this to mean that each potato farm or producing unit is entitled to a vote in the referendum.

For example, if a man and wife have joint title to a farm and potatoes are produced on that farm, such producing unit qualifies as a producer and is entitled to one vote. The man and wife are not entitled to vote separately and cast two ballots.

The same is true of a corporation which produces potatoes. The corporation may cast one ballot. Stockholders in such corporation are not each entitled to cast a ballot.

If a landlord and tenant produce potatoes on a farm and each receives a share of the potato crop, each such person would qualify as a producer and be entitled to vote. On the other hand, if a landlord rents his farm for cash or consideration other than a share of the potato crop, such landlord is not a producer and not entitled to vote in the referendum.

Subsection (g) defines the term "commerce" to mean to sell, ship, transport, handle, consign, process or manufacture potatoes for market in any State of the United States or of the District of Columbia, it being hereby found and determined that, with respect to potatoes, all such transactions are either in the current of interstate or foreign commerce, or directly burden, affect, or obstruct such commerce.

This is a very important definition and prescribes the transaction that is subject to regulation. As here defined, commerce is not confined to that which crosses State lines. It means all commerce between the States or within any State or the District of Columbia. It is our interpretation that this would include all commerce and transactions in potatoes irrespective of how, when, or where they took place.

The selling of potatoes; the shipping, transporting, or handling of potatoes; the processing or manufacturing of potatoes for market are all considered as being commerce of potatoes, which, as will be noted later, are subject to regulation under this proposal.

Subsection (i) defines the term "to pack" and it is self-explanatory. The significance of this definition is that, for shipment in fresh form, only the person who places or causes potatoes to be placed in containers is subject to the provisions of the bill.

In other words, if a lot of potatoes is improperly labeled as to grade, or if inspection has not been obtained, it is the packer who is in violation, and no one else. So long as the potatoes remain in their original container, no one else who handles them in the course of their transfer through distribution channels is subject to the provisions of this bill, regardless of any change in quality which may take place before the potatoes are finally sold to the ultimate consumer.

Section 2 of the proposal provides for a referendum of potato producers. The Secretary of Agriculture is required to conduct a referendum by secret ballot to determine whether producers are in favor or opposed to the imposition of the provisions and restrictions which are set forth in this proposal. The Secretary is required to act as soon as reasonably practicable after the statute is enacted.

It should be remembered that potatoes are produced in approximately 3,011 counties in the United States by approximately 1,430,000 producers. We do not have lists of the names and addresses of such producers; consequently, the only practicable means of conducting a referendum is by means of a ballot box. It would be necessary to set

up one or more balloting places in each of the potato-producing counties. This is not a small task and would require some time for organization and conduct of the referendum.

This proposal indicates that subsequent referendums may be conducted in the discretion of the Secretary or at the request of a substantial number of potato producers representing several producing areas.

We construe this to mean that if the first referendum were unfavorable, other referendums might be conducted later to determine the sentiment of potato producers at such later time. Likewise, if the first referendum were favorable and the provisions of this proposal became effective, it might at some later date be considered advisable to conduct a referendum to determine the sentiment of potato producers at that time.

The proposed bill provides that the referendum shall be conducted by secret ballot. We think this means that each person is entitled to vote without anyone having knowledge of the manner in which he votes. Obviously, in order to determine whether or not each person who desires to vote is in fact a potato producer, it would be necessary to have a preliminary check or register of prospective voters in order to determine their eligibility.

The provisions of this proposal may not become effective unless the Secretary determines that at least two-thirds of the producers participating in the referendum are in favor of the imposition of such restrictions. It should be emphasized that this refers to the producers who participate in the referendum, not to all potato producers. Moreover, this means that 1 producer has 1 vote irrespective of the acreage of potatoes which he may produce.

If the referendum is unfavorable, the Secretary is required to proclaim the results within 30 days. If the referendum is favorable, the Secretary is likewise required to proclaim the results within 30 days and shall order that the provisions of this proposal become effective upon a prescribed date.

Again, it might be well to point out that adequate time and preparation would be necessary before a proposal of this scope could be put into effect.

Moreover, we do not believe that it would be prudent to make the effective date in the midst of a marketing season. Rather, it is our belief that the proposal should be put into effect at a time most convenient to the potato industry and with adequate time permitted for preparation and adjustment to the prescribed regulations.

Section 3 contains the first basic regulation of the bill and requires that potatoes shipped to market in fresh form meet at least U. S. No. 2 grade requirements. This is the lowest grade of potatoes contained in the United States standards, and those of poorer quality are usually designated as culls. Potatoes would qualify under the existing U. S. No. 2 grade so long as they are 1½-inch minimum diameter, are not "seriously damaged," and are not seriously misshapened, and are free from freezing injury, wilt, rot, or decay.

This means that the potatoes may be rather poorly shaped, heavily caked with dirt, and affected by cracks, bruises, internal discoloration, or other defects so long as not more than 10 percent of the total weight of the potatoes would be lost in removing the defective area. There are no data available to indicate the quantity of potatoes which

are marketed in their fresh form each year that are below U. S. No. 2 grade.

We estimate that for a normal crop about 9 percent of the potatoes at time of harvest are below U. S. No. 2 grade in quality and about 5 percent are under the minimum size. Many of these are segregated from the better quality potatoes voluntarily or because of marketing agreement and order regulations and are utilized on the farm or within the production area for nonfood products.

However, in some instances, the proportion of culls in field-run lots of potatoes is as much as 20 to 30 percent. The grade-outs or pick-outs from such lots as well as from better lots of potatoes are frequently shipped to market at a discounted price.

Section 3 also provides that potatoes for manufacturing into a food product shall be 85 percent potential U. S. No. 2 quality potatoes or better. "Potential U. S. No. 2" is a term used to designate those potatoes which, by clipping an injured or defective portion from one end, would then be scored as meeting U. S. No. 2 grade.

It should be noted that under this proposal potatoes shipped to market in fresh form would be required to meet a U. S. No. 2 grade or better grade, whereas potatoes for use in processing or manufacturing into a food product would be required to meet an 85-percent potential U. S. No. 2 grade or better grade.

In our opinion, such a scheme of regulation would not be practical to administer. To enforce on a national basis different grade regulations for potatoes destined for different uses is beyond reasonable expectation. Each year there are millions of bushels of potatoes shipped from producing areas to processing plants, many of which are located in terminal cities.

It would be extremely difficult if not impossible to insure that all potatoes in the 85 percent potential of U. S. No. 2 category shipped to a processing plant outside the production area were in fact used for processing and not diverted to the fresh potato market.

To enforce the regulation setup here proposed would require checking individual carloads and truckloads of potatoes to their destination and use. We think this is not practicable. On the other hand, we think that it would be reasonably possible to administer a separate grade standard for potatoes used in processing plants located within the potato-producing area.

The Secretary is given authority to suspend the minimum grade requirements whenever the supply of U. S. No. 2 grade or better potatoes is not sufficient to meet market requirements. However, the grade labeling and inspection requirements would continue in effect so that all lower grade potatoes would have to be labeled.

Section 4 contains the second basic regulation of the bill, which is that all potatoes be labeled correctly as to grade, State, or area of production, and name and addresses of the packer. Grade labeling of potatoes is more commonly practiced than it is for any other fresh fruit or vegetable. We do not have any data concerning the proportion of potato shipments which are labeled as to grade, but it is estimated that over three-fourths of all potato containers are so marked. This practice has been prevalent for many years. It has been encouraged by State legislation pertaining to grade labeling, which has been more widespread for potatoes than for other fruits and vegetables. Currently there are 20 States having laws requir-

ing that closed packages of potatoes shipped or offered for sale shall be marked with its correct United States or State grade.

Section 4 also provides that the State or area of production shall not be designated in the absence of such evidence of the State of production as the Secretary may require. The purpose of this provision is to prohibit labeling as to the State or area of production when the potatoes are being repacked in terminal markets and their origin cannot be reliably ascertained or determined.

In other words, the labeling as to origin is handled on a two-pronged basis. Ordinarily there would be no question concerning the origin of potatoes packed within a production area, and all such potatoes would be marked accordingly.

On the other hand, large quantities of potatoes are repacked into consumer-size packages by distributors located in terminal markets outside the production area; and in such case it would be necessary to have evidence in the form of bills of lading, invoices, shipping point inspection certificates, or other documents in order to mark the State or area of origin on such repacked potatoes.

Section 5 contains the third basic regulation of the bill, which is that all potatoes shall be officially inspected and certified as meeting the minimum grade requirements prescribed in section 3 and are of the grade designated on the container when required by section 4. This section provides the enforcement tool for the preceding two sections.

It is our opinion that compulsory inspection is a prerequisite if there is to be reasonably satisfactory and effective enforcement of either the minimum grade requirement or the grade and origin labeling requirement. It is estimated that about 75 percent of the total commercial movement of potatoes was inspected last year at shipping point by the Federal-State inspection service. This percentage ranged from a low of about 5 percent in some of the important potato-producing States to 100 percent in several other States.

Inspection is compulsory by State law in order to enforce the mandatory grade-labeling requirements in four States, and a number of States operated last year under Federal or State marketing orders which required mandatory inspection in order to carry out minimum grade and size regulations.

Inspection of potatoes at shipping point and in many of the terminal markets is provided throughout the country in accordance with the terms of cooperative Federal-State inspection agreements. Therefore, we are not in a position to specify what arrangements or steps would be taken to increase the inspection service available in those areas where the operations have been limited until we have discussed the matter with the State commissioners of agriculture or our other cooperating agency in the respective States.

Some States subsidize inspection services substantially through the use of appropriated funds while others support it entirely from the inspection fees. The problem of expanding inspection services sufficiently to handle this program is concentrated in a relatively few States.

Most of the States may be classified into one of the following categories: (1) Now receiving 100-percent inspection, (2) a relatively concentrated potato-producing area with a large portion of the crop now being inspected, or (3) commercial potato production is negligible and

the inspection requirement should be initially waived. The solution in the problem States will depend upon their individual circumstances and will have to be handled individually with our cooperating agency in each State.

The key to the success of compulsory potato inspection in these problem States will be the support and interest of the potato growers and shippers. As is true with similar operations, 100-percent inspection can be provided satisfactorily if and when the great majority of the persons obtaining it are voluntarily and enthusiastically supporting the program.

Section 6 exempts certain categories of potatoes completely from all provisions of the bill. These are (a) officially certified seed potatoes; (b) fresh potatoes for livestock feed or for manufacture into nonfood products or into starch, flour, and their derivatives; (c) potatoes for grading, storage, or preparation for market within the general production or storage area; and (d) potatoes repacked in an individual retail store for sale directly to consumers.

The Secretary is given authority to prescribe any necessary regulations to effectuate the provisions of this section. This authority might well be needed for the purpose of establishing safeguards designed to prevent potatoes of the exempted categories from entering fresh market or food processing outlets without complying with the regulations relating to quality, labeling, and inspection.

It is our interpretation that centralized repacking operations of retail chainstores would not be exempted whenever such operation services more than one store or is conducted outside the premises of the retail store itself.

In other words, we interpret the retail-store exemption to apply only to the customary bagging operations which are performed within an individual store by placing potatoes into consumer-size containers for the purpose of display and sale directly on the premises to their customers.

We recommend that "planting" be inserted in subsection (c) as an exempted category along with "grading, storage, and preparation for market." There is a certain amount of trade between farmers or shippers in some production areas in potatoes for planting which have not been officially certified as seed potatoes. It would not be desirable or practicable, we believe, to require that such potatoes be grade labeled or inspected.

Section 7 provides certain categories of potatoes which may be exempted from specified provisions of the bill. The inspection requirement may be waived if it is found that inspection cannot be provided at a reasonable cost to the applicant. Inspection fees established by the States under the terms of our cooperative Federal-State inspection agreements currently range from 2 to 3 cents per hundredweight.

It is not anticipated that it would be necessary to exempt any commercially important potato area from the inspection requirement because of inability to furnish inspection at a reasonable cost. However, as stated earlier, this feature of the operation will be dependent upon individual arrangements which are made with the cooperating State agencies. There are a number of States and areas where the production of potatoes is negligible and where we would propose that inspection would not be made compulsory, at least for a breaking-in period.

It should be noted that the labeling and minimum quality requirements would apply in any case even though exempted from the inspection requirement. It is anticipated that these exemptions might either be issued on an area basis or directly to individual potato growers or shippers.

Shipments of potatoes from such exempted areas as well as the shippers or growers involved, would be subject to spot checks to determine compliance with the labeling and minimum grade provisions. Any such exemption could be withdrawn if violations resulted.

In connection with the permissive exemption from the minimum size requirements of potatoes for canning, it is anticipated that this exemption unquestionably would be granted inasmuch as small potatoes are the most desirable size for this outlet. Canning is defined as the process of packing potatoes with a liquid medium in a hermetically sealed container which would include whole potatoes, potato salad, and similar products when packed in this manner, but would exclude potato chips, potato sticks, dehydrated potatoes, and similar products even when packed in hermetically sealed containers.

It is anticipated that a specified minimum quantity level would be established under the authority of subsection (a) of section 7 below which inspection would not be required. It would be our intention to exempt small lots of potatoes, perhaps up to 5 hundredweight. It is recommended that the bill likewise authorize a waiver from the grade labeling requirement for a minimum quantity of potatoes.

Section 8 provides for the "red tagging" of lots of potatoes which the inspector finds do not meet the requirements of this bill by the issuance and affixing of a detention notice to the lot of potatoes involved. Any person who sells or otherwise disposes of the detained lot without written authorization or without having it brought into compliance with the regulations would be in violation of the act.

Under section 12 there is established a National Potato Committee with members and alternate members to be limited to persons engaged in the production of potatoes for market and selected by the Secretary after giving due consideration to recommendations of potato producers and their organizations to the end that adequate representation is given to the various potato producing areas in the continental United States. Each person would serve for a term of 2 years with one-half of the committee going out of office each year. The committee would serve without compensation but would be authorized to be paid traveling expenses and per diem not to exceed \$15 in lieu of subsistence when performing functions and duties authorized by the Secretary.

The Department recommends that section 12 be deleted from this proposal. We do not believe it is necessary or advisable to have a formal committee named by the Secretary to advise and consult with respect to the administration of this proposal. The Department has always followed the practice of inviting producers and other industry members to meetings and consultation with respect to industry problems. We expect to continue this practice.

We do not believe it is desirable to limit this consultation to a specially constituted group. The bill prescribes that the committee be so constituted that "as adequate representation as is feasible" is given to potato producing areas in the continental United States. If a com-

mittee were to provide such representation, it would be so large as to be unwieldy.

Any potato producer or other industry representative is at liberty at any time to furnish the Secretary information, advice, and suggestions concerning the work of the Department. We welcome and appreciate any help that we can obtain in performing the assigned functions.

We suggest, therefore, that advice and consultation with the potato industry be left on an informal basis rather than through a committee as set forth in section 12.

Section 13: This proposal is not intended to modify, supersede, or repeal any marketing agreement or marketing order heretofore or hereafter issued pursuant to any State law or pursuant to the Agricultural Marketing Agreement Act of 1937, as amended.

There are now in effect throughout the United States eight Federal marketing orders for potatoes as well as several State marketing orders. These orders regulate the movement of potatoes produced in specified areas by prescribing the minimum grade, size, or maturity of potatoes which may be marketed. We believe that such programs could and should continue even though this proposal becomes law. There need be no conflict between the operation of the two programs.

It should be pointed out, however, that no regulation under a marketing order could become effective which contravenes the regulation prescribed by this proposal. At the present time we know of no regulations which would be in conflict with those prescribed in this proposal. On the contrary, we believe that the operation of this proposed statute would aid and assist the operation and administration of marketing agreements and marketing orders.

Section 14 authorizes the appropriation of such sums as may be necessary for the administration of the act, and the transfer of program funds available under section 32 of the act of August 18, 1935, for this purpose. The statute referred to is Public Law 320, 74th Congress, which I believe was approved on August 24, 1935, rather than August 18. It should be noted that the authorization of funds referred to are program funds rather than administrative funds available under the aforesaid section 32.

At the present time the cost of Department administration of all marketing agreements and marketing orders for fruits, vegetables, milk, and other commodities is financed from section 32 administrative funds.

We have no objection to the method of financing as set forth in the proposal, but suggest that the second sentence of section 14 be revised to read:

The Secretary may transfer nonadministrative funds made available under section 32 of the act of August 24, 1935, as amended, for the administration of this act without regard to or affecting the application otherwise of any limitations contained in said section 32, as amended.

It is estimated that the annual cost of administering the proposed act would be approximately \$400,000 in addition to the cost of conducting any necessary referenda. While it is difficult to anticipate all the problems and costs that may be involved, we believe that the job could be done within that figure.

In a number of commercial potato producing areas we would anticipate that few major problems would be involved, and enforcement

would not be exceedingly difficult. In the scattered as well as non-commercial potato producing areas, we believe that a considerable amount of field work and checking would be necessary.

In addition to the costs for administration, it would be necessary at the outset to have a national referendum of potato producers. As indicated earlier, this would require balloting by producers in more than 3,000 counties in the United States.

We have never undertaken a national referendum on potatoes, consequently we have no experience as to the costs involved. However, a number of referenda have been held on a national basis for other commodities. The cost of conducting recent referenda among producers of basis commodities has ranged from \$175 per county to \$350 per county. We believe that the cost of conducting a referendum of potato producers would fall somewhere within this range.

Mr. GRANT. Thank you, Mr. Hedlund.

Mr. Grange, do you have a statement?

Mr. GRANGE. That is a jointly prepared statement, Mr. Chairman, and we will be available for any questions or comment.

Mr. GRANT. I certainly agree with you in your statement, as you say, it is a far-reaching proposal.

Do any members of the committee have any questions of the gentlemen?

Mr. Hagen.

Mr. HAGEN. Mr. Hedlund, you place some emphasis on the voting in this referendum. However, that same method of voting by definition of proprietor obtains in other marketing orders, does it not?

Mr. HEDLUND. Yes, sir, it does.

Mr. HAGEN. That is no great departure?

Mr. HEDLUND. That is no great change, but we wanted to be sure we understood what this meant.

Mr. HAGEN. You are defining it, not criticizing it?

Mr. HEDLUND. That is right.

Mr. HAGEN. And in these various types of marketing orders all movement, even though it is intrastate, is covered?

Mr. HEDLUND. Not always, Mr. Congressman. There are some potato-marketing orders that cover all movement, and some that do not.

For instance, in the State of Idaho the regulations do not cover movement within the State.

Mr. HAGEN. I wondered if you would submit as an exhibit to your testimony the statistics or data as to those States which have marketing orders, or those areas which have marketing orders, and those States which have labeling requirements, et cetera. Could you do that?

Mr. HEDLUND. Yes, sir, we can do that.

Mr. HAGEN. You refer in your testimony to State laws and Federal marketing orders, and so forth. I wonder if you could put that data in the record.

Mr. HEDLUND. Yes, sir.

You mean, the States which have marketing orders, both State and Federal?

Mr. HAGEN. State and Federal.

Mr. HEDLUND. And the States which have mandatory inspection and grade-labeling requirements?

Mr. HAGEN. Right.
 Mr. HEDLUND. We will do that.
 (The Federal programs and State regulations referred to above are as follows:)

*Potatoes: Marketing agreement programs by areas and percent of 1956 production covered*¹

	1956 production ²	Percent of United States crop
	1,000 hundredweight	Percent
Active Federal programs:		
Maine.....	40,600	16.7
Idaho-Malheur Co., Oregon.....	37,110	15.3
Colorado.....	9,975	4.1
Oregon-California.....	8,621	3.5
Washington.....	9,895	4.1
Total active Federal programs.....	106,201	43.7
Inactive Federal programs:		
Easteran South Dakota.....	675	0.3
Virginia-North Carolina.....	5,330	2.2
New England (except Maine).....	2,597	1.0
Total inactive Federal programs.....	8,602	3.5
Total Federal programs.....	114,803	47.2
State programs:		
North Dakota-Minnesota.....	19,600	8.0
California-Delta area.....	2,350	1.0
California-Early area.....	16,065	6.6
Total State programs.....	38,015	15.6
Total Federal and State programs.....	152,818	62.8
Total fall crop.....	165,990	68.3
Total summer crop.....	43,636	17.9
Total winter and spring crop.....	33,612	13.8
Total United States production.....	243,238	100.0
Percent of fall crop covered by active Federal programs.....		56.2
Percent of fall crop covered by active State programs.....		7.5
Total.....		63.7
Percent late spring and summer crops covered by active Federal programs.....		18.9
Percent late spring and summer crops covered by active State programs.....		28.3
Total.....		47.2

¹ Area production prorated on basis of 1955 census or more recent information.
² Basis December crop report.

POTATO GRADE LABELING

Potatoes: Summary of State regulations, marketing orders, and inspection operations

State	Percentage of 1956 crop produced by States	Estimated percentage of average crop below United States No. 2 grade	Estimated percent of commercial sales inspected in 1956 ¹	Compulsory grade labeling by State law	Compulsory inspection by State law ²
	(1)	(2)	(3)	(4)	(5)
	Percent	Percent	Percent		
Alabama.....	0.9	12	90	No.....	No. ³
Arizona.....	.4	5	95	Yes.....	No.
Arkansas.....	.2	14	10	Yes.....	No.
California.....	10.7	14	100	No.....	No.
Colorado.....	4.0	11	100	Yes.....	Yes.
Connecticut.....	.5	6	30	Yes.....	No.
Delaware.....	.7	8	25	No.....	No.
Florida.....	2.8	12	60	No.....	No.
Georgia.....	.1	8	10	No.....	No.
Idaho.....	14.4	23	100	Yes.....	No.
Illinois.....	.1	11	-----	No.....	No.
Indiana.....	.6	11	15	Yes.....	No.
Iowa.....	.2	8	5	No.....	No.
Kansas.....	(⁴)	8	10	No.....	No.
Kentucky.....	.4	17	-----	No.....	No.
Louisiana.....	.2	15	100	Yes.....	Yes.
Maine.....	16.7	7	100	Yes.....	No.
Maryland.....	.2	9	50	No.....	No.
Massachusetts.....	.5	4	15	Yes.....	No.
Michigan.....	3.3	6	25	Yes.....	No.
Minnesota.....	4.6	8	70	No.....	No.
Mississippi.....	.2	8	2	No.....	No.
Missouri.....	.3	17	10	No.....	No.
Montana.....	.5	23	100	Yes.....	Yes.
Nebraska.....	1.0	23	80	No.....	No.
Nevada.....	.2	17	40	No.....	No.
New Hampshire.....	.2	6	-----	Yes.....	No.
New Jersey.....	1.5	4	5	No.....	No.
New Mexico.....	.1	5	1	Yes.....	No.
New York.....	7.5	6	20	Yes.....	No.
North Carolina.....	1.4	8	75	No.....	No.
North Dakota.....	5.1	8	90	No.....	No.
Ohio.....	1.2	13	20	Yes.....	No.
Oklahoma.....	.1	14	10	No.....	No.
Oregon.....	3.5	14	100	Yes.....	Yes.
Pennsylvania.....	3.5	6	15	Yes.....	No.
Rhode Island.....	.4	6	10	Yes.....	No.
South Carolina.....	.3	9	85	No.....	No.
South Dakota.....	.4	8	60	Yes.....	No.
Tennessee.....	.3	15	-----	No.....	No.
Texas.....	.6	8	60	No.....	No.
Utah.....	.7	13	50	No.....	No.
Vermont.....	.2	8	-----	Yes.....	No.
Virginia.....	1.6	13	85	No.....	No.
Washington.....	4.0	21	100	No.....	No.
West Virginia.....	.3	6	1	No.....	No.
Wisconsin.....	3.0	7	25	No.....	No.
Wyoming.....	.4	15	60	No.....	No.
United States.....	100.0	14	75	-----	-----

¹ Certified seed is excluded from the estimated volume of commercial sales.

² Excludes States in which inspection is compulsory under marketing order regulations.

³ Inspection is compulsory by State law in Alabama if grade is marked on the container.

⁴ Less than one-tenth of 1 percent.

Mr. GRANT. Mr. McIntire.

Mr. McINTIRE. Mr. Chairman, I would like to inquire a little further in relation to the costs involved in this legislation.

Do I understand correctly, Mr. Hedlund, that the actual cost of the inspection in the field, and of substantially all of the field force, will be borne by the inspection fee which the shipper or packer will pay?

Mr. HEDLUND. Yes, sir. The cost of the inspection would be borne by the applicant for that inspection.

Mr. McINTIRE. Then, at that point, there is no cost to the Federal Government.

Now, backing up a little from that point, you set forth in your testimony here that administrative costs would be \$400,000 annually.

Mr. HEDLUND. That is our estimate; yes, sir.

Mr. McINTIRE. Now, that is the cost which is not borne by the inspection fee?

Mr. HEDLUND. That is right.

Mr. McINTIRE. Do I understand correctly that that sum of money can appropriately, under this legislation, be drawn from section 32 funds?

Mr. HEDLUND. That is our understanding of this provision, that that money could be transferred from section 32 program funds.

Mr. McINTIRE. And that in itself, on the basis of the fact that section 32 funds are regularly available, that in itself would not call for extra appropriations to the extent that section 32 funds were added to the cost?

Mr. HEDLUND. That is our understanding; yes, sir.

Mr. McINTIRE. Now, in connection with the referendum, would that be a cost which would be or could be absorbed, or does that require a direct appropriation, or can that be covered in section 32 funds?

Mr. HEDLUND. No, sir.

It is our interpretation that the cost of a referendum would likewise be available from section 32 program funds, and would not require any extra authorization or appropriation.

Mr. McINTIRE. Then, as far as this legislation is concerned, within the availability of section 32 funds, this legislation could be put into effect without any additional cost to the Federal Government?

Mr. HEDLUND. No additional cost, other than funds which are now available.

Mr. McINTIRE. Funds that are now available. Of course, if those funds are not available, the legislation does require or does authorize the appropriation for the funds that are necessary?

Mr. HEDLUND. That is our understanding.

Mr. McINTIRE. Then presuming that section 32 funds are available, and recognizing the fact that the inspection service is paid by the user, then this legislation would not require additional funding beyond existing frameworks?

Mr. HEDLUND. That is our understanding of the situation; yes sir.

Mr. McINTIRE. Now, could you give us some idea—Do you have any estimate on what the additional manpower requirements would be to perform this service? I mean, have you projected that?

Mr. HEDLUND. Yes, we have. Mr. Grange will answer that part of it.

Mr. GRANGE. We have done quite a bit of work trying to anticipate what would be involved, naturally, if we were going to have a law such as this one to administer.

As Mr. Hedlund stated in his opening remarks, it is our conclusion that our administrative or enforcement problem is going to be limited largely to a relatively few areas. There are a number of States that have the hundred per cent compulsory inspection requirement now, along with grade labeling. There are also a number of States where the great majority of the potatoes currently being shipped are being inspected so it would not be difficult at all to get the other 5 or 10 percent that is not being inspected.

Also, these are being grade labeled in most instances.

We also have a number of States where the production of potatoes is negligible. Commercial production amounts to very little. There are 10 to 12 States that would fall in this category. The information that was distributed to the committee, based on the census survey data of 1949 and 1954, will show for a number of those States the very few producers that grow over 3 or over 10 acres of potatoes.

That leaves us, Mr. McIntire, with what we call problem areas or States in our prepared statement that would represent 12 or 13 States, and represent in the neighborhood of 25 percent of the production. And we feel that our field force and administrative work would be concentrated largely in those 12 or 13 States, and the total employment in terms of man-years both for technical and clerical help would probably be in the neighborhood of 30 to 35 man-years to cover the entire country.

Now, it is only because of other Federal and State programs already in existence for such a large portion of the total commercial potato production that this relatively small staff would be adequate, in our judgment, to do this job.

Mr. McINTIRE. Could you supply for the record the names of the States that are now receiving a 100 percent inspection?

Mr. GRANGE. Yes, sir.

Mr. McINTIRE. I would also like to say that, in this matter of U. S. Grade 2 or better, I think there are probably some areas that think of a U. S. No. 2 being in terms of a size B, and interpret the No. 2 as being a small potato rather than being a grade. This legislation does refer to it as being a grade, and the size is only related to what is the size permitted in that grade.

Generally, in the trade, a U. S. No. 2 is not a very good pack of potatoes. And your testimony here does describe it. But I see you have a bag along with you. Do you have something which would show the committee—

Mr. GRANGE. I have a selected sample.

Mr. GRANT. You may, if you wish, get those out and explain them to the committee.

Mr. GRANGE (exhibiting potatoes). These potatoes are from an unidentified State or area of origin, Mr. Grant.

No. 2 grade is our lowest United States grade of potatoes. We have a U. S. Fancy, U. S. Extra No. 1, a U. S. No. 1, a U. S. Commercial, and a U. S. No. 2. Below the U. S. No. 2 is what the trade commonly call culls. It is an inch and a half minimum size. But as Mr. McIntire says, it usually doesn't mean a small-sized potato that is actually sold as a U. S. No. 2. It is a rough, misshapen, scabby potato, with interior discolorations, or mechanical bruises, that usually is found in the No. 2 category.

Unless there is something that seriously affects the appearance of the lot as a whole, or the defect is such that more than 10 percent of the potato has to be removed, it is not scored against the No. 2 grade.

There is a very bad shatter bruise on the end of this rather large potato. We would have to cut it to be certain that it would meet a No. 2. But I would guess that this defect unquestionably does not go in far enough so that you would have to remove 10 percent of this potato even with a disfiguring shatter bruise such as this on the end of the potato.

I have a number of others here that consist of insect injury, grub cuts, and other defects. As far as we know, there would be only a very small percentage of these potatoes that would be badly enough damaged so that they would have to be scored against a No. 2 grade.

We think that out of the 100 or so potatoes in here that there are possibly 2 or 3, without cutting them, which would have to be scored as culls. So actually it is a rather poor appearing grade.

A U. S. No. 2, minimum potato, is not what most people would consider to be a particularly desirable pack. Under the present grade, the size requirement for a No. 2 is an inch and a half minimum diameter. We have no potatoes in this particular lot that fall below the inch and a half requirement.

That is about it, Mr. McIntire. If there are any further questions I will be glad to answer them.

Mr. KRUEGER. Mr. Chairman.

Mr. GRANT. Mr. Krueger.

Mr. KRUEGER. How can you tell that a potato is discolored within without cutting it?

Mr. GRANGE. These are scored entirely, sir, on the basis of the external grade defects. We cannot determine internal discoloration without cutting a composite sample.

In addition to the 6-percent defects for external, we would permit 5 percent internal defects, hollow heart or discoloration. But we have selected this sample entirely on the basis of the external defects.

Mr. McINTIRE. Do you have any idea what the average field run would make up? Perhaps Mr. Hedlund had this in his statement, but there are many areas, are there not, in which a field-run lot of potatoes would grade U. S. No. 2, that is, the high percentage of them, some 85 or 90 percent?

Mr. GRANGE. Yes—

Mr. McINTIRE. What I am getting at is that this grade is not a particularly tough grade to meet; I mean, in a great many areas the stuff as it is taken from the field will certainly meet the minimum standard.

Mr. GRANGE. That was the requirement, Mr. McIntire—that was the reason, rather, for the proposal being made that processing within the area of production be limited to 85 percent U. S. No. 2, because of the belief that with normal average quality crops, the field-run lot would make 85 percent U. S. No. 2.

Now, we do not have a complete breakdown on the grade and size composition for all States, because we do not inspect everything, of course.

We have prepared various estimates as to what the field run composition is as to grade and size. And as we stated in our prepared statement, there is, on a field-run basis, on the average about 14 percent undersize as well as defects that would not meet a U. S. No. 2. This would vary considerably. Crops in some States will run as high as 92 to 95 percent U. S. No. 1 before they are graded.

In other States, with adverse weather conditions, or a poor growing season, sometimes it will drop as low as 60 to 70 percent U. S. No. 1, 20 to 30 percent U. S. No. 2, and 10 to 20 percent culls.

But the bulk of field-run potatoes will make U. S. No. 2 or better with an average crop.

Mr. WILLIAMS. Mr. Grange, could you tell me what percentage of the potatoes produced in New York State are inspected now?

Mr. GRANGE. In New York State?

Mr. WILLIAMS. That is right.

Mr. GRANGE. Last year, sir, in New York State we inspected an estimated 20 percent of the commercial shipments of potatoes.

Mr. WILLIAMS. Only 20 percent?

Mr. GRANGE. Yes, sir. I do not have the breakdown between Long Island and upstate with me. It is considerably higher on Long Island than it is on upstate New York.

Mr. WILLIAMS. I know that. How much cutting do you do in Federal inspection for internal coloring?

Mr. GRANGE. We handle our internal color, discoloration, on the basis of cutting some of the potatoes. The number we cut depends upon what is found. We cut 2 or 3 or 4 potatoes out of each 25-pound sample that we have drawn, say, for external defects. If we cut those and find nothing, we then assume that the lot as a whole would have no difficulty in staying within the 5-percent tolerance.

If we find that there are a number that have hollow heart or other internal defects, then we will cut additional composite samples in order to make sure that we have as representative a sample as possible.

Mr. WILLIAMS. But your program of inspection is mostly appearance and size; isn't that right? You just can't guarantee a consumer quality in a potato just by your inspection.

Mr. GRANGE. We do not have a cooking quality requirement under our grade standard.

Mr. WILLIAMS. You have used the word "quality" here a great many times, that is appearance quality; you can't guarantee eating quality to anyone because of your inspection?

Mr. GRANGE. That is correct, sir. But there are certain defects that would, of course, affect the eating quality, too. Just because they were perfect and had no defects, for the particular purpose that the person was going to use them for, they might not be very satisfactory. But when you get a big potato with a hollow heart in it, it is black around it, and it cooks up black, and you have the big hole in the center when you take it off the stove, well, that has affected eating quality as well as the appearance.

Mr. WILLIAMS. That is true. But I have observed in my experience, to go back to different types of potatoes, we have a potato that we call the Chippewa potato. It is one of the most beautiful potatoes to look at, and it would meet every requirement of Federal and State inspection, and you can take the old, scabby, knobby, Irish cobbler, and it will out-eat it 200 percent.

Now, you will agree that a Chippewa potato, perfect in form, appearance, would meet every Government inspection, and yet it is a very poor potato to eat, whether you bake it, boil it, or whatever you do with it. And that applies to a great many ground rules, does it not?

Mr. GRANGE. Chippewa is not a very desirable variety, Mr. Williams.

Mr. WILLIAMS. However, it would meet every Government inspection?

Mr. GRANGE. It is a good-appearing potato. But it can be bruised and banged up with mechanical injuries like these that I have here.

Mr. WILLIAMS. I mean, a potato that would pass inspection.

Mr. GRANGE. One of the primary difficulties with the Chippewa, sir, as you undoubtedly know, is because of its relatively low specific gravity. And we do not have a requirement in our grade standards for a minimum specific gravity. However, upon the application of the person obtaining the inspection, we will, if they wish, determine the specific gravity for them or percentage of solids.

We are doing that right now in many of the processing plants across the country, for example. But that is a voluntary part of the deal rather than a requirement under the grade standards.

Mr. WILLIAMS. That is all.

Mr. GRANT. Mr. Matthews?

Mr. MATTHEWS. Mr. Chairman, I have just 3 or 4 questions to ask.

First, Mr. Grange, about how many grades of potatoes are there? You are talking about type 2. You call them types or grades. Would you hazard a guess as to about how many of them there are in the United States? Did you give them in your testimony a while ago?

I mean, in other words, in flue-cured tobacco we have all kinds of types, from Virginia fire-cured tobacco to all the rest, we have all kinds of types. What about the types of potatoes and grades, about how many of them do we have?

Mr. GRANGE. We have in the basic grades themselves, a U. S. Fancy, a U. S. Extra No. 1, U. S. No. 1, U. S. Commercial, and U. S. No. 2. There are five grades of potatoes. Now, we may have a large number of different varieties that are certified in accordance with those grades. But we do not have any different requirement for one variety than we do for the other.

Mr. MATTHEWS. But, of course, there are a considerable number of grades and varieties of potatoes, which would be natural, in that, as I understand, all of the 48 States produce potatoes, and they naturally would have grades different in varieties and types.

Mr. GRANGE. But we apply the same grades to all varieties and to all States. If you were packing a U. S. No. 1 potato in Alabama, there would be the same requirement as if that potato were being grown and packed in Maine, for example.

We do not begin to have the multiplicity of grades and variations in our fresh fruits and vegetable standards that there is in tobacco.

Mr. MATTHEWS. Now, this question. Do we have a similar act, a similar labeling act for any other agricultural commodity, one, now, that takes in the whole United States?

Mr. GRANGE. Not to my knowledge.

Mr. HEDLUND. We do not have in the fruit and vegetable field, and outside of that I don't believe we are qualified to say.

Mr. MATTHEWS. All right, sir.

I will ask this question: In your opinion, will certain areas, like those areas for example, that have starch and conversion plants, will they have any advantage over other potato growing areas that don't have those plants?

I don't know whether you would like to express an opinion or not.

Mr. GRANGE. Not insofar as starch is concerned, because potatoes to be used for starch would be exempted from the provisions of the requirement. The principal thing that was brought out in our state-

ment is that if we were to distinguish between potatoes being used for food processing, it would have to be confined to the area of our products, in our opinion. So that if you had a food-processing plant located within the production area, you would be authorized to use field-run potatoes which net at least 85 percent U. S. No. 2.

If your plant were located outside the production area, you would have to use the regular U. S. No. 2 minimum, because in our opinion it would be entirely impossible to try to keep up with the shipments moving outside the area to be used for different purposes.

Mr. MATTHEWS. Thank you.

Mr. JOHNSON. I believe, if I listened to the question of Mr. Matthews, you claimed that the lowest grade was U. S. No. 2. I have a letter here from a packer in which he states:

U. S. No. 2 are larger potatoes and do not lend themselves well for canning, as the consumer is interested in a large count of potatoes per can, which can only be arrived at by the use of No. 3 or No. 4 potatoes.

What is he talking about?

Mr. GRANGE. We have all different kinds of terms that are used across the country by some of the potato shippers or receivers. But he is referring, I think, entirely to size. And we have stated in our statement here that we would undoubtedly put into effect the exemption on minimum size for canning which is authorized by the bill, because the smaller sizes are preferred for that purposes.

Mr. JOHNSON. Is the inspection at this time on a voluntary basis?

Mr. GRANGE. The inspection of potatoes is voluntary, and is made compulsory only in those areas that have Federal marketing agreements and orders, or have State marketing agreements and orders, or other laws making it mandatory.

Mr. JOHNSON. What States have Federal marketing laws?

Mr. HEDLUND. The States having Federal marketing agreements now are the States of Maine, Idaho, Washington, Oregon, and the two northern counties of California, also Colorado. Those are presently in operation.

There are several others that are in effect but are not in operation. Those are South Dakota, North Carolina, and Virginia, and in New England outside of Maine.

Mr. JOHNSON. You mean they have applied for it?

Mr. HEDLUND. They have marketing orders in effect, but they have by their own wishes determined that they shouldn't operate for the time being.

Mr. JOHNSON. In those other States, then, it is entirely voluntary?

Mr. HEDLUND. In the States other than those named inspection is voluntary, unless the State makes it compulsory, or a State marketing order makes it compulsory.

Mr. JOHNSON. Then, does the particular grower apply for inspection?

Mr. HEDLUND. That is correct.

Mr. JOHNSON. And then he has to pay for the inspection?

Mr. HEDLUND. Yes, sir.

Mr. JOHNSON. What percent of the Wisconsin potatoes were inspected last year?

Mr. GRANGE. It is our estimate that 25 percent of the commercial shipments of Wisconsin potatoes were inspected.

I would like to say one thing further, if I may, on this matter of the proportion of the potatoes that we inspect.

We had in our statement that we inspected about 75 percent of all potatoes at shipping point. Our inspections in the terminal market by repackers is virtually negligible. I just wanted to clarify that point.

Mrs. KNUTSON. Mr. Chairman, may I ask a question?

Mr. GRANT. Certainly.

Mrs. KNUTSON. We hear so much about the budget these days. How much additional appropriations are we going to have to have in order to pass these bills?

Mr. HEDLUND. As I stated earlier, we estimated our cost to be \$400,000 a year, in addition to the cost of conducting referenda. But this proposal provides that the funds to administer it be transferred from section 32 program funds, which are presently available.

So, as Mr. McIntire brought out a few moments ago, it would not require additional funds beyond those which have already been made available.

Mr. HAGEN. I want to ask Mr. Hedlund, under this proposal, in a given lot of potatoes, would there be a permitted tolerance of below-grade potatoes. For example, would you let the 10 percent below U. S. 2 go through?

Mr. HEDLUND. No, there would be no tolerance, either they are up to No. 2's or they are not. There are certain tolerances prescribed within the grade itself, but unless they are No. 2, it wouldn't be eligible under this proposal.

Mr. HAGEN. So the shipper or grower would have to cull that lot and get them out; is that correct?

Mr. HEDLUND. That is correct.

Mr. HAGEN. Now, in your statement you have some figures which dealt somewhat, I think, with the question of what percentage of the culls presently are marketed to the housewife. It was not too clear to me what percentage of below minimum 2 potatoes hit the market now for home use.

Mr. HEDLUND. Mr. Congressman, I don't think there is any way of knowing.

Mr. HAGEN. Could you guess?

Mr. HEDLUND. I certainly couldn't.

Mr. HAGEN. I mean, is it substantial?

Mr. HEDLUND. Well, from what I have been told by potato producers, and others, in some areas there are some substantial movements in cull potatoes, and, of course, it depends a lot on the price level.

Now, if the price of potatoes gets very high, like it was here a few years ago, I think everything was being marketed then, including the culls, in most areas. But if you get potatoes at the price they are today, I think that there are probably considerable fewer culls that are marketed.

Mr. HAGEN. Well, could you venture an opinion as to whether or not the percentage of culls marketed, whatever it may be, has a substantial effect on the price levels of No. 2 and better potatoes?

Mr. HEDLUND. I think it has an effect, Mr. Congressman. I would not go so far as to say how much, but I think it does have an effect.

Mr. HAGEN. In other words, there are several hundred thousand hundredweight of these culls marketed, are there not?

Mr. HEDLUND. There is a considerable quantity. As we say, we estimate there are 14 percent of a crop that fall below the level of U. S. No. 2 at the time of harvest. Well, now, that is a lot of potatoes.

Mr. GRANGE. We are talking about twenty to thirty million hundredweight, Mr. Congressman, at the time of harvest, and then with decomposition and breakdown during storage, you have additional potatoes that perhaps were good at one time that are culls.

There is a terrific variation as to the amount of off-grade potatoes that is sold. We just do not have any quantitative data as to what it may amount to. I was looking at an inspection certificate the other day for one of our major terminal markets where we had done the inspection at time of arrival on the market, as we do, and that particular carload contained 85 percent grade defects, 85 percent of them were culls. Now, that is about the extreme you will get into. It varies with the time of year, it varies with price levels, it varies with the outlets. And as to what it amounts to in aggregate, we have no way of knowing. Most of the potatoes are graded, most of the potatoes are above No. 2 grade. If they weren't, it would be quite a bad situation.

The great majority of them are higher, considerably higher than this kind of potato I have been showing you here. But there still is some trade in such potatoes.

Mr. HAGEN. Well, removing these culls from the market will definitely increase the income to potato producers around the country, will it not?

Mr. HEDLUND. We think it will increase the price to the producer. That has been the thesis of all the marketing orders throughout the country, that you would improve the returns to the producer by improving the quality of the product you put on the market.

Mr. HAGEN. And for that reason you approve of this legislation, provided there are certain changes made in it?

Mr. HEDLUND. Yes; we approve the general objectives. But we, of course, want the potato industry to be in on the thing and very much behind it, if it is going to make it work and work successfully.

Mr. GRANT. Mr. McIntire?

Mr. McINTIRE. Some reference has been made there to the percentage of inspection by States, the best estimates that you have available.

I would like to ask unanimous consent that Mr. Grange make a part of the record such tables as he thinks may be pertinent to this hearing that might be of assistance to the committee.

Mr. GRANT. Good.

Mr. GRANGE. We will be glad to furnish those, Mr. Chairman.

Mr. McINTIRE. And such others as you may have that you think will be helpful.

Mr. GRANT. Thank you very much, gentlemen. Your testimony and information has been very helpful.

Mr. KRUEGER. Mr. Chairman, may I insert a statement into the record?

Mr. GRANT. Without objection it will be inserted at this point in the record.

(The statement of Hon. Otto Krueger, a Representative at Large in Congress from the State of North Dakota is as follows:)

STATEMENT OF HON. OTTO KRUEGER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH DAKOTA

Mr. Chairman, members of the committee, I appreciate your giving me the time to present my views on the necessity for the enactment of a National Potato Grade Labeling Act.

The National Potato Grade Labeling Act represents an attempt by an important segment of American agriculture to meet its own problems by providing better products in an effort to attract and hold a fair share of the market.

The need for this legislation was summed up very well by Mr. Clifford J. Moquist, chairman of the North Dakota Potato Development Commission, when he stated:

"Our potato industry is meeting a great deal of competition from all forms of agricultural products these days, each competing for the consumer's dollar. If we do not keep abreast of the times, the per capita consumption of potatoes will steadily go down every year. In this bill we are only asking that the poor potatoes be kept from the consumer, thereby making the housewife a happier customer when she comes home and opens the bag."

I might add that recently growers from all parts of the Red River Valley in North Dakota and Minnesota went on record favoring a national grade labeling act. The growers, as a matter of fact, would be happy to have the provisions of the act go on even further.

They would like to see this apply all the way to the retail level, but realizing the difficulties in this way, they are satisfied that the proposed Potato Grade Labeling Act will go a long way and will be extremely beneficial to the entire potato industry.

Lyle W. Currie, executive secretary of the Red River Valley Potato Growers Association, terms this legislation an important step in the right direction, and adds that the association he represents is highly in favor of the act.

The Red River Valley, incidentally, has compulsory inspection now and prohibits the sale of culls, as do most of the major potato producing sections. All areas doing the same would have a beneficial effect on the consumption of potatoes.

Compulsory grade labeling is desirable, too, since it would put a stop to any misrepresentation of grade which may now be taking place. With the grade on the container, everyone would know exactly the grade they are buying.

With the support of the national and regional and State potato producer's associations, and with representations of independent producers' support, it seems just and fair that this committee should give its support to the proposed National Potato Grade Labeling Act.

Mr. JOHNSON. Mr. Chairman, I have a letter and a telegram from Wisconsin that I would like to have incorporated.

Mr. GRANT. Without objection they may be inserted.
(The letter and telegram referred to are as follows:)

FRIDAY CANNING CORP.,
New Richmond, Wis., April 11, 1957.

HON. LESTER JOHNSON,
House of Representatives,
Washington, D. C.

DEAR SIR: We understand that legislation to authorize mandatory inspection, grading and labeling of white potatoes and to prohibit the marketing of potatoes that do not meet the standards of U. S. No. 2 is being introduced and will be the subject of hearings by the Domestic Marketing Subcommittee of the House Committee on Agriculture on April 15 and 16.

We have read over the text of the proposed legislation H. R. 6409 and object to section 3, section 5, and section 7-C. We feel that there is no need to give the Secretary of Agriculture any discretionary authority over the supply of potatoes for canning, but that potatoes for canning should be completely exempt from the legislation. The canning industry provides potato growers a market for potatoes that are not desirable because of size for the fresh market. U. S. No. 2 or larger potatoes do not lend themselves well for canning as the consumer is interested in a larger count of potatoes per can, which can only be arrived at by the use of No. 3 or No. 4 potatoes. Regardless of the size of potato that is canned, they must be top quality and freshly dug.

We shall appreciate your cooperation in opposing the proposed legislation as we want potatoes for canning completely exempt from the proposed law.

Yours very truly,

O. V. OTTESON, *Vice President.*

RICE LAKE, WIS., April 13, 1957.

LESTER R. JOHNSON,
House of Representatives,
Washington, D. C.:

National potato grading labeling bill (H. R. 5137) is slated for hearings April 15-16 before House Agriculture Subcommittee. We are very much opposed to this bill, particularly as it means compulsory inspection. We have had to operate under similar conditions and restrictions before and they were intolerable. Wisconsin enjoys a unique situation regarding marketing of potatoes. We are right on top of the market with the biggest percentage; 80 to 90 percent of the crop moving by truck. Our growers are numerous, and many market their own product. This bill would benefit States distant from market who must necessarily ship by rail while hampering Wisconsin potato growers, particularly in the Ninth District. We urge vigorous opposition even in committee.

B. G. WEST,
DONN WEST,
M. F. MOMMSEN,
VEY WEST.

Mr. McINTIRE. Mr. Chairman, I have a wire which I received that I would like to insert in the record.

Mr. GRANT. Without objection it may be inserted.

(The telegram referred to is as follows:)

PORTLAND, MAINE, April 13, 1957.

Representative CLIFFORD McINTIRE,
Washington, D. C.:

Due to nature of bill H. R. 5137, a National Potato Grade Labeling Act eliminating commercial grades of potatoes for use in potato-processing industry and discrimination shown against minor producing areas and the small grower and inasmuch as we in the potato processing industry are using approximately 1 out of every 6 bags of potatoes produced according to A. E. Mercker, executive director of the National Potato Council, we feel that we should register our disapproval of this bill.

JOHN E. HAYES, JR.
President, King Cole Foods, Inc.

Mr. GRANT. The next witness is Mr. Waters, of Denver.

STATEMENT OF L. E. WATERS, GENERAL MANAGER, COLORADO POTATO GROWERS EXCHANGE, DENVER, COLO.

Mr. GRANT. Do you have a prepared statement, Mr. Waters?

Mr. WATERS. Yes, sir. I might preface my remarks by saying I am not a professional in this line, so I hope I will have your indulgence.

But, members of the committee, my testimony is this:

The Colorado Potato Growers Exchange, organized and operated continuously since July 1923, is composed of and is the appointed marketing agents of potatoes grown by the members of the following associations:

Carbondale Potato Growers Cooperative Association, Carbondale, Colo.
Center Potato Growers Cooperative Association, Center, Colo.
Del Norte Potato Growers Cooperative Association, Del Norte, Colo.
Delta Potato Growers Cooperative Association, Delta, Colo.
Fruita Potato Growers Cooperative Association, Fruita, Colo.
La Jara Potato Growers Cooperative Association, La Jara, Colo.

Monte Vista Potato Growers Cooperative Association, Monte Vista, Colo.
Milliken Early Potato Association, Gilcrest, Colo.
Montrose Potato Growers Cooperative Association, Montrose, Colo.
Morgan County Potato Growers Cooperative Association, Brush, Colo.
Olathe Potato Growers Cooperative Association, Olathe, Colo.
Prospect Valley Vegetable Growers Cooperative Association, Keenesburg, Colo.
Rocky Ford Onion Growers Cooperative Association, Rocky Ford, Colo.
Wiggins Potato Growers Cooperative Association, Wiggins, Colo.

The membership of these associations is in excess of 2,000, and their tonnage of potatoes marketed is approximately one-fourth to one-third of the potato shipments originating in Colorado.

Potatoes and sugar beets rank in order of importance next to wheat as Colorado's principal cash crops. Colorado's potato production ranks seventh in national volume.

The Colorado Potato Growers Exchange, when organized, was, and still is, designed to carry out certain expressed aims of the cooperative marketing of our producer-members' potatoes and other agricultural commodities, and, for the express purpose of minimizing speculation and waste, as well as to stabilize marketing in the interests of growers and the public. To this end, the association-members of this exchange have invested more than \$1½ million to provide grading and storage facilities to better serve their producer-members.

Our efforts to effectuate better marketing conditions on potatoes have been continually interfered with and handicapped by having to compete with improperly graded potatoes from many other areas in other States where their potatoes either are not marked as to grades or the containers in which the potatoes are shipped are often mislabeled as to grades.

In efforts made here in Colorado to correct abuses resulting from improper marketing practices on potatoes grown in our own State, legislation was enacted in 1935 making it mandatory that all containers of potatoes, when being packed, or after packing, and when offered for sale be conspicuously marked in terms of official potato grades as established by the United States Department of Agriculture and the Colorado Department of Agriculture, and this legislation has remained in effect since then.

In August 1941, the United States Department of Agriculture and the Colorado Department of Agriculture, after hearings were held and the potato producers of Colorado voted favorably, authorized marketing order regulations to become effective beginning with the 1941 crop of Irish potatoes grown in Colorado, and these regulations have continued in effect since then, subject to modifications and restrictions as authorized in the original marketing orders.

The purpose of these Federal-State of Colorado marketing orders was and is to further effectuate benefits to potato producers and to consumers resulting from withholding from market undesirable sizes and grades of potatoes as authorized under the terms of the Federal Agricultural Marketing Agreement Act of 1937 and enacted by the Legislature of the State of Colorado in 1939.

The National Potato Grade Labeling Act, now under consideration at these hearings of your committee, provides quality requirements for, and the inspection, certification, and labeling of Irish potatoes, subject to favorable action by Congress, and as you know will also be submitted to a referendum of the Nation's potato growers, and would require the approval of two-thirds or more of those voting. It pro-

vides that official United States potato grades be shown on all containers, that grade determinations be made by authorized State-Federal inspectors, and that inferior grade potatoes be withheld from the market.

This legislation, designed to have a far-reaching and beneficial effect on potato marketing, has long been advocated by this organization and its members. It is an attempt by potato producers to regulate themselves and their industry, and to provide self-help in removing from the market the undesirable portion of their potatoes which, in years past, have so often contributed disastrous results pricewise to potato producers and promoted dissatisfaction among consumers with potatoes as a food product when inferior quality potatoes are sold to them under the guise, and frequently mislabeled, as better grade potatoes.

Improper grading and inaccurate labeling of containers can, in our opinion, only be corrected by legislation such as provided in this bill. This bill will help to eliminate unfair competition resulting from mislabeling of containers. Federal and State surveys have shown that large quantities of potatoes are being sold as U. S. No. 1 grade potatoes when as many as 25 to 50 percent of them were below the grade designated. This legislation will help to protect honest packers against dishonest practices that too often prevail as a result of careless or intentional misrepresentation of potato grades in selling of potatoes to wholesalers, retailers, and consumers.

Potatoes are a healthful and economical food, and as such their use is advocated by the medical profession and well-known and highly regarded dieticians, but too frequently consumers do not reap the full benefit of their use because of having low-grade and undesirable potatoes pawned off on them as first-grade stock.

This legislation is designed to correct unethical practices, to improve the financial position of potato producers without expense to Federal and State Governments and at the same time better serve consumers.

The members of the executive committee of this organization at a meeting held on April 8, 1957, and in carrying out their responsibilities as representatives of the member-producers and member-associations of this exchange, directed that I represent them at this hearing and urge the approval by your committee of this bill.

We respectfully ask and request that the national potato grade labeling bill be approved by you with the recommendation that it be adopted by Congress.

Mr. GRANT. Thank you very much, Mr. Waters.

Any questions?

Mr. McINTIRE. Just one question.

I would like to inquire as to your reference on the next to the last page where you say:

Federal and State surveys have shown that large quantities of potatoes are being sold as U. S. No. 1 grade potatoes when as many as 25 to 50 percent of them were below grade.

Were those basically State surveys that were made in that regard?

Mr. WATERS. I think both State and Federal.

Mr. McINTIRE. Is this a survey which applies principally to your area, or is this a figure which could be generally interpreted?

Mr. WATERS. No. As I recall, some of those surveys were made in New York City—Philadelphia, I think, was another market—and I am not certain, but I think in New England.

Mr. HAGEN. One question in that same connection.

Is there any Federal or State law violated presently, if you label a No. 2 or No. 3 potato U. S. 1, or something of that kind?

Mr. WATERS. No, insofar as potatoes in particular are concerned. But I think under the broad interpretation of the Pure Food Act, when an article is made as to grade, size, or other specifications, if the article—if the package is not properly marked, that it is subject to, at least, investigation, and probably prosecution, and in some instances they have been.

But as I understand it, the Pure Food Department is so busy with so many things that they don't get around to some other things.

Mr. HAGEN. In other words, when this mislabeling occurs, there is a law being violated, but you don't have the men to enforce it, is that the idea?

Mr. WATERS. That is my understanding.

Mr. MATTHEWS. It is the Perishable Agricultural Commodity Act of 1930 that might be broken when they violate the labeling of potatoes.

Mr. WATERS. Are you directing the statement to me?

Mr. MATTHEWS. I was just calling that to his attention.

Mr. HAGEN. What is the problem, that they can get by with putting U. S. grade 1 or 2 on when it is not?

Mr. WATERS. I think it is the tendency to give one's self the benefit of the doubt. I wouldn't want to go beyond that, but I think in some instances that, not having availed themselves of a Federal and State inspection, they take it upon themselves to presume that those potatoes are No. 1, or else they just have a misapprehension of what a No. 1 potato is.

Mr. HAGEN. What is your problem in that connection, Mr. Grange?

Mr. GRANGE. I am directly connected with that.

A bag of potatoes that is branded U. S. No. 1 and does not, in fact, meet that grade, for example, violates to my knowledge four Federal laws. One, the Food, Drug, and Cosmetic Act that Mr. Waters referred to. Two, Public Law 272 of the last Congress that amended the Agricultural Marketing Act of 1946. Three, some acts administered by the Federal Trade Commission that prohibit false advertising or claims. And four, the Perishable Agricultural Commodities Act that Mr. Matthews just mentioned, if the packer is a licensee under the Perishable Agricultural Commodities Act.

So in some cases he might be violating the Perishable Agricultural Commodities Act, and in other cases it might not apply to him.

The problem insofar as enforcement—let me just say one other thing. There are a number of States that also have laws copied after the Pure Food and Drug Act, or their own laws concerning potatoes, that makes it illegal to misbrand.

The problem, insofar as enforcement from the Federal side goes, is that to then try to catch up with someone who has a misbranded lot, without having a complaint from the individual whom he is trying to sell them or is dealing with, is a very difficult and almost impossible task. We have more activity in the Department of Agriculture in regard to misbranding under the Perishable Agricultural Commodity

ties Act than we do any other, and there it is largely when we receive a complaint from the individual who is handling the potatoes.

Other than that, to have an enforcement force large enough to be able to do any kind of an adequate job on potatoes that are being sold everyday in the year from different areas into all the hundreds of markets into which they enter is not an easy task.

In that connection, I would like to mention that fresh fruits and vegetables are the only commodity group on which a U. S. grade label can be placed without having had inspection and certification, so there is nothing illegal with marking the grade on itself, whereas on all the other agricultural commodities I am acquainted with, inspection and certification is a prerequisite in order to make use of the official U. S. grade mark.

Mr. GRANT. Thank you very much, Mr. Waters, for your testimony.

Mr. WATERS. Thank you, gentlemen.

Mr. GRANT. Next is Mr. L. A. Masters, Florida Fruit and Vegetable Association, and Mr. Wolfe, who I understand is with him.

**STATEMENT OF L. A. MASTERS, FLORIDA FRUIT & VEGETABLE
ASSOCIATION, ACCOMPANIED BY W. F. WOLFE**

Mr. MASTERS. I am Mr. L. A. Masters, and with me is Mr. W. F. Wolfe.

Mr. GRANT. We will be glad to hear from you.

Mr. MASTERS. First, the potato industry of Florida sends their appreciation for allowing us this time to report to you our opposition to this bill known as H. R. 5137, and other similar bills.

Recently we have supplied the members of this committee with a brief on our views of the Florida potato industry regarding this act, outlining section by section our opinions.

This brief has been accepted by the chairman. And due to the fact that the industry in Florida not only opposes this act section by section, but also bitterly opposes this type of legislation basically, I will attempt to outline my remarks around the three main features as we see them.

First, restriction on first-grade labeling. Second, restrictions on shipments of lower grade potatoes. And third, compulsory inspection.

The entire produce industry for many years has been successfully marketing their products under the trade rules and regulations laid out by the Perishable Agricultural Commodities Act. By an amendment Congress wrote into this act last year, misbranding is now regulated on all agricultural commodities including potatoes.

I really should put potatoes first, because I don't know what is happening in other commodities at this time. But I do know what is happening in potatoes. Mr. Diamond, who is Chief of PACA, is at this time bearing down on misbranding of potatoes, at least he is in our area of the country, anyway.

And from information I have gathered, USDA has called a meeting of potato growers in our area tomorrow night, and two gentlemen from PACA Department of USDA are to be there and give the growers a speech, or lay down the law, so to speak, on this problem of misbranding which is unlawful under this act.

I can't see how the potato industry or Congress could want two acts for the same enforcing, or misbranding, and probably two administrators.

I will concede that the PACA Act takes a negative stand on this program, and this act we have under discussion here, takes a positive stand. In my own words, the PACA Act says:

"You shall not misbrand," the act we have under discussion says, "You shall properly brand."

There seems very little difference there in wording, but there is a lot of difference in our operation in Florida from a grading standpoint. We grade all our potatoes to start with for U. S. No. 1 grade as they come over the grader at a very rapid speed. If these potatoes fail to meet U. S. No. 1 grade, they are of a grade lower than U. S. No. 1, and we put them in bags with no label at all, generally speaking, mainly because of the fact that we do not know what those potatoes do grade.

If a potato grades less than U. S. 1, when an inspector is inspecting it, say, for instance, 89 percent U. S. No. 1, the inspector that made that inspection cannot tell you if that potato is a commercial or a No. 2 grade without reinspecting that particular lot of potatoes. And, of course, you would have a reloading charge and a reuploading charge.

We will go to the second restriction on the shipment of lower grade potatoes. The first fact I would like to establish here is, the potato industry all over the United States has the same problems as we have been reading. The problems are getting financed to grow the crop. The second problem is getting the crop grown. The third problem is packing. The fourth problem is merchandising. Those problems are general throughout the United States.

But, gentlemen, to meet those problems every area has to go about it in a different manner. Even in Florida, from the southern Florida area to the northern part of the area, the growers have to go about these 4 problems in 4 different ways. And, of course, as you spread it over the United States, well, that fact becomes more apparent.

We grow winter and early spring potatoes, and are called whether the early States—we have intermediate States on potatoes and late States. Everyone has their different operations and their different problems.

For instance, we ship our potatoes from Florida beginning in the very southern part from January 1 to usually June 1. And the Hastings area, which is the largest area, we ship the bulk of our potatoes in 6 weeks' operation. They cannot be stored. They are early spring potatoes, they are practically a different commodity from the standpoint of being perishable than potatoes grown in the Lake States. We have to market those and do what we can with them very quickly. We have no place to store them; if we had a place we could not store them on account of them being perishable.

Florida is not the only State affected in that way, all the early States are affected in the same manner.

Over the years we have been able to merchandise all our potatoes from Florida. Our potatoes that make under a U. S. 2 grade are usually merchandised the same as the rest, and usually bring a fairly good return to the grower. We have two places to merchandise them.

We have some chip institutions that will use those lower grade potatoes, and the balance of them go on the market.

Gentlemen, those potatoes that are lower than U. S. 2 grade gives the public a new potato to eat at a low price, if it is the type of family that wants such a commodity, because after all, if a potato has a defect on it and it is pared off and peeled, I don't think anyone can say that that potato isn't as good to eat after it is prepared than the potato that doesn't have a defect.

We have no starch factories, no local chip plants, no local prepared potato plants, nothing local to move this offgrade or cull potato to. We have a very good market for it normally. If the market generally gets in a low state, supply and demand takes care of itself. These poorer grade potatoes are dumped. They are dumped because there is no sale for them, the No. 1's are so low that it brings them into an income bracket for everyone to buy. So under those conditions, then, the lower grades, the U. S. No. 2's are dumped.

It is our opinion—we have Federal marketing agreements that can be put into effect in each area that will take these lower grades off the market if necessary for that particular area, but we certainly do not feel that a national act should be passed to put all the potato-producing areas in the United States under the same category.

On compulsory inspection, of course compulsory inspection would be a result of the other two parts of this act. The act could not be administered unless it was compulsory inspection. For many years we have gotten along well with the United States Inspection Service as it is. The growers and shippers that get this service pay for it. The receivers, jobbers, or any one on the receiving end that need this service ask for it, get it, and pay for it.

There is no such thing in this industry any more, in the fruit and vegetable industry, of shipping a man something that he does not know what it is. All of them are grown people, and in business, and they know what they are buying, and when they receive it their certainly check it to see if they get what they bought.

There is no receiver anywhere on fruits and vegetables, no matter how much they respect the shipper, that will receive a load of potatoes and move it without checking it, because condition factors can change in transit, and he is certainly going to look at his merchandise and see what he got, and is not going to be fooled in any way on grade or quality or condition.

The Florida potato industry bitterly opposes this type of Federal legislation.

Mr. GRANT. Thank you very much.

Did you want to include this brief here in your statement?

Mr. MASTERS. Yes, sir; we would like that brief included.

Mr. GRANT. Without objection that will be filed.

(The brief referred to is as follows:)

A BRIEF ON THE VIEWS OF THE POTATO INDUSTRY IN FLORIDA

(Submitted by Florida Potato Council, a division of the Florida Fruit and Vegetable Association, Orlando, Fla., April 9, 1937)

INTRODUCTION

The purpose of this brief, prepared by the Florida Potato Council, a division of the Florida Fruit and Vegetable Association, 4401 East Colonial Drive,

Orlando, Fla., a trade association representing more than a majority of the potato growers in Florida, is to submit the views of the Florida potato industry on the National Potato Grade Labeling Act, as contained in H. R. 5137, and other similar bills, to the Domestic Marketing Subcommittee of the House Agriculture Committee, for its consideration during public hearings to be held on April 15 and 16, 1957, on this subject.

GENERAL

Florida is classed as a winter and early spring producer and shipper of "new" Irish potatoes. No potatoes are stored for future sales, but the entire crop is marketed immediately following harvest. Sales are made to buyers, both for fresh and processing purposes. It is estimated almost 50 percent of the potatoes in some areas of Florida are used by processors.

Approximately 35 percent of the potatoes produced are of the "red" type of the Pontiac varietal class, and the balance are "white" potatoes of the Sebago varietal type.

The potato acreage in Florida in the last 3 years has ranged from about 38,000 planted acres in 1954-55 to 56,000 planted acres in the current 1956-57 season. Shipments are made from December to June with the peak shipments occurring in May, followed very closely by the shipments in April.

The potatoes are produced in numerous areas of the State, such as the Hastings, lower east coast; Gainesville, west Florida; Fort Myers-Immokalee, Everglades; and the Manatee-Hillsborough-DeSoto sections. In each area, potatoes are a major crop produced, and depended upon as an important source of income by many farmers.

The hazards and risks of weather, insects, and disease, as well as low yields cause potatoes produced in Florida to be a relatively expensive crop, costing around \$175 to \$300 per acre to produce, depending upon the area of production.

OBJECTIONABLE FEATURES

There exists serious doubt that Federal legislation, as proposed by the national potato-grade labeling bill, H. R. 5137, and other similar bills, can solve and rectify any of the economic problems associated with the national potato industry better than the free-enterprise system of production and marketing, presently practiced and followed. Congress has implemented this reliable system with the authority for Federal marketing agreements, the Perishable Agricultural Commodities Act, section 32 funds, and other governmental services, such as the Market News, Crop Reporting, and Inspection Services; as well as research in the fields of production, utilization, and marketing, supplemented by numerous different governmental service agencies. It is inconceivable that any useful purpose or beneficial results will accrue to potato growers and shippers from the enactment of the type of legislation contained in H. R. 5137.

Such legislation, in its present form, would appear to be the forerunner of a gradual encroachment of governmental control over the industry, which may lead ultimately to acreage controls, price supports, and other forms of obnoxious regimentation. Since this is a definite possibility, if Congress takes the initial step by enacting H. R. 5137, a review and study should be made by the committee of the previous national governmental programs involving potatoes; such as the report, Price Supports for Perishable Products, Review of Experience (U. S. Senate committee, 82d Cong., 1st sess.); and the United States Department of Agriculture report, Realized Cost of Agricultural and Related Programs, by Function or Purpose, fiscal years 1932-53 (U. S. Senate Committee on Agriculture and Forestry, general farm-programs hearings, 83d Cong., 2d sess.); and the many spectacular news articles on this subject—for example, those in Time magazine, August 29, 1949; the San Francisco Chronicle, February 12, 1950; and the Washington Post, June 1, 1952.

The basic purpose of this bill is to authorize a national potato-marketing agreement for all potato-producing areas. Congress, in enacting the Marketing Agreement Act of 1937, as amended (48 Stat. 31, as amended; 7 U. S. C. 606 seq., 68 Stat. 906, 1047), recognized the inequality and impracticability of Federal marketing agreements and orders operating over too broad a territory, by writing in the law, 608c (11), "regional application" (B), "except in the case of milk and its products, orders issued over this section should be limited in their application to the smallest regional production areas or regional marketing areas, or both as the case may be, which the section finds practicable." This act, by attempting to establish a national marketing agreement, would be contrary to the policy of

the Marketing Agreement Act of 1937, whereby in section 608b, marketing agreements are exempt from antitrust laws, when the agreements are issued on the basis of the smallest practicable areas.

The bill regulates the grade and quality of potatoes, which authority is presently incorporated in the Marketing Agreement Act of 1937. The main difference in this bill from the Marketing Agreement Act of 1937 is that none of the flexibility or rules of procedure of marketing agreements are permitted or incorporated in the bill. In addition, the referendum, as worded in the bill, will be conducted in a manner making it impossible for disapproving areas to avoid being forced into the national agreement. It should be recognized that many areas and States not operating under a State or Federal potato marketing agreement have considered the value and merits of either State or Federal marketing agreements, and for various logical and sound reasons, the use of such governmental marketing aid has been rejected by the growers and shippers. These areas now find Congress in the process of creating a situation, through this legislation, making it physically impossible for areas to decide their own best needs and requirements, as the referendum, without a doubt, will be decided by competing areas, or sections possessing little or nothing in common with the areas disapproving of this arbitrary governmental control being placed on their businesses.

This bill not only attempts to weaken the objectives and authority of the Marketing Agreement Act of 1937, as amended, but it duplicates the regulatory power authorized the Department of Agriculture by the 84th Congress, 2d session, when this body amended the provisions of the Perishable Agricultural Commodities Act of 1930, by amending 7 United States Code, section 499b (5), to read: "for any commission merchant, dealer, or broker to misrepresent by word, act, mark, stencil, label, statement, or deed; the character, kind, grade, quality, quantity, size, pack, weight, condition, degree of maturity, or State, country, region of origin of any perishable agricultural commodity received, shipped, sold, or offered to be sold in interstate or foreign commerce."

Ample authority has now been granted the Department of Agriculture to prevent the misbranding or improper labeling of potatoes or any other commodity with the incorrect grade. Because of the recent enforcement of this authority, few, if any, potatoes are incorrectly labeled in Florida. If other areas are encountering a different situation, it would seem the problem should be resolved by the authorization of additional funds for the employment of more enforcement personnel by the United States Department of Agriculture, rather than by the enactment of more legislation. Then, too, if there is not sufficient manpower in the Department of Agriculture to enforce present legislation, how can it be expected that compliance will be obtained on this bill? The Inspection Service is not a regulatory agency, and if engaged in their regular inspection assignments, this department would be unavailable for regulatory assignments without additional manpower and inspection charges, which expense must be paid by the grower and shipper.

An effort is made in the wording of this bill to ignore area differences in types of growers, varieties and classes of potatoes, production environment, present marketing procedures, customs and practices, and utilization. This is done either deliberately or unintentionally when the bill requires, once a favorable referendum has been obtained, the Secretary to place compulsory 100 percent inspection of all potatoes, to regulate both the "intra" and the interstate movement of potatoes, and to require the dumping or destroying of all potatoes under a No. 2 grade. This is undesirable since the majority vote will be controlled by several of the larger potato producing areas, which areas either operate under a State or Federal marketing agreement and/or possess starch and conversion plants for low quality potatoes, presently subsidized to some degree by the Federal Government under section 32 funds. It is definite that such legislation cannot possibly affect all areas equally. For example, those areas presently operating under a marketing agreement would be affected differently from areas not operating under an agreement with regard to new costs, inspection usage, and marketing practices. The dumping of all potatoes under a No. 2 grade would mean complete economic loss to some areas, but in those sections possessing starch factories and other types of processing plants, little if any loss would be realized. It is questioned whether or not the economic plight of the potato industry is so materially different from other commodities experiencing similar market "gluts" and market "famines," that the potato group alone requires such drastic Federal legislation.

Once Congress attempt to legislate a cure for the ills of the potato industry, where does it stop, as the first attempt will certainly prove to be of no value in

increasing the returns to growers and shippers. The next demand to Congress from pressure groups, with personal vested interests, will be more and more legislation to the detriment of the national potato industry. The industry already possesses the tools to assist itself, but this legislation, incorrectly entitled "A National Potato Grade Labeling Act," ignores the fact.

It should be noted that regulations effective from the passage of this bill, are to be based on present United States potato grade standards or future United States potato grade standards. The Department of Agriculture is the administrator of grade standards; and it will be serving in a dual capacity, when under the provisions of this bill, it administers this legislation. It is conceivable future grade changes will alter the percentage of potatoes grading No. 2; yet, the industry will have no means of voicing its objections to any regulations based on new No. 2 grades, once the grades have been established.

Personnel of the Standardization and Inspection Branch of the Department of Agriculture charged with the responsibility of preparing grades, recognize the existence of area differences in regards to type, size, weight, and skinning characteristics of new versus stored potatoes; as well as variations due to different environmental and weather conditions changing from year to year. All combined, a situation is created which has made it impossible for the national potato industry to compromise and agree upon any major potato grade changes in approximately 25 years. It should, therefore, be impossible for the Domestic Marketing Subcommittee to overlook the demarcation that exists between new and stored potatoes. Due to the very nature of the two types, new potatoes should be exempt from this legislation by the committee, rather than consolidated with stored potatoes, if no effort is made to recognize or consider the differences that exist between the two classes of potatoes.

ANALYSIS OF THE BILL BY SECTIONS

Section 1

(d) The term "United States grade" has been broadened to include the present known standards, as well as future unknown grade standards; thereby subjecting the industry to considerable doubt as to what will be the composition of the grades, and the resulting effect in the future.

Since the intent is to require the dumping or destroying of potatoes below No. 2 grade, the exact standards to be used to determine a No. 2 grade should be so stated. It is conceivable that later modifications of grade requirements on the skinning of potatoes, size, weight, and tolerance allowances, by the Department of Agriculture, which Department would also administer the act, could create a situation on grades vastly different from U. S. No. 1 or No. 2 grades as presently worded. In view of this possibility, the present standards should either be incorporated in the bill or authority granted to require a new referendum when grades are changed or modified.

(g) Authority is granted requiring foreign potato export shipments from the United States to meet all regulations, but no provision is made to require foreign potato imports entering the United States to meet similar requirements. It is only logical that to avoid a situation whereby foreign imports are marketed free of any restrictions, while the domestic industry is burdened with regulations and restrictions, imported potatoes should be treated in a similar manner to domestic potatoes. In addition, both "intra" and interstate movement of potatoes are regulated—placing an undue hardship and cost upon small growers producing for local markets within a State. Many such growers will be deprived of a market outlet and forced out of business by this procedure, which will cause the potato industry to be concentrated in fewer areas in the United States, and divided among a reduced number of larger growers.

Section 2

This section requires that the Secretary shall invoke the restrictions of section 3 and subsequent sections if a favorable referendum is obtained. Such dictatorial authority should not be sanctioned the Secretary of Agriculture. He should be empowered to act only upon receiving a recommendation, backed by a three-fourths approval vote of a representative industry committee. Such committee should be authorized to recommend and expedite alterations in regulations based upon actual market conditions, rather than any attempt by legislative action to project inflexible and unwieldy regulations on a market which is in a continual flux.

The result of the referendum, if based on a two-thirds approval of only those voting, has no assurance of being a true indication of the interest of the industry.

To be representative, it should require a two-thirds approval of all potato growers based upon the latest census figures. Then, too, the shipper should not be disfranchised, since the regulations will have the greatest impact upon shippers. A two-thirds approval of all potato shippers should also be obtained, if the referendum is to be democratic and fair. Just as bond issues cannot be issued without a favorable vote by a certain percentage of property owners, such stringent legislation as this should only be forced upon an industry when it has been approved by more than a majority of those being affected. No method of terminating this legislation, other than by act of Congress, is provided, except for an unwieldy provision stating "subsequent referendums may be conducted in the discretion of the Secretary or at the request of a substantial number of potato producers representing several producing areas." As a safeguard, it should be required that a new referendum be taken every 2 years to insure for the industry the termination of regulations, if no useful purpose is being served.

Section 3

(a) By attempting to rigidly bar the shipment of potatoes lower than a No. 2 grade, may, under some conditions, deprive consumers of lower cost supplies that are equally nutritious, though technically inferior; and thus may reduce overall consumption. Potatoes as a produce item are considerably different from fruits and vegetables, since with considerable surface damage, it still possesses a large amount of wholesome food value in the interior area. The market itself is undoubtedly the best regulator of the quality to be shipped, rather than any artificial means to govern what qualities should be offered the buying public.

(b) To require potatoes used for processing or manufacturing, within the area of production to consist of 85 percent potential U. S. No. 2, and to require those used for processing or manufacturing outside the production area to be No. 2 or better, clearly discriminates against those potato-producing areas not possessing processing plants within its boundaries. It is un-American and contrary to good government to benefit one area of the United States at the expense of another.

Section 4

To require the tag, label, imprint, or other appropriate mark to designate the correct grade, as shown by an official certificate of an inspector, will cause a situation whereby all percentage of U. S. No. 1 potatoes will have to be labeled with the next lowest grade, causing a possible sales hardship, and the prospects of lower returns for high quality percentage No. 1 potatoes. For example, 90 percent U. S. No. 1 potatoes would be labeled "U. S. Commercial" which may not truly reflect the contents.

Section 5

As stated in section 1 (g), compulsory inspection will result in a hardship and extra expense for many small growers; yet, it is not logical to exempt them if the balance of the industry is to be regulated. The proverbial umbrella cannot be held over their heads by the Secretary attempting to utilize section 7 (a) in fairness to those other individuals being controlled. This section will have a greater adverse potential on the present nonusers of inspection who will experience not only additional costs, but a certain amount of modification in their grading operations and marketing practices.

Section 6

(d) The announced purpose of this bill has been to supply the consumer with a better grade potato; but it is questionable whether any benefit will be derived by the consumer, when individual retail stores are not required to label properly the potatoes sold. It is theorized that the elimination of lower grades and proper labeling will stimulate demand and result in higher prices; however, this is merely conjecture, and is based on no reliable quantitative proof. The opposite may equally be true—that is, the actual results will be reduced sales and less net returns.

Section 7

(a) There are indications certain areas and locations have already been unofficially informed the National Potato Grade Labeling Act will not affect their present operations due to this section being available. If it is impossible to enforce this legislation equally on all parties directly concerned, it should not be enacted.

Section 8

Unprecedented dictatorial authority is granted the Secretary when he is authorized to detain any lot of potatoes which fails to meet the requirements of

the Act, and to prevent the lot from being sold or disposed of in any manner until approved by the Secretary. Such arbitrary police powers are contrary to the established conduct of governmental agencies, and the normal protection granted individuals under our laws.

Section 12

It is stated the composition of the National Potato Committee, as to number and area representation, will not be announced by the Secretary until after the referendum. It is only logical and proper for this information to be made available to the voters prior to the referendum, in order that they may know how they will be represented on such a committee. This is normal procedure with any marketing agreement, after which this bill is patterned.

Section 13

This section indicates, by its very wording, that it is recognized this legislation affects the programs of the Marketing Agreement Act of 1937, as amended, and that the future of this marketing agreement will be reduced after the passage of this legislation.

Section 14

To permit the transfer of section 32 funds for the administration of the National Potato Grade Labeling Act would appear to be a distortion of the original purpose of these funds, which was to—

“(1) Encourage the exportation of agricultural commodities and products thereof by the payment of benefits in connection with the exportation thereof or of indemnities for losses incurred in connection with such exportation or by payments to products in connection with the production of that part of any agricultural commodity required for domestic consumption;

“(2) Encourage the domestic consumption of such commodities or products by divetering them, by the payment of benefits or indemnities or by other means, from the normal channels of trade and commerce or by increasing their utilization through benefits, indemnities, donations or by other means, among persons in low-income groups as determined by the Secretary of Agriculture; and

“(3) Reestablish farmers' purchasing power by making payments in connection with the normal production of any agricultural commodity for domestic consumption. Determinations by the Secretary as to what constitutes diversion and what constitutes normal channels of trade and commerce and what constitutes normal production for domestic consumption shall be final.”

To permit section 32 funds for this purpose could result in other future drains on this fund for purposes far tangent from the original objectives intended by Congress.

RECOMMENDATIONS

Based upon previous remarks in this brief, it is felt a National Potato Grade Labeling Act should not be enacted by Congress due to its discriminating nature, unequal effect on different potato-producing areas, failure to cope with variations in marketing practices and customs, lack of recognition of existing Federal statutes available to the potato industry; and the arbitrary and dictatorial manner it is to be administered.

If these facts are not accepted on their merits and Congress elects to pass such legislation, then “new” potatoes should be exempt from the bill, and only “stored” potatoes included within its provisions.

Mr. GRANT. Did you want to add anything to what Mr. Masters has said, Mr. Wolfe?

Mr. WOLFE. Mr. Chairman, I hope you will bear with me, I am just a farmer, I raise potatoes, and that is strictly my sole business. And I might not be able to present a statement as well as some.

But I am opposed to this legislation, first, because I am opposed to the Government regulations, some of them, that are put on to the people. In other words, it takes the farmer away from his own free enterprise way of doing it. If he raises a commodity and he finds a sale for it, why, he feels like he would like to sell it.

And second, I don't like to see some legislation that, in my opinion, I don't think will fit all over the country in a universal way. In our area, as Mr. Masters has just stated, we have to harvest our crop in our particular area in about 6 weeks' time. We have no way of storing these potatoes, they are grown and harvested under different conditions to those of the late potato States, so they come under a different category to the stored potatoes. And we have no way of disposing of the offgrade potatoes, like some of those areas do have where they have the starch factories and other means of disposing of them.

In our area sometimes a man will have his whole crop that will just not meet the proper requirements, and he has done all he could to help keep from it. Well, what will that man do? Will he just throw them completely away and not be able to dispose of them? By that it would seem the same thing as a man that is raising cattle and he has a dry years, his food, forage, for his cattle, didn't make choice grade out of them, and they didn't come up to the top standard, what is he going to do with them, just throw them away? Why don't they throw away the hamburger and just save the choice parts of the beef?

Mr. GRANT. They send those to Washington, I think.

Mr. WOLFE. So I am opposed to it just from a farmer's standpoint, I feel that if a man raises a commodity and he has it for sale and someone wants to buy it and it meets the requirements of the Pure Food and Drug Act, that he should be able to sell it.

Mr. JOHNSON. I haven't had a chance to read the brief, but being an attorney myself, I realize that the witness has gone through a lot of work in preparing this brief. It looks like a real job, and I want to compliment the gentleman.

Mr. MASTERS. Thank you, sir.

Mr. GRANT. Mr. McIntire?

Mr. MCINTIRE. I would like to ask Mr. Wolfe if he thinks U. S. No. 2 is a choice pack.

Mr. WOLFE. I wouldn't say it is a choice pack; no.

Mr. MCINTIRE. What percentage of your field run will grade U. S. No. 2?

Mr. WOLFE. Well, that will vary, I mean, with different crops.

Mr. MCINTIRE. I realize it would. But are you harvesting now?

Mr. WOLFE. Yes.

Mr. MCINTIRE. What percentage of your 1957 crop will yield U. S. No. 2?

Mr. WOLFE. Well, of course we have just gotten into the harvest—I am not harvesting myself, so I wouldn't be able to just give you a figure that I would want to say.

But as I understand the act, you can only sell 85 percent No. 2 in the local area, if the act is passed.

Am I correct? I may be wrong in it.

Mr. MCINTIRE. You can sell a grade in the local area that graded at least 85 percent No. 2.

Mr. WOLFE. That is where it discriminates against us. If we have such a crop as that, what are you going to do with it, just throw it away? Those that won't grade that, or even those that do grade it, we have no way of disposing of in our area, we have no factories there, no starch factories and no chip plants in our local area.

Mr. MCINTIRE. That is right. Under this legislation your stuff, in order to move, would have to grade U. S. No. 2 or better.

Mr. WOLFE. That is right, under the act.

Mr. McINTIRE. What I am wondering is, when you are putting your stuff up now, when you start harvesting, you say you haven't started, but when you do start and begin moving your stuff to the packing shed, how much are you going to grade out normally of that field run to put it on the market?

Mr. WOLFE. You mean that will be just completely disposed of? I will throw away quite a bit, I will throw away, I will say, 5 percent.

Mr. McINTIRE. Five percent?

Mr. WOLFE. Yes.

Mr. McINTIRE. And the rest of them—you say generally it is U. S. No. 1?

Mr. WOLFE. No. 1 is our main pack, of course.

Mr. McINTIRE. And do you have those inspected?

Mr. WOLFE. Yes, sir.

Mr. McINTIRE. Why?

Mr. WOLFE. Because I think it is the proper thing to do. But I have some that do not make that No. 1 and could not make No. 1, but are still an edible potato.

Mr. McINTIRE. What do you do with those?

Mr. WOLFE. We sell them.

Mr. McINTIRE. Where do they go?

Mr. WOLFE. I don't know where they go, a man buys them—

Mr. McINTIRE. Do they go for fresh use?

Mr. WOLFE. No; not altogether, most of them go into chips—not altogether, I wouldn't say that most of mine individually goes into chips, but of that kind of potato they do, a big part of them from the area, go to chips.

Mr. McINTIRE. And those plants are outside Florida, mostly; aren't they?

Mr. WOLFE. That is right.

Mr. McINTIRE. Mr. Masters, you were speaking about the fact that when the price was low that, if I understand you correctly, it was the practice in your area not to put your poorer grades on the market. But is that being done, or has it been done?

Mr. MASTERS. Yes, sir; it has been done in past years. Of course, understand, we don't ship heavily but approximately 6 weeks, really 4 weeks heavy. And it has happened, of course, a very short period of time. And you might say, sir, it was a case of have to, when potatoes get down to a low enough point your demand for that type merchandise will drop off, and so, if you can't merchandise it you can throw it away in our area, because you certainly can't keep it.

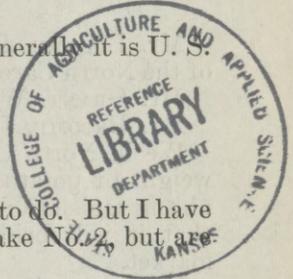
Mr. McINTIRE. Don't you think that the price for which you are offering that low-grade stuff influences the price that you get for your No. 1?

Mr. MASTERS. No, sir. We have checked that over and over and we cannot see where it has any effect whatsoever on our No. 1 price.

Mr. McINTIRE. That is all.

Mr. MATTHEWS. I would like, as Congressman Johnson has, to congratulate these gentlemen on the preparation of this brief.

We have Mr. David in the audience with us, who is executive director of the Florida Fruit & Vegetable Association, but he doesn't want to testify.



I want to thank you gentlemen very much for bringing this information to us.

Mr. GRANT. I understand that Mr. McGree had to leave, and Mr. Broome is here to testify.

Will you come forward, please, Mr. Broome?

Will you identify yourself?

STATEMENT OF JOHN BROOME, PRESIDENT, NORTH CAROLINA
POTATO ASSOCIATION

Mr. BROOME. I am John Broome, from North Carolina, president of the North Carolina Potato Association.

Mr. GRANT. We will be glad to hear from you.

Mr. BROOME. I do not have a written statement to file.

We in North Carolina produce approximately 5 million hundred-weight of potatoes annually. We endorse the principles of this enabling legislation, specifically House Resolution 5317, in that we feel that it will bring about an upgrading of our commodity on the market.

We need to increase the per capita consumption of Irish potatoes in the United States. It is a wonderful fruit. The quality oftentimes determines how much or how little a housewife will buy when she goes to the store. We feel that this enabling legislation will bring about conditions wherein there will be an upgrading of the pack made available to the consumer, and in that way will have some effect on the overall increasing of consumption.

The potato industry finds itself in a very highly competitive position in the fresh market; and from a quality standpoint is the only way that we can improve our position in the fresh food market, we must do it on a quality basis.

The provisions of this proposed legislation do one thing which we in North Carolina are very interested in, and that is to eliminate culls from the market. We feel that a hundredweight of culls in the display bin of a grocery store will displace 150 pounds of good potatoes, of high quality potatoes, because they are unattractive, and if that is all the potatoes on display in the grocery store, the housewife simply will not buy them, she will pass by and buy a substitute in their place, rather than to buy these low-grade potatoes.

And it also ties down to identification of the package to its grade and point of origin.

I would like to point out that we in North Carolina feel that this is an attempt on the part of the industry itself to meet current marketing conditions by working on the legislation whereby we can eliminate culls from the market, and all producers will start out from the same standing of marketing their better potatoes.

That, Mr. Chairman, completes my statement. I thank you.

Mr. GRANT. Thank you very much.

Any questions?

Mr. McINTIRE. Mr. Chairman, I just simply wanted the record to show that from personal knowledge I have known John Broome, from North Carolina, for many years, and I know that he is conversant with the potato industry in his area, and that he is experienced in the production and marketing of potatoes in that area.

We are very happy to have you before the committee, Mr. Broome.

Mr. BROOME. Thank you.

Mr. GRANT. Mr. Hagen wants to ask a question.

Mr. HAGEN. I just want to ask one question.

When you as a potato grower put your potatoes in a railroad car, say, destined for New York, when they arrive there do you have a sale price or do you sell them after they arrive in New York?

Mr. BROOME. We have two ways of selling. We sell f. o. b., and on an arrival basis, but the price is agreed upon under either condition.

Mr. HAGEN. You mean at the time you leave your area you have control over the price in that they are not auctioned in New York?

Mr. BROOME. No, our potatoes are shipped on a sold basis.

Mr. HAGEN. Fixed price?

Mr. BROOME. Yes, sir.

Mr. HAGEN. So you don't bear the risk, then, of price changes?

Mr. BROOME. Well, there is a very small percentage of our potatoes shipped to commercial merchants, the transaction is closed, and if they are shipped subject to arrival, there is a different price agreed upon.

Mr. HAGEN. I see. That is a little bit different from most fresh fruits and vegetables.

Mr. BROOME. Some difference, yes.

Mr. GRANT. Thank you very much.

Mr. Chenoweth?

Mr. CHENOWETH. Mr. Chairman, I wonder if I could have permission to file a statement for the record?

Mr. GRANT. Yes, sir.

(The statement of Hon. J. Edgar Chenoweth, a Representative in Congress from the Third Congressional District of the State of Colorado, is as follows:)

STATEMENT OF HON. J. EDGAR CHENOWETH, A REPRESENTATIVE IN CONGRESS FROM THE THIRD DISTRICT, COLORADO

Mr. Chairman and members of the committee, as the sponsor of H. R. 5108, a companion bill to H. R. 5137, I am happy to appear before you today in support of this legislation.

I have joined with the other members who have introduced similar bills for the reason I am anxious to help the potato industry. I believe that this legislation will be of assistance to the potato growers of the country.

I represent a district which produces a large amount of potatoes. Many of these growers produce potatoes as their sole crop. These growers have been having a difficult time due to the prolonged drought, and to the low price received for their potatoes. It is my belief that the passage of this legislation will improve the market for the grower and will, at the same time, provide a better potato for the consumer.

The acreage of potatoes in Colorado from 1952 through 1956 ranged from 50,000 to 56,000; 55,000 acres were planted in 1955 by nearly 1,800 growers. Almost 20 percent of the acreage is grown for late summer harvest, most of this acreage is in the Gilcrest District in Northern Colorado. A large part of the fall crop is grown in the San Luis Valley in south central Colorado, which I have the honor to represent. The varieties in this area are predominantly Red McClure and Russet Burbank and each is recognized for its high quality and desirable cooking characteristics. Nearly all of Colorado's potato acreage is irrigated.

From the 1956 crop, total shipments amounted to 17,036 cars of which 4,336 were shipped to market by rail and 12,700 carlot equivalent by truck. The 1955 crop of 9.1 million hundredweight was valued at \$15.8 million. The 1954 crop of 10.6 million hundredweight was valued at \$21.5 million.

Growers and shippers in Colorado, many years ago recognized the demands of consumers for a high quality potato and initiated State laws and regulations designed to furnish this quality product. A State and a Federal marketing agreement, designed to further assist in supplying a quality fresh potato to the consumer, was accepted in 1941.

Market surveys have been conducted under the State department of agriculture to determine the desires of the consumer as to the grade, size, and quality of potatoes wanted. These surveys indicate the consumer does not wish to buy low grade or small size potatoes.

Legislation passed in Colorado in 1949 now requires labeling as to the grade of potatoes contained in each package, and since 1923 has provided for the inspection and certification of this quality by Federal-State inspectors.

A Federal marketing agreement regulates the shipment of potatoes to U. S. No. 2 or better grades as a minimum requirement. Marketing orders in this area further regulate by grade and size to more nearly meet the trade and consumer requirements.

Retail prices in market centers outside of producing areas are not changed upward to any appreciable extent by these higher requirements. Experiment station records show that waste in preparing cull potatoes for cooking may be as much as 50 percent above that of potatoes of U. S. No. 2 grade. The small difference in the retail prices of potatoes of U. S. No. 2 grade and those of lower grades does not offset this loss.

Growers and shippers of potatoes in this State have found grade labeling, inspection and certification very satisfactory. The potato acreage here, as over the United States, has been greatly reduced but still there is an over supply of potatoes. Even with this large production there has never been an over supply of good quality potatoes.

Consumers demand only good quality potatoes and producers should not put those low grades on the market except in a year of short supply and then only to the extent such low grades are needed.

I point out the above reasons in support of the National Potato Grade Labeling Act now pending before the Senate and House Committees on Agriculture. This act contains three major provisions:

(1) It establishes a minimum level of quality control, on a national basis, which is a U. S. No. 2 grade for potatoes being marketed in fresh form. Provision is made that in times of emergency such as a short supply, the Secretary may modify this requirement.

(2) Each container or bulk load must be properly marked or tagged to indicate the State or Federal grade of the potatoes contained therein;

(3) It further provides that all potatoes marketed must be inspected and certified by an authorized inspector.

The act further provides that to become operative it must be approved by two-thirds of the producers voting in a referendum.

Potatoes moving through trade channels pass from the producer, through the local shipper, broker, wholesaler, jobber and retailer before reaching the consumer. A national law is needed to regulate conformity to U. S. grade standards in each of these branches of trade. This proposed Potato Grade Labeling Act, if enacted, will place each of these groups on a standard base of grade competition.

There are amendments proposed to the Perishable Agricultural Commodities Act now before Congress, which will assist in regulating the grading of perishable commodities in channels of interstate commerce. These amendments are all needed. The National Potato Grade Labeling Act will add to the value of the Perishable Agricultural Commodities Act and assist in making it more effective.

Consumption of potatoes on a per capita basis has declined from 160 to 104 pounds in the last few years. One of the major reasons for this decline is the loss of consumer faith in being able to purchase a product of dependable quality. This law, providing for labeling, inspection and certification as to the grade contained in the package, should greatly assist in restoring the consumer's faith in being assured the purchase of a quality product.

I briefly submit the reasons why I favor a National Potato Grade Labeling Act:

1. Colorado potato growers and shippers have found from long experience that labeling as to grade and inspection and certification thereof are desirable safeguards for the consumer and producer, and recommends this program on a national basis.

(a) Inspection and certification of all potatoes handled in fresh market has been under State law since 1923.

(b) All containers of potatoes are required to be branded as to grade since 1949.

(c) Growers have operated under Federal and State marketing agreements since 1941.

2. There is a need to have all segments of the industry on a standard basis of grading, labeling, and the inspection and certification by a disinterested party.

3. Consumers need the safeguard of a National Grade Labeling Act.

4. This act will support and make more effective the P. A. C. Act.

Mr. Chairman, I want to again thank you for the opportunity to be heard in support of H. R. 5137, and the companion bills which are pending. The large number of witnesses from Colorado who are here in support of this legislation is ample proof of the interest in this legislation in our State.

I urge the committee to favorably report H. R. 5137, as I feel that this legislation is badly needed by the potato industry.

(The statement of Hon. John B. Bennett, a Representative in Congress from the 12th Congressional District of the State of Michigan, is as follows:)

STATEMENT OF HON. JOHN B. BENNETT, A REPRESENTATIVE IN CONGRESS FROM THE
12TH CONGRESSIONAL DISTRICT OF THE STATE OF MICHIGAN

Mr. Chairman, I would like to present the following statement in favor of H. R. 6409 and similar pending legislation. My congressional district covers the western half of the northern peninsula of Michigan.

The chief cash crop grown in these counties is the Irish potato. (This is grown extensively in Iron, Dickinson, Houghton, and Marquette Counties.)

In support of this bill to authorize a national grade-labeling law let me say that we have an urgent need for a national program to make grades and labeling of Irish potatoes uniform. The Irish potato is shipped extensively in interstate commerce, as we all know. Freight rates from our area to the markets warrant the shipment of only the highest quality potatoes. The cost of the potato to the consumer has not been high, considering its importance in the diet. This past season we have had low farmer incomes from potatoes.

One of the major reasons for low prices has been the shipment of too many low-grade potatoes to the markets. These low-grade potatoes set the market tone.

The housewife in most cases is not competent in skills of grading potatoes. She will be sold these inferior grades of quality as long as they can be shipped to market. Our growers contend that the labeling and required certificate of inspection to identify grade will insure that only the best quality will be marketed and used by consumers and that poor quality products will be kept off interstate markets.

Accurate labeling and inspection will guarantee the grower of the potatoes that they will receive the proper grade on arrival to market, provided that deterioration has not occurred while in transit.

The act, likewise, protects the buyer from being defrauded. He will be sure what he buys is as indicated on the inspection certificate.

The reasons that problems exist in regard to shipment of low quality potatoes are because at present the State laws or regulations allow such potatoes to be transported and a lack of uniformity of enforcement of quality or grade labeling between States.

Many of the growers and dealers who are near markets are opposed to such legislation because they would be required to grade and identify each lot of potatoes as to quality before they could be placed in the marketing channels.

Some opposition to the bill may come from States who wish to set up State marketing agreements for vegetables. These people are building their arguments on promoting only their own States' products. The system of marketing agreements set up in States will not be affected by this act, only that those shipped in interstate commerce shall be labeled and graded uniformly.

I hope the committee will approve legislation of this type and that the House will adopt it.

Mr. Chairman, I also ask permission to include with my remarks a copy of a resolution recently adopted by the Houghton County Agricultural Society in my district. This resolution reads as follows:

"Be it resolved that the Houghton County Agricultural Society, an organization of potato growers in Houghton County, Mich., go on record as favoring the passage of the National Potato Grade Labeling Act.

"The association feels that such legislation will aid the potato industry in marketing the quality potatoes that consumers have a right to expect."

Mr. Chairman, I would also like to include with my remarks the attached resolution by the Upper Peninsula Potato Grower's Association in support of H. R. 6409 and similar legislation.

"RESOLUTION

"Whereas bills to authorize the National Potato Grade Labeling Act, which provides quality requirements for, and the inspection, certification, and labeling of Irish potatoes, have recently been introduced in the United States Senate and House of Representatives (specifically, S. 1393, by Senator Smith and others; H. R. 5137, by Representative McIntire; and H. R. 6409, by Representative Bennett); and

"Whereas these bills have been carefully studied by the members of the board of directors of the Upper Peninsula (of Michigan) Potato Grower's Association, an organization of potato growers and handlers in the Northern Peninsula of Michigan; and

"Whereas the contents of these three bills appear to be identical with regard to the inspection, labeling, and grade requirements for the marketing of Irish potatoes; and

"Whereas, the enactment of any one of the bills into law, would be of benefit to the potato industry: Therefore, be it

Resolved, That, by this resolution, the passage into law of the desirable legislation contained in said bills be recommended by the directors of the Upper Peninsula Potato Grower's Association in annual meeting assembled, at Marquette, Mich., on Monday, April 8, 1957; and be it further

Resolved, That copies of this resolution be sent to Senators Potter and McNamara and Representatives Bennett and Knox.

"The adoption of this resolution was moved by Gerard VanDamme, of Rock, seconded by A. M. Hiltunen of Lake Linden. Carried unanimously.

"JOHN V. SODERMAN,
"President,

"WM. CARGO,
"Secretary,

"Upper Peninsula Potato Grower's Association."

Mr. GRANT. It is past the noon hour. We will adjourn until 10 o'clock tomorrow, and we will try to move a little faster.

(The following statements, letters, and telegrams were submitted to the subcommittee, as follows:)

STATEMENT OF HON. CHARLES O. PORTER, OF OREGON

Mr. Chairman, thank you for the opportunity of appearing before your committee. I know it will not be news to you gentlemen when I say that potatoes are the largest vegetable crop in the United States. I believe it may be safely said that they are used as a food in some form in every American household. My bill, H. R. 5274, would provide for nationwide quality requirements for, and the inspection, certification, and labeling of Irish potatoes.

This legislation, as you gentlemen know, is identical to that introduced earlier in the current session by my colleague, the Hon. Clifford G. McIntire of Maine. It is a proposal which many Congressmen have introduced because they firmly believe, as I do, that growers in all States should strive for uniform standards.

This bill provides, in a practical way, the means of serving two entirely worthy objectives at the same time: Potato quality and grade protection for consumers and price and income protection for potato producers who have made an effort to provide higher quality potatoes for consumers.

I believe it is of interest to realize that this vegetable accounts for about 1.2 percent of the total cash receipts from farm marketings of all farm products and for approximately 23 percent of the cash receipts from the marketing of all vegetable crops. Obviously the potato grower plays an important part in this Nation's economy. He helps boost the income of my State, Oregon, and, I understand, nearly every State.

Those more versed in the field of agriculture than I tell me that there are nearly as many varieties as there are States and that heretofore growers have not always been in accord. If this legislation wins congressional approval, it would call for compulsory inspection, prevent marketing of culls and assure that

potatoes are labeled for what they are throughout the country and not only in certain areas.

Under the current Federal marketing agreement and order programs, producers in potato producing areas may vote to have their area covered by orders which specify the grade and quality of potatoes that may be shipped from the area. The order is applicable only to producers in the areas which have voted in favor of such orders.

During the crop year 1956, only 43.7 percent of our total potato production was covered by Federal orders. About 15.6 percent of total production was covered by State orders. Approximately 40 percent of the production was not covered by any kind of quality or grade regulation. While growers in the areas not covered by a marketing order may not necessarily market potatoes of a lower quality, there is nothing to prevent them from doing so. Consumers have no protection against the lower quality potatoes that may be marketed from such areas. Producers in the areas under orders are subjected to the price-depressing effects of marketings of any low-grade potatoes marketed from the areas not covered by orders.

This bill is not intended to modify, supersede, or repeal any marketing agreement or marketing orders issued pursuant to the Agricultural Marketing Agreement Act of 1937, as amended, or any State laws. It will not prohibit more stringent restrictions on potatoes issued pursuant to any marketing agreement or order. However, any marketing agreement or order, except as provided in the bill, may not permit the handling of potatoes which are below U. S. No. 2, the minimum grade or quality standard provided in the bill.

To become effective at least two-thirds of the producers of the Nation favor a referendum to accept the restrictions provided in this bill. If the referendum is unfavorable in any 1 year, the provisions of the bill will not be in effect. In such an event, however, any area desiring marketing orders may still be covered by them.

I believe this bill would provide a uniform, high quality of potatoes for the market at all times and would give producers protection against price-depressing effects of low-grade potatoes marketed from areas not covered by any type of marketing restrictions. The protection given to producers should tend to encourage the production of higher quality potatoes generally.

The Oregon Potato Commission, a body which represents the thinking of the majority of growers in my State, is strongly in favor of this legislation. The commission's administrator, Ben Davidson, said in a letter to me that this bill will "help to obtain a better quality product for the consumer and will alleviate many distressing situations that are caused by existing statutes in some States, not observed by other States, in interstate transportation and marketing."

Mr. Chairman, I thank you for allowing me the opportunity of appearing before you today to testify on behalf of this important legislation.

STATEMENT OF A. E. MERCKER, EXECUTIVE DIRECTOR, NATIONAL POTATO COUNCIL

I am Albert E. Mercker, executive director of the National Potato Council since November 1, 1956. Prior to that time I was employed for over 36 years in the Fruit and Vegetable Division of the United States Department of Agriculture. In March 1929 I was assigned as a marketing specialist for the white or Irish potatoes and spent all of my time on the potato problem.

The problem is one of violent fluctuations in prices from year to year, due to overproduction, or the production of a supply in line with, or slightly below consumptive demand. For example, growers received about \$3.21 per hundredweight for their 1952 crop when they produced a crop of 211 million hundredweight, whereas they received \$1.31 per hundredweight for the 1953 crop of about 232 million hundredweight. Per capita consumption has declined steadily from about 201 pounds per capita in 1909 to 128 pounds in 1940, to the low of about 100 pounds in 1951, since which time it has risen slightly and steadied at about 104 pounds per capita per crop year for the last several crops. Total consumption of potatoes has remained rather steady due to the increase in our population.

All potatoes produced, irrespective of where they are produced, or whether they are new or old potatoes, have an effect on the price structure for potatoes. When the crop in the late stages is small or moved into consumption or diverted rapidly, the price prospects for the early potato producers are enhanced. When the crop of early potatoes is big and there is a large carryover of early and summer potatoes into the late marketing season, price prospects for late potatoes are lowered.

The March 1, 1957, total stocks of fall potatoes was estimated by the United States Department of Agriculture at about 59 million hundredweight, which compares with 49 million hundredweight held on a comparable date a year earlier. This 10 million hundredweight of late crop potatoes is certainly having an effect on the price of new 1957 crop of early potatoes. For example, when the late 1955 crop disappeared into consumption rapidly and a large part of the surplus was diverted into starch or livestock feed before March 1, 1956, potato growers in the Dade County section of Florida for the week ending April 14, 1956, averaged \$5.30 per hundredweight U. S. No. 1 grade. For the comparable week of 1957 they averaged \$2.04 per hundredweight. In the Hastings, Fla., section they averaged \$4.50 per hundredweight a year ago and \$2.50 per hundredweight for the week ended April 13, 1957. Potato growers in the red potato producing area of San Luis Valley, Colo., averaged \$4.50 per hundredweight (U. S. No. 1 grade Red McClure variety) for the week ended April 14, 1956, and \$1.38 per hundredweight for the week ended April 13, 1957. For the Russet Burbank variety U. S. No. 1 grade, 20-30 percent 10-oz. and larger, growers in Idaho averaged about \$3.50 per hundredweight for the week ended April 14, 1956, which compares with \$1.88 for the week ended April 13, 1957. In the Northeast growers in the Hartford, Conn., area averaged \$2.80 per hundredweight Katahdin variety U. S. No. 1 grade 2-inch minimum unwashed, week ended April 14, 1956, which compares with \$2.02 for the week ended April 13, 1957. Many more examples could be given. These are presented for the purpose of illustrating the effect of supply on prices.

It has been previously mentioned that per capita consumption of potatoes stabilized at somewhere around 104 pounds per person. This has been due largely to the big increase in potatoes used for food processing. In 1940 only about 5,400,000 bushels were used for this purpose. This is equivalent to 1.9 pounds per person, which leaves a residual of 126.1 pounds of potatoes consumed in the fresh form. For the 1955 crop the preliminary estimate is that a total of 56,746,000 bushels were used for food processing. This is equivalent to 20.7 pounds per capita, leaving a residual of 84.3 pounds consumed in the fresh form. The decline in the use of fresh potatoes has been alarming, but has been offset by the tremendous increase in the use of processed potatoes. It is in the fresh field that every effort should be made to increase consumption. The major portion of the industry believes that this drastic decline has been due to the sale of cull potatoes and that the consumer becomes disgusted with this grade of potatoes. A larger portion of cull potatoes are sold than are sold from any other fresh fruit and vegetable. This is a peculiarity of the potato industry and the producers would be much better off if they did not sell cull potatoes. Neither should cull potatoes be used for food processing. Food processors should be required to purchase a better grade of potatoes, such as the recommended 85 percent potential U. S. No. 2 grade.

The quantity of potatoes used for dehydration is increasing rapidly. The product is good and makes quickly reconstituted hot mashed potatoes in 2 minutes. The quality is dependable and a continuous supply is assured. One 6-pound can of dehydrated potatoes in granular form can make 150 servings and is equivalent to 40 pounds of raw potatoes. In other words, 15 pounds of the granules is equivalent to 100 pounds of fresh potatoes. The saving in space is appreciable. Its longtime keepability has been proven. The freight rate on the processed potato per hundredweight is not much different from that for 100 pounds of raw potatoes. Therefore, the freight advantage that producing areas near our large centers of population have enjoyed is disappearing. Growers are realizing these various competitive factors and are endeavoring to find means whereby they will be in a competitive position and increase the use of fresh potatoes by delivering to the consumer a better product.

For a long time public officials, members of the industry, and Members of the Congress have recommended that potato producers help themselves and use such tools as are available to remedy their situation. One of the instruments that has been recommended for adoption was the use of marketing agreements. The potato producers in the States of Oregon, Washington, Idaho, Colorado, Maine, and northern California are now operating under Federal marketing agreement and order programs. These programs regulate the quality and size of potatoes that can be shipped out of the area and prohibit the shipment of cull potatoes. There are other restrictions as to maturity, cleanliness, and sometimes the pack or size of the package of potatoes that may be shipped. In addition, growers in four States, Colorado, North Dakota, Minnesota, and California have adopted State marketing agreements. These States produced about 64 percent of the

total United States 1956 potato crop. In a further effort to help themselves, growers in 10 States; namely, Maine, North Carolina, Minnesota, North Dakota, Nebraska, California, Idaho, Washington, Oregon, and the winter, spring, and summer production of California adopted State legislation whereby they levy a tax on the sale of potatoes so that they will be provided with funds to advertise and stimulate the demand for their potatoes through sales promotion and other related self-help programs. The tax ranges from one-half of 1 cent to 2 cents per hundredweight. These areas produced about 66 percent of the total 1956 United States potato crop.

The proposed legislation, if made operative, would not interfere with the canning of potatoes. Testimony had been given about the inability to secure small potatoes. This is true in that a picker would rather pick 240 potatoes to fill a bushel basket for which he receives 10 cents than pick up 1,000 or more small potatoes from 1 inch to $1\frac{3}{4}$ inches diameter to fill the same bushel basket, for which he receives the same compensation. Where potatoes are harvested mechanically, the machinery is so constructed that dirt, debris, and the smaller stones fall through the digger chains. Therefore, the small potatoes would also fall to the ground. Growers would like to have the small potatoes eliminated from their fields, as they may produce a volunteer crop the next season, but under our present methods of operating this is not possible. The small potatoes could be procured but at a much higher rate of compensation to encourage the picking up of such small potatoes. There is no requirement in the bills that would compel a canner to place the State of origin or the grade of potatoes used on the label pasted to the can.

Potato chippers have consistently operated and purchased potatoes in the areas operating under marketing agreements. There has been no serious difficulty in procuring potatoes in these areas that require inspection, limit the grades and varieties that can be marketed, and that prohibit the shipment of culls outside of the area. There is no limitation on the size of the sprouts in the U. S. No. 2 grade or on the quantity of potatoes that may be sprouted in the U. S. No. 2 grade, as outlined in the United States Standards for Potatoes, effective June 1, 1949. There is, however, a limitation on shriveled potatoes in that those that are excessively shriveled, spongy, or flabby are defective. Potato-chip processors try to avoid excessively shriveled potatoes because their softness has a tendency to break the slicing knives. I believe that it would be possible to work out some method whereby potatoes that have been conditioned for potato-chip processing and that may possibly show some shriveling could be used, provided they met the requirements of the act before they were conditioned.

There is no clause in this proposed act that would prohibit the sale of No. 2 potatoes. About 25 years ago, when several of the potato-producing States adopted measures requiring the marking of the grade on the packages shipped from those areas, there was considerable agitation against such regulations. However, growers in all of these States have learned to abide by them, and now it is not considered a difficult problem to properly mark the grade and area of origin, together with the packer's name and address, on the shipments. There is nothing in this act which would prohibit the shipment of potatoes in pallet boxes or bulk in railroad cars or trucks out of any area providing the potatoes were inspected and marked as to a minimum grade.

In a further effort to help themselves, growers made a strenuous effort to adjust their plantings so that they will not overproduce their commodity. However, yields rose faster than the reduction in acreage. Since 1942 the Department of Agriculture has established potato guides. During this 15-year period, potato growers only overplanted their guide in 5 years and show signs of overplanting their guide again in 1957. However, they made such strenuous efforts to reduce their acreage that in 1956 they planted the second smallest acreage of record, which was only 38,500 acres larger than the smallest acreage of record, which was planted in 1951. The records go back to 1862. The National Potato Council, with its cooperating organizations in the many States, is making a strenuous effort to convince growers to plant an acreage not in excess of their 1957 guide. I believe that no other major crop can show the tremendous adjustments and percentage reductions that have been made by potato producers in their endeavor to reduce their acreage with or without a Government subsidy. The 1956 potato acreage was 42 percent of the 1943 acreage.

Potato producers are feeling the cost-price squeeze, as the estimated value of their 1956 crop is \$517,862,000, or 37.5 percent of the National Potato Council's estimate of the \$1,383,600,000 retail value of potatoes or potato products. If retailers are furnished a reliable pack of potatoes that would be of a grade of

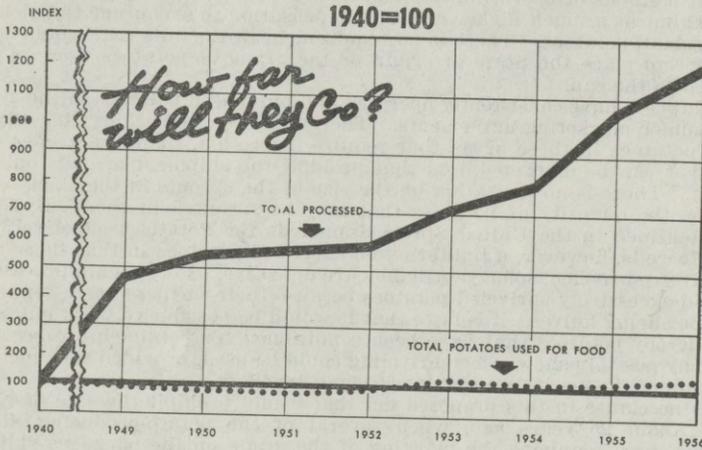
not less than U. S. No. 2 quality, they would have greater confidence in the product; and as the dependability of the continuity of supply of well-graded potatoes is established and available there will be a tendency to narrow the margins between the farm price and retail price for fresh potatoes.

The National Potato Council recommended section 12. The United States Department of Agriculture has been always considerate of calling in producers to consult with them in connection with policy decisions. Those called for consultation did so at their own expense. There are many small capable farm operators that could not afford the expense of such trips and the hiring of a person to take over the farm chores when they are away from their farm. Section 12 would provide for reimbursements of expenses and a per diem compensation which would permit such small operators to participate in policy discussions at the designated meeting places.

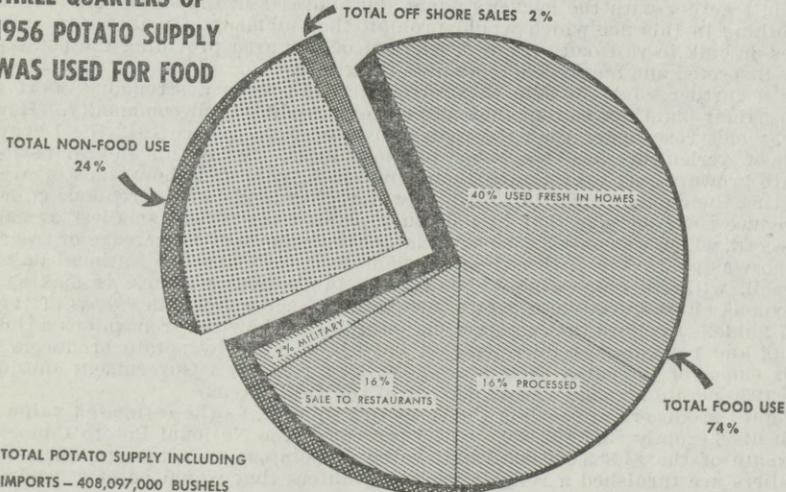
The National Potato Council recommends that the following be inserted in section 3, clause (b), following the words "food product", "within the area of production."

The National Potato Council recommends that the legislation be approved.

POTATOES USED IN PROCESSED FOODS HAVE GONE UP 12 TIMES SINCE 1940



THREE QUARTERS OF 1956 POTATO SUPPLY WAS USED FOR FOOD



POTATO GRADE LABELING

United States production utilization, and use of designated potato crop¹
(1,000 bushels)

	1940	1949	1950	1951	1952	1953	1954	1955	1956 ²
Production.....	376,920	401,583	431,947	326,359	351,895	386,209	365,985	378,486	405,397
Imports.....	830	10,100	5,349	2,309	3,233	2,924	1,780	3,648	2,700
Total supply.....	377,850	411,683	437,296	328,668	355,178	389,133	367,765	382,134	408,097
Exports.....	2,495	11,462	5,534	6,707	4,366	4,603	7,123	6,590	6,697
Shipments to Territories.....	1,788	879	1,109	1,074	1,033	1,105	1,407	1,309	1,400
Total offshore sales.....	4,283	12,341	6,643	7,781	5,399	5,708	8,530	7,899	8,097
Available domestic use.....	373,567	399,342	430,646	321,887	349,779	383,425	359,235	374,235	400,000
Used for seed.....	41,985	35,823	29,079	31,050	35,689	32,221	33,163	32,465	32,000
Fed to livestock ³	37,238	76,216	100,869	19,694	21,701	32,320	26,167	28,395	35,600
Starch ³	8,030	12,975	21,682	4,701	8,264	16,500	11,000	20,752	29,000
Alcohol ³.....	.....	763	.....	.....	.....	.....	.....	.....	.....
Total nonfood use.....	87,253	125,777	151,630	55,415	65,714	81,041	70,330	82,112	96,000
Total food use.....	286,314	273,565	279,016	265,472	284,065	302,384	288,905	292,123	303,400
Military use—fresh.....	.....	5,000	8,000	9,900	7,900	7,700	7,000	7,000	7,000
Estimated civilian use.....	286,314	268,565	271,016	255,572	276,165	294,684	281,905	285,123	4,296,400
Processed: ⁵									
Flour ³	400	1,147	1,200	500	400	1,550	2,600	2,900	3,000
Dehydration ³.....	.....	582	3,081	2,620	1,220	3,300	3,000	4,700	6,000
Canning.....	.....	830	865	1,000	1,450	1,380	800	1,300	1,400
Hash, stews, soups.....	500	1,500	1,500	1,200	1,000	2,700	3,600	7,700	9,000
Frozen french fried.....	.....	900	1,200	2,000	2,400	2,700	3,600	39,346	45,000
Potato chips.....	4,500	20,100	21,200	22,760	25,250	29,000	32,000	39,346	45,000
Total processed.....	5,400	25,059	29,046	30,080	31,720	38,980	42,800	56,746	65,200
Estimated sold to restaurants ⁵	40,000	56,000	57,500	59,000	60,000	63,000	64,000	65,000	65,000
Total use for processed and restaurants.....	45,400	81,059	86,546	89,080	91,720	101,980	106,800	121,746	130,200
Estimated total used fresh in homes.....	240,914	187,506	184,470	166,492	184,445	192,704	175,105	163,377	166,200
Used on farms.....	63,099	29,785	29,073	24,912	21,746	20,886	21,209	20,703	20,000
Purchased fresh for home use ⁴	177,815	157,721	155,397	141,580	162,699	171,818	153,896	142,674	146,200
Civilian population, July 1, (millions).....	134.0	149.6	152.3	153.2	153.5	158.3	161.3	167.5	170.0
Per capita consumption crop year.....	128.0	107.7	106.8	100.1	103.0	104.7	104.0	104.0	106.2
Per capita consumption calendar year—pounds.....	121.0	109.0	102.0	108.0	99.0	103.0	106.0	103.0	101.0
Per capita pounds processed used as food—pounds.....	1.9	10.1	11.4	11.8	12.2	14.8	15.9	20.7	23.4

¹ Source: Agricultural Marketing Service except as noted.

² December 1956 USDA Crop Report.

³ Includes quantities processed or fed under the diversion program of 1949, 1950, 1954, 1955, and 1956.

⁴ Includes an estimated 70,000,000 bushels packed in consumer size packages of 25 pounds and smaller.

⁵ Industry estimates.

⁶ Includes an estimated 4,000,000 bushels of prepeeled potatoes.

POTATO GRADE LABELING

Estimate of the retail value of the 1956 potato crop sold for food

Type sold at retail:

Potatoes sold fresh	-----	¹ \$810,000,000
Potato chips	-----	² 472,000,000
Frozen french fried potatoes	-----	³ 73,000,000
Potato flour	-----	⁴ 3,000,000
Dehydrated potatoes	-----	⁵ 15,000,000
Canned potatoes	-----	⁶ 5,600,000
Hash, stews, soups	-----	⁷ 3,200,000

Total retail value ----- 1,382,600,000

¹ Estimated 228 million bushels sold fresh at an average price of 6.5 cents per pound.

² Estimated 45 million bushels to be used for the processing of 675,000,000 pounds of potato chips at 70 cents per pound.

³ Estimated 9 million bushels used to process 243 million pounds valued at 30 cents per pound.

⁴ 30 million pounds at 10 cents per pound.

⁵ 60 million pounds, $\frac{1}{2}$ at 30 cents per pound, $\frac{1}{2}$ at 20 cents per pound.

⁶ 1,400,000 bushels $1\frac{1}{2}$ pounds equals 1 pound canned drained weight at 10 cents per pound.

⁷ 800,000 bushels same basis as canned.

NOTE.—December 1956 USDA estimate of the farm value of the crop is \$517,862,000 or 37.5 percent of the NPC estimate of the retail value.

Potatoes: Acreage recommended by the USDA goals and guide programs compared with planted acreage¹

[1,000 acres]

Year	Average market- ing guide	Planted acres	Difference from the guide		Year	Average market- ing guide	Planted acres	Difference from the guide	
			Over	Under				Over	Under
1942	3,060.0	2,755.1		304.9	1950	\$ 1,817.4	1,713.4		104.0
1943	3,260.0	² 3,354.7	94.7		1951	1,560.3	1,373.2		186.1
1944	3,480.5	2,878.2		602.3	1952	1,475.1	1,416.8		58.3
1945	3,137.4	2,728.7		408.7	1953	1,532.1	1,562.6	30.5	
1946	2,771.4	2,570.6		200.8	1954	1,372.0	1,431.2	59.2	
1947	2,517.4	2,033.6		483.8	1955	1,360.6	1,460.5	99.9	
1948	2,352.4	2,007.3		345.1	1956	1,316.3	1,411.7	95.4	
1949	1,938.3	1,775.1		163.2	1957	1,335.9	⁴ 1,420.8	84.9	

¹ Source: USDA Statistical Bulletins Nos. 122 and 190 and various USDA goals and guide and other releases.

² A special payment of 50 cents per bushel was paid in the calculated normal yield for the area, for the acreage planted between 90 and 110 percent of the goal acreage to encourage increased production. The incentive payments amounted to \$25,593,000 or 5½ cents per bushel on the 1943 production.

³ Acreage guide announced at 1,137,800 commercial acres, did not include an estimated 679,600 acres for noncommercial farms.

⁴ Mar. 1, 1957, growers intentions to plant.

POTATO GRADE LABELING

1953-54 State quotas and collections ¹

State	Quotas	Collections	State	Quotas	Collections
Alabama.....	\$875		New York.....	6,250	
California.....	5,625	\$5,624.76	Upstate.....		3,421.65
Colorado.....	4,125	2,999.00	Long Island.....		1,625.23
Connecticut.....	600	1,200.00	North Carolina.....	1,150	85.00
Delaware.....	185	12.00	North Dakota.....	3,000	2,703.00
Florida.....	1,560	1,584.00	Ohio.....	1,000	1,000.00
Idaho.....	8,750	1,663.00	Oklahoma.....		12.00
Illinois.....	200		Oregon.....	2,375	2,482.00
Indiana.....	500		Pennsylvania.....	2,950	3,000.00
Iowa.....	250	262.00	Rhode Island.....	250	
Kansas.....	100		South Dakota.....	250	260.00
Maine.....	10,625	9,532.00	Texas.....	450	
Maryland.....	1,085	150.00	Utah.....	625	
Massachusetts.....	375	72.00	Vermont.....	185	
Michigan.....	2,125	144.50	Virginia.....	1,000	
Minnesota.....	2,500	1,608.00	Washington.....	2,125	425.00
Montana.....	500	25.00	West Virginia.....	250	
Nebraska.....	1,560	1,647.00	Wisconsin.....	2,500	2,500.00
Nevada.....	135		Wyoming.....	315	37.50
New Hampshire.....	225	225.00			
New Jersey.....	1,000	800.00	Totals.....	67,700	45,099.64
New Mexico.....	125				

¹ Final report.

Quotas and collections

State	Quota	1954-55		State	Quota	1954-55	
		Member-ship	Associate membership			Member-ship	Associate membership
Alabama.....	\$1,000			New Hampshire.....	215	270	
Arizona.....	375			New Jersey.....	1,375	500	350
Arkansas.....	175			New Mexico.....		10	
California.....	9,625	\$6,910		New York:			
Colorado.....	3,750	3,930		Long Island.....	4,600	175	110
Connecticut.....	750	1,030		Upstate.....	3,125	965	25
Delaware.....	290	75		North Carolina.....	1,375	1,175	200
District of Columbia.....				North Dakota.....	4,375	4,209	100
Florida.....	2,500	2,075	\$250	Ohio.....	1,250	1,250	
Idaho.....	11,250	285	425	Oklahoma.....		125	
Illinois.....	125	10		Oregon.....	3,125	2,465	
Indiana.....	750	40		Pennsylvania.....	3,375	1,743	250
Iowa.....	250			Rhode Island.....	300		
Kansas.....	125	10		South Dakota.....	375	125	
Kentucky.....	350			Tennessee.....	340		
Louisiana.....	215			Texas.....	525		
Maine.....	12,500	8,225	275	Utah.....	750		
Maryland.....	190	81	40	Vermont.....	190	220	25
Massachusetts.....	550	20		Virginia.....	1,250		
Michigan.....	2,190	645		West Virginia.....	375		
Minnesota.....	3,500	2,176	75	Washington.....	3,000	105	25
Mississippi.....	150			Wisconsin.....	3,125	2,935	
Montana.....	500	115		Wyoming.....	375		
Nebraska.....	1,250	1,250					
Nevada.....	125			Total.....	86,030	43,024	2,150

NOTE.—Sept. 30, 1955, \$45,129.

State quotas and collections, Oct. 1, 1955, to Oct. 31, 1956

State	Quota	Payments		Total
		Membership fees	Associate membership fees	
Alabama	\$300	\$15.00		\$15.00
Arizona	375			
Arkansas	175			
California	7,200	6,298.48		6,298.48
Colorado	3,200	3,970.00	\$25	3,995.00
Connecticut	430	2.00		2.00
Delaware	290		25	25.00
District of Columbia			35	35.00
Florida	1,585	1,585.00	25	1,610.00
Idaho	10,000	175.00		175.00
Illinois	100	10.00		10.00
Indiana	600	10.00		10.00
Iowa	250			
Kansas	125			
Kentucky	350			
Louisiana	215			
Maine	13,000	9,150.00	100	9,250.00
Maryland	190			
Massachusetts	350	20.00		20.00
Michigan	1,650	150.00	25	175.00
Minnesota	2,800	945.00		945.00
Mississippi	150			
Missouri	125			
Montana	500	45.00		45.00
Nebraska	1,250		50	50.00
Nevada	125			
New Hampshire	200	285.00		285.00
New Jersey	1,400	25.00	50	75.00
New Mexico				
New York:				
Upstate	2,200	115.00	25	140.00
Long Island	3,700	270.00		270.00
North Carolina	1,375	1,400.00		1,400.00
North Dakota	2,750	1,765.00	25	1,790.00
Ohio	1,200	45.00	25	70.00
Oklahoma	125			
Oregon	3,000	80.00		80.00
Pennsylvania	2,700	200.00		200.00
Rhode Island	300			
South Dakota	375			
Tennessee	250			
Texas	500			
Utah	500			
Vermont	150	35.00		35.00
Virginia	1,250			
Washington	3,250	80.00	25	105.00
West Virginia	300			
Wisconsin	2,200	1,525.00		1,525.00
Wyoming	320	25.00		25.00
Canada				
Total	73,380	28,225.48	435	28,668.48

State quotas for 1957

State	1956 indicated production (hundred-weight)	State quota for year 1957	State	1956 indicated production (hundred-weight)	State quota for year 1957
Alabama.....	2,150,000	\$645	New York:		
California.....	26,037,000	7,800	Upper.....	7,200,000	\$2,100
Colorado.....	9,975,000	3,000	Long Island.....	11,300,000	3,300
Connecticut.....	1,280,000	380	North Carolina.....	3,328,000	1,000
Delaware.....	1,665,000	500	North Dakota.....	12,420,000	3,700
Florida.....	6,766,000	1,900	Ohio.....	2,982,000	900
Idaho.....	34,900,000	10,400	Oregon.....	8,440,000	2,500
Illinois.....	245,000	100	Pennsylvania.....	8,437,000	2,500
Indiana.....	1,580,000	470	Rhode Island.....	913,000	270
Iowa.....	432,000	130	South Carolina.....	656,000	190
Kansas.....	117,000	100	South Dakota.....	950,000	300
Maine.....	40,600,000	12,000	Texas.....	1,378,000	410
Maryland.....	511,000	150	Utah.....	1,632,000	490
Massachusetts.....	1,168,000	350	Vermont.....	448,000	130
Michigan.....	8,031,000	2,400	Virginia.....	3,784,000	1,100
Minnesota.....	11,200,000	3,300	West Virginia.....	780,000	200
Missouri.....	700,000	200	Washington.....	9,895,000	2,950
Montana.....	1,320,000	400	Wisconsin.....	7,216,000	2,160
Nebaska.....	2,690,000	800	Wyoming.....	993,000	300
Nevada.....	432,000	100			
New Hampshire.....	414,000	100	Total.....		70,795
New Jersey.....	3,570,000	1,070			

FLORIDA FARM BUREAU FEDERATION,
Gainesville, Fla., April 13, 1957.

HON. GEORGE M. GRANT,
Chairman, Domestic Marketing Subcommittee,
House of Representatives, Washington, D. C.

DEAR CONGRESSMAN GRANT: On behalf of the Florida Farm Bureau, I would like to submit the attached statement and request that it be made a part of your hearing record on the subject of national potato-grade labeling. The bill, as proposed, is most inimical to our potato producers in Florida, and we would sincerely appreciate your opposition to the bills in question.

With warmest personal regards, I am
Sincerely yours,

T. K. McCLANE, Jr.,
Executive Vice President.

STATEMENT ON THE NATIONAL POTATO GRADE LABELING ACT

The National Potato Grade Labeling Act, as contained in H. R. 5137 and other companion bills with the same title, is opposed by members of the Florida Farm Bureau as being contrary to the established principles of an agriculture free from governmental interference and regimentation, which principles are advocated and desired by bureau members.

This bill, as proposed, has an unequal effect on areas and individuals, since it is so designed to gain advantage for one area or group at the expense of another. The small potato farmer, producing for local markets, is to be penalized and confronted with new hardships and additional expenses with no known benefits.

The bill contains nothing superior to what is available to farmers through the provisions of the Marketing Agreement Act of 1937, as amended, on a local or area basis, as it is only a subtle attempt to enact a national potato marketing agreement over the wishes of minor producing areas, which prefer not to utilize such legal mechanics in their marketing problems.

This legislation has no real merit on its labeling features, as previous action by Congress has prevented any abuse of the misbranding of potatoes which may have occurred prior to 1956. Restrictive regulations upon the quality of processing potatoes will serve no useful purpose, nor result in beneficial returns to the potato industry. Production costs are the same on any of the lower grades of potatoes as for the higher grades. If such low-grade potatoes have an economic worth to the manufacturing or processing companies, the producer should not be denied this outlet, if profitable to him, by the establishment of artificial governmental grade-restriction levels, which require a needless and costly inspection of potatoes for such use.

It is felt the variations that exist between "new" and "stored" potatoes cannot be adequately reconciled or properly administered by these inflexible governmental regulations. The adjustment of quality offered to the buyers can better be adjusted by the sellers within the industry itself, based on current marketing conditions, rather than any attempt to establish by law the grade of potatoes permitted and authorized to be marketed.

In conclusion, it is recommended that this type of legislation, so contrary to the American way of life and the free-enterprise system, not be enacted by Congress due to the lack of any proven need, its duplication of other laws and regulations, and its basic design, favoring certain areas to the detriment of other areas. As the law is thought necessary by certain areas and groups, it should be made optional with a State, of "new" potatoes exempt, and its provisions be made applicable only to "stored" potatoes.

MONTE VISTA COMMERCIAL CLUB,
Monte Vista, Colo., March 30, 1957.

HON. HAROLD COOLEY,
*Chairman, House Agricultural Committee,
Care of House Office Building, Washington, D. C.*

MY DEAR SIR: For your information and records, I wish to advise that at a meeting of the Monte Vista Commercial Club the matter of H. R. 5108 was discussed at length.

It was of the unanimous opinion of those present that we get behind this bill and work for its adoption.

The provision of a national law requiring that all potatoes be inspected is a must.

The prohibiting of the sale of cull potatoes on a national basis would result, without a question, in a higher return for the producer of potatoes as well as a better potato for the consumers.

The provision involving grade labeling at the other end is a protection for the consumer and every bag of potatoes should have the grade marked on the bag.

The passage of this bill will be a big step forward in solving the various problems facing the potato industry, and with this in mind, we as members of the Monte Vista Commercial Club sincerely ask that you support this most important legislation.

Your kind consideration will be appreciated.

Yours very truly,

JOHN H. BEATTY, *Secretary.*

STATE OF COLORADO,
COLORADO DEPARTMENT OF AGRICULTURE,
Denver, Colo., April 5, 1957.

HON. GEORGE M. GRANT,
Chairman, Subcommittee Domestic Marketing of House Agricultural Committee, House of Representatives, Washington, D. C.

DEAR CONGRESSMAN GRANT: I have been advised that your committee will hold a hearing April 15 and 16 at 10 a. m. to hear testimony on the national potato grade labeling bill. We in Colorado urge your support of this legislation as we feel such legislation will materially aid the potato industry in the United States, both producers and shippers alike.

We in Colorado, for about 20 years, have had compulsory inspection of fruits and vegetables and it has benefited both producers and shippers. At the present time there is an unfair situation which affects producers and shippers who are using the inspection service and are having their potatoes inspected and the containers marked with the grade and a certificate written certifying that the

grade of the contents is as represented. This certification of the grade, by the inspection service, aids the producers and shippers in marketing their potatoes. However, there is competition due to an optional program that a producer or shipper can, at the present time, ship his potatoes in a container labeled with a United States grade legend and which have never been inspected and which are not covered by a certificate. As you can see this results in unfair competition and steps should be taken that any container bearing a United States legend must be inspected and the grade of the contents must be marked on the outside of the container, and also that a certificate must be written certifying that the potatoes have been inspected by a qualified inspector.

All potatoes sold in the State of Colorado are sold under marketing order programs, and compulsory inspection programs, which require that potatoes must be of a U. S. No. 2 grade or better; that all potatoes must be inspected and a certificate written certifying to the grade and that the container must be marked with the actual grade of the contents. This, in substance, is practically the requirements of the Federal proposed legislation and I sincerely am of the opinion that the benefits gained from this national grade labeling bill would result in beneficial results to the industry, on a national scale.

We in Colorado are confident that our State legislation, in this respect, has been of great benefit to our producers and shippers in that cull product is withheld from the market and does not come in competition with quality product.

I urge that your committee support this legislation.

Sincerely yours,

PAUL W. SWISHER, *Commissioner.*

SAN LUIS VALLEY POTATO ADMINISTRATIVE COMMITTEE,
Monte Vista, Colo., April 5, 1957.

HON. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House of Representatives, Washington, D. C.*

DEAR REPRESENTATIVE COOLEY: The San Luis Valley Potato Administrative Committee, representing growers and shippers in one of the Nation's major potato-production areas, requests and strongly urges your favorable consideration of the National Potato Grade Label Act. This legislation, introduced in the House in the form of nine separate bills by Representatives from over the entire country, will be considered by a subcommittee of the House Agriculture Committee as, specifically, H. R. 5137 by Representative McIntire of Maine at a hearing starting Monday, April 15. Our own Representative, Mr. Chenoweth of Colorado, has introduced this legislation as H. R. 5108. Senator Allott, of Colorado, is one of the several cosponsors of this act in the Senate as S. 1393.

The limiting of table-stock potatoes to a U. S. No. 2 grade or better and the inspection requirement of the Grade Label Act is an effort to provide the consumer with the best part of the Nation's potato crop. The container labeling provision would establish individual responsibility for carrying out these provisions and earn recognition for those areas attempting to put only the highest quality on the market.

We do not feel the consumer is in any danger of increased prices for potatoes. In fact, all too often, he is now paying for the quality he is not getting.

Another point we would like to emphasize in regard to the Grade Label Act is that it is an effort on the part of the potato industry to help itself and solve its own problems.

The potato, grown from one end of the country to the other and harvested every month of the year in some locality, is a farm product with many and varied problems. At present, about 65 percent of the Nation's potato growers—mainly those in the late or fall-harvest States—are attempting to establish some order and stability in the industry through participation in Federal and State marketing orders and agreements. In most cases, these self-imposed restrictions on grade and size are considerably more strict than those suggested in the proposed National Grade Label Act.

The growers this committee represents, in area No. 2, southern Colorado, have been operating under both State and Federal agreements since 1941, except for a period during World War II. Our experience justifies the statement that control of quality and control of surplus production by marketing only the top level of the crop is a sensible, businesslike attitude both for the welfare of the consumer and the potato industry. Our people, after many years of hope and

hard work, see in the National Potato Grade Label Act a partial solution to the periodic chaos and depressed prices afflicting the Nation's potato farmers.

Respectfully yours,

FRANK CASSELMAN, *Chairman.*

BROWN & BRYANT,
Shafter, Calif., April 10, 1957.

Congressman GRANT,

Chairman, Subcommittee on Domestic Marketing of House Agriculture Committee, Washington, D. C.

DEAR CONGRESSMAN: We heartily endorse the proposed provisions of H. R. 5934, the National Potato Grading Labeling Act.

Being a grower of potatoes and watching the steady decline of consumption per capita, we feel that the better the grade we can put on the market, the better will be the consumption of fresh potatoes.

Yours truly,

ED A. BROWN.

EM. H. METTLER & SONS,
Shafter, Calif., April 10, 1957.

HON. GEORGE M. GRANT,

Chairman, House Agriculture Subcommittee on Domestic Marketing, House of Representatives, Washington, D. C.

DEAR CONGRESSMAN GRANT: We, as growers, must face the hard fact that the price of maintaining or improving the consumer market for fresh potatoes lies in the exclusion of poor quality from the retail level.

The USDA itself has often stated in the years since the inception of the Perishable Agriculture Commodities Act, one fact, above all else, has become evident; that quality creates a market, poor quality destroys that market.

In these days of concentrated competition from other food products, the average display of fresh potatoes too often offends the housewife rather than encouraging her to buy.

Whether we are growing and shipping potatoes from California, Minnesota, Alabama, or any other State, we, as growers, share a market that judges the acceptance of our product first by quality, secondly by size, lastly by price. These are facts substantiated by Department of Agriculture surveys and are all too evident in any consideration of our merchandising problems.

In our judgment the proposed National Potato Grade Labeling Act is derived from the final realization by our industry that serious action must be taken to insure, in the future, the necessary minimum standards of quality, both equitable and uniform, necessary to create consumer demand equal to the needs of our economy.

We urge committee members, as yourself, to take a strong objective view of this critically needed legislation to insure their favorable support toward its ultimate passage in this session of Congress.

As proponents we ask, that during the pending hearings relative to the proposed act, this letter be introduced as evidence, or argument, favoring this legislation.

Very truly yours,

ORVIN METTLER, *Vice President.*

A. A. CORTE & SONS,
Loxley, Ala., April 3, 1957.

HON. GEO. M. GRANT,

Chairman, Domestic Marketing Committee, Washington, D. C.

DEAR GEORGE: This concerns the hearings on H. R. 5137, the National Potato Grade Labeling Act, to be held before the subcommittee April 15.

We wish to voice opposition to this legislation as it will work a hardship on Alabama potato growers. It could, over a period of time, kill the industry in south Alabama.

Under present conditions the grower realizes he must produce top quality in order to survive. He is using all the skill at his command to do this. Modern methods have been adopted and only the best land used. He realizes competitive conditions will not permit him to market only the best merchandise.

Under the best of conditions it is hazardous growing potatoes for the early spring market. At times, with unfavorable weather conditions, it is impossible for the grower to produce a top-quality crop. Under this proposed bill he would

be denied the right of salvaging his crop in the event of a poor productive season. After the initial investment of seed and fertilizer, his season's labor, etc., he is certainly entitled to sell whatever part of his crop that can be sold.

We feel this legislation is being sponsored by the late producing sections with the idea of compelling the southern producers to participate in their marketing agreements. Most of these late States are now working under volunteer market agreements operated under about the same rules and regulations as contained in this bill.

The southern potato sections have never entered into one of these agreements as they have always felt it would be unwise, and possibly disastrous to do so. The late producing States have their problems and we have ours. One act of the legislation will not answer these problems.

We further object to the bill on the grounds that we have no assurance as what will eventually constitute the grades on which it is founded. These grading rules are always being changed and after the passage of this bill they may be changed so that it would be impossible for Alabama growers to comply.

The present woes of the industry, as a whole, have been brought about by over-production. This bill will not remedy that. If enacted this bill will necessitate an army to make the inspections and enforce. This adds to the already top-heavy costs of productions. We, like everyone else, are seeking lower costs, not higher.

We wish this letter to become a part of the April 15 hearing as the views expressed herein were arrived at after a very careful study of the bill in question.

Yours truly,

A. I. CORTE.

MARVIN BERRY CO.,
Edison, Calif., April 5, 1957.

HON. GEORGE M. GRANT,
*Chairman of the Domestic Marketing Committee,
House of Representatives, Washington, D. C.*

MY DEAR MR. GRANT: In reference to the public hearings on the grade labeling bills on potatoes, we wish to tell you at this time that we are one of the largest potato growers and shippers of potatoes in California, and we are bitterly opposed to the passage of this type of Federal legislation.

All of these labeling bills are for the benefit of the receivers of potatoes in the United States, and are financially detrimental to every potato shipper and grower in the United States.

Sincerely yours,

MARVIN BERRY.

WEST VIRGINIA POTATO GROWERS' ASSOCIATION,
Morgantown, W. Va., April 6, 1957.

HON. GEORGE M. GRANT,
*Chairman, Hearing Committee,
United States House of Representatives, Washington, D. C.*

SIR: It is our understanding that the National Potato Council is sponsoring a National Potato Grading Act, which is a bill to authorize quality requirements, inspection, certification, and labeling of Irish potatoes.

The West Virginia Potato Growers' Association believes that this bill is discriminatory to the small producer and farmer in West Virginia. It will prohibit the sale of unclassified potatoes; and place rigid grade requirements, which must be certified by an authorized United States Department of Agriculture representative, whose inspection fee must be borne by the producer. The majority of the potatoes in West Virginia are raised by farmers who plant from 100 to 300 pounds of seed a year. This bill would prevent the sale of potatoes to their neighbors, local stores, and other outlets without adhering to rigid grading regulations, and unclassified potatoes could not be marketed. The bill would benefit largely the commercial producer (50,000 or more bushels) in areas outside West Virginia. It would increase the price of U. S. No. 1's and No. 2's as they would be the only potatoes for table stock. Therefore, this bill would tend to further lower the income of the small West Virginia farmer as potatoes are produced largely as a supplemental cash crop on a family-unit basis.

We will appreciate your careful consideration of the interest of the small family-type West Virginia farmers before this grading act is completed.

Very truly yours,

EDWARD C. GROSE, *President.*

CHIEF WABASIS POTATO GROWERS, INC.,
McBrides, Mich., April 6, 1957.

Chairman GRANT,
*House Agricultural Committee,
 House of Representatives, Washington, D. C.*

DEAR MR. GRANT: Our association does not approve of the compulsory section of the proposed national potato grade labeling bill, therefore we wish to unan-
 imously register our disapproval of proposed law.

Very sincerely,

CLARENCE PERKINS,
Secretary, Chief Wabasis Potato Growers Association, Inc.

PHILLIPS PACKING Co., INC.,
Cambridge, Md., April 8, 1957.

Hon. JAMES P. S. DEVEREUX,
*House of Representatives,
 Washington, D. C.*

DEAR CONGRESSMAN DEVEREUX: We have been advised that bills H. R. 5449, H. R. 5764, H. R. 5934, and S. 1315 and S. 1393, have been introduced which concern, in particular, potatoes.

We strongly urge that potatoes for canning, or processing, be specifically exempt from any such bills. Failure to so exempt them would create a terrific hardship and canners and processors of potatoes could not exist under the bills without the exemption.

With kindest regards,

Yours very sincerely,

THEODORE PHILLIPS,
Executive Vice President.

THE H. J. McGRATH Co.,
Baltimore, Md., April 9, 1957.

Hon. GEORGE M. GRANT,
*Chairman of Subcommittee, White Potatoes,
 House Office Building, Washington, D. C.*

DEAR MR. GRANT: We understand that quite a number of House bills covering proposed legislation to authorize mandatory inspection, grading, and labeling of white potatoes will be the subject of hearings next week.

Please understand that any remarks made herein apply strictly to potatoes used for canning purposes only.

We have been canning small Irish potatoes for approximately 10 years, and this product is being more widely used by consumers throughout the entire country each year, due to the many purposes for which they can be used, simple and easy to prepare, and most economical.

We object very strenuously to giving the Secretary of Agriculture any discretionary authority over potatoes used for canning purposes, and we also consider that potatoes for canning should be completely exempt from the legislation. We, and other canners of white potatoes, provide potato growers a market for potatoes which are not desirable because of their size for the fresh market. These potatoes which we use range in size from approximately one-half inch up to approximately 1½ inches in diameter, for which there is very little demand from the fresh market, for obvious reasons.

Canners of Irish potatoes must always demand freshly-dug potatoes only, and, as a matter of fact, our label reads "New whole Irish potatoes." The canning industry is unable to use large potatoes, and any artificial influences on the price of the small potatoes could very easily and quickly destroy that market entirely for the grower, as well as for the canner. Why should anyone wish to create legislation which would definitely hurt the growers of Irish potatoes, and also the consumers as well. Remember that the major market for smaller potatoes is from canners located throughout this country.

We ask your serious consideration of the information contained herein, and your assistance in excluding potatoes for canning from the legislation.

Very truly yours,

R. D. CLEVELAND, *Vice President.*

WISCONSIN POTATO GROWERS ASSOCIATION, INC.,
Antigo, Wis., April 9, 1957.

Representative GEORGE M. GRANT,
*Chairman, Domestic Marketing Committee,
 House of Representatives, Washington, D. C.*

DEAR REPRESENTATIVE GRANT: The Wisconsin Potato Growers Association, Inc., wishes to enter this letter in opposition to bill H. R. 5137, one of the several national potato grade labeling bills introduced by the House and scheduled for public hearing by the Domestic Marketing Committee on April 15 and 16.

After careful study, the association and its members protest any further and unnecessary proposal for Federal intrusion on potato farmers who are thoroughly competent to achieve and better fashion through their own States any possible benefits that could be proposed deeper regimentation.

The Agricultural Committee of the Wisconsin legislature at the request of the Wisconsin Potato Growers Association, Inc. is presently preparing enabling legislation to be introduced in the near future for a hearing for a possible Wisconsin Marketing Act if approved by growers.

The State association feels that growers of States and areas should be given an opportunity to develop programs best suited for each individual situation by a committee or committees composed of growers of the State and not Federal agencies.

Sincerely yours,

CHARLES M. CREUZIGER, *President.*

GIBBS & Co., INC.,
Baltimore, Md. April 10, 1957.

Hon. JAMES P. S. DEVEREUX,
*House of Representatives,
 House Office Building, Washington, D. C.*

DEAR CONGRESSMAN DEVEREUX: I am writing this letter in protest to House Bill No. 6409, introduced by Congressman Bennett of Michigan, authorizing mandatory inspection, grading and labeling of white potatoes. This bill will be the subject of hearings to commence on April 15 and 16 by the Domestic Marketing Subcommittee of the House Committee on Agriculture.

We wish to have exempted from this bill processors and canners of white potatoes. There are absolutely no grounds to have canners of white potatoes included in this proposed law. Canners must use potatoes that are freshly dug. The industry is unable to use large potatoes. Any artificial influence which may arise as a result of this legislation is very apt to destroy the market for small potatoes for canning, which would very easily take away this market for growers, as well as the canners.

I, therefore, count on your support to do what you can to exempt the canning industry from this proposed legislation.

Trust I can hear from you favorably on this piece of legislation and with kind regards, I beg to remain,

Very truly yours,

W. T. DIXON GIBBS, *President.*

MC CALL FARMS,
Effingham S. C., April 9, 1957.

In re legislation to authorize mandatory inspection, grading and labeling of white potatoes and to prohibit the marketing of potatoes that do not meet the standards of U. S. No. 2.

Hon. JOHN L. McMILLAN,
*Member of Congress,
 House Office Building, Washington, D. C.*

DEAR CONGRESSMAN: It is understood that this legislation will be the subject of hearings by the Domestic Marketing Subcommittee of the House Committee on Agriculture on April 15 and 16, next Monday and Tuesday.

The chairman of the subcommittee is Congressman George M. Grant of Alabama. Other members of the subcommittee include: Harlan Hagen of California, Victor L. Anfuso of New York, Coya Knutson of Minnesota, Page Belcher of Oklahoma, William R. Williams of New York, and Charles M. Teague of California.

As you know an appreciable part of the output of our canning plant is the packing of small white potatoes. We have not only found this item to be a most

desirable pack from the consumers standpoint but it is a means by which the farmers can dispose profitably of their small potatoes that otherwise would be thrown to the hogs, which are not too crazy about them.

The packing of this small potato is in a way my favorite pack. They are peeled by machinery and are certainly too small for a housewife to attempt to peel. It is a most popular item with restaurants and hotels where it is used in connection with beef roasts, same being either boiler or brought to a golden brown color in deep fat.

Now Congressman, you know just as well as I do that the secretary has "monked" up the farmers in this district with his various farm programs that today have got where we don't know whether we are coming or going. Apparently he is not satisfied but wants to go another step and make it harder for the canners to buy a byproduct from him that certainly would otherwise be a loss. A specific reference is made to H. R. 6409, by Mr. Bennett of Michigan.

Section 3 says that you may not use any potatoes for processing or manufacturing into a food product unless 85 percent are U. S. No. 2 grade or better. However, the Secretary may suspend this requirement if he determines that there is not a sufficient supply to meet normal market needs.

Section 5 requires that all potatoes you buy must be inspected and that the cost of the inspection must be borne by the person making request for the inspection.

Section 7 (c) gives the Secretary of Agriculture discretion to suspend the prohibition against the use of potatoes that do not grade U. S. No. 2, if the potatoes are to be used for canning (in a liquid medium). He may only suspend the prohibition; however, as to size—all other quality requirements of the grade would remain in effect.

The proposed legislation would not become effective unless approved by two-thirds of the potato growers voting in a national referendum held by the Secretary of Agriculture. Local or national potato marketing orders would not be affected by the legislation.

A National Potato Advisory Committee would be appointed to advise the Secretary as to the administration of the measure.

There is no need to give the Secretary of Agriculture any discretionary authority over the supply of potatoes for canning, but that potatoes for canning should be completely exempt from the legislation. There is no justification for burdening canners with the uncertainty of the results of grower referendums, what advisory committees might recommend, or the decision of the Secretary of Agriculture as to whether or not canners should be permitted to buy No. 3 or No. 4 potatoes.

Canning quality demands freshly dug potatoes, the industry is unable to use large potatoes, and artificial influences on the price of the small potatoes could very quickly destroy that market entirely for the grower as well as for the canner.

It would be greatly appreciated if you would use your influence as a member of the House Agriculture Committee and if possible cooperate with the National Canners Association, Washington, D. C., in their efforts to combat this legislation—as you know I am not only speaking as a canner but as a farmer too, and my interest is no less in either.

I am forwarding under separate cover 2 cans of these potatoes for your use.

Respectfully,

J. W. SWINK,
Vice President and Manager.

FOLEY, ALA., April 9, 1957.

Mr. GEORGE GRANT,
Member of Congress,
Washington, D. C.

DEAR MR. GRANT: It is our understanding that the potato producers in Florida and South Carolina and North Carolina, in Georgia and Louisiana, and other early potato producing sections are against the National Potato Grade Labeling Act in its present form. These bills introduced in the Senate and the House have been sponsored by the representative of the late potato producing States. Most of these States already have National or State marketing agreements which are considerably stronger than the bills introduced as the National Potato Grade Labeling Act. The growers from Alabama both in small and large meetings have at present the feeling that these bills would create an undue hardship on them for the following reasons:

(1) The number of potato growers voting from this area would be infinitesimal compared to the number of potato growers voting.

(2) There are certain seasons of the year when we find it impossible to meet the requirements of the No. 2 potatoes on account of internal qualities. These potatoes we know are not worthless, and at times we have been able to salvage a considerable amount of money by being able to ship this grade.

If it were possible to look into the center of a potato, we would certainly pick out these defects, but this we are not able to do.

(3) We are against the word "commerce" in section 1g. It requires that shipments of potatoes be labeled intrastate and interstate. If any label must be required, we certainly feel that it should only govern interstate.

(4) Restrictions are predicted on the present or future U. S. Grade Standard for potatoes. Future alterations in the grade standards can conceivably drastically alter the percentage of potato eliminations or the percentage of potatoes making various grades.

(5) While the Secretary of Agriculture has the right to exempt certain areas from 100-percent inspection, it could be possible to later increase the cost of inspection to the required shippers in an area in order to take care of all inspection of potatoes grown by and sold by small growers locally.

(6) We feel that the Department of Agriculture would be required to employ such a force of personnel to enforce these requirements that this alone would be a great burden to the taxpayers of the country.

(7) Laws are now on the statute books to change the grading requirements of any given area. An area can enter into a market agreement when two-thirds of the growers of that area approve the agreement by vote. We feel this one thing gives any area an opportunity to adopt and enforce agreements without trying to regulate any other area.

(8) Any overall marketing agreement covering the United States as a whole, would be favorable to some sections of the country and unfavorable to others due to the varietal types of potatoes and weather conditions.

(9) No provisions are made for terminating legislation without an act of Congress.

We feel that the late potato producing States that store potatoes might benefit considerably from this type of legislation. These growers have months to dispose of their crop while the growers in this area only have a few days when the potatoes are ready to dig.

If there is any way possible to comply with the wishes of the late potato growers without affecting the early potato growers, we would be in full accord.

Yours very truly,

FRANK F. EARLE,
President, Baldwin County Farm Bureau.

BOSTON MARKET GARDENERS ASSOCIATION, INC.,
Waltham, Mass., April 10, 1957.

Congressman GEORGE M. GRANT,
*Chairman, Domestic Marketing Committee,
House of Representatives, Washington, D. C.*

DEAR CONGRESSMAN GRANT: We would like to have you record our organization—the Boston Market Gardeners Association—as opposed to the passage of the National Potato Grade Labeling Act.

We would like you to record us at the hearing to be held April 15 and 16.

We feel that the compulsory inspection of all potatoes would not only be a hardship on our small growers, but the cost would be so great as to force them out of business.

We see no advantage whatsoever in this law for our potato growers.

Very truly yours,

JOHN ASOIAN, *President.*

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., April 10, 1957.

HON. GEORGE M. GRANT,
*New House Office Building,
Washington, D. C.*

DEAR COLLEAGUE: I understand that you are to hold hearings on the National Potato Grading Act on April 15 and 16.

The West Virginia Potato Growers' Association is opposed to this bill. It is believed that the bill is discriminatory to the small producer and farmer in West Virginia. It will prohibit the sale of unclassified potatoes and place rigid grade requirements, which must be certified by an authorized USDA representative, whose inspection fee must be borne by the producer. The majority of the potatoes in West Virginia are raised by farmers who plant from 100 to 300 pounds of seed a year. This bill would prevent the sale of potatoes to their neighbors, local stores, and other outlets without adhering to rigid grading regulations, and unclassified potatoes could not be marketed. The bill would benefit largely the commercial producer (50,000 or more bushels) in areas outside West Virginia. It would increase the price of U. S. No. 1's and No. 2's, as they would be the only potatoes for table stock. Therefore, this bill would tend to further lower the income of the small West Virginia farmer as potatoes are produced largely as a supplemental cash crop on a family-unit basis.

In view of the stand of the potato growers in my State, consequently, I will oppose this measure. It is my hope that you will carefully consider the small farmers in your hearings on this bill.

Sincerely yours,

HARLEY O. STAGGERS.

FRIDAY CANNING CORP.,
New Richmond, Wis., April 11, 1957.

HON. GEORGE M. GRANT,
House of Representatives,
Washington, D. C.

DEAR SIR: We understand that legislation to authorize mandatory inspection, grading, and labeling of white potatoes and to prohibit the marketing of potatoes that do not meet the standards of U. S. No. 2 is being introduced and will be the subject of hearings by the Domestic Marketing Subcommittee of the House Committee on Agriculture on April 15 and 16.

We have read over the text of the proposed legislation H. R. 6409 and object to section 3, section 5, and section 7-C. We feel that there is no need to give the Secretary of Agriculture any discretionary authority over the supply of potatoes for canning, but that potatoes for canning should be completely exempt from the legislation. The canning industry provides potato growers a market for potatoes that are not desirable because of size for the fresh market. U. S. No. 2 or larger potatoes do not lend themselves well for canning as the consumer is interested in a larger count of potatoes per can, which can only be arrived at by the use of No. 3 or No. 4 potatoes. Regardless of the size of potato that is canned, they must be top quality and freshly dug.

We shall appreciate your cooperation in opposing the proposed legislation as we want potatoes for canning completely exempt from the proposed law.

Yours very truly,

O. V. OTTESON, Vice President.

PATIO FOODS, INC.,
San Antonio, Tex., April 11, 1957.

Representative GEORGE M. GRANT,
Washington, D. C.

DEAR REPRESENTATIVE: When H. R. 6409, which concerns the grading and labeling and inspection of potatoes, comes up I would appreciate your considering the following:

1. That potatoes for canning be excluded from the legislation for the following reasons:

(a) Cannery use freshly dug potatoes and are largely unable to use large potatoes which are sold on the fresh market. Therefore, it provides a market for the otherwise unsaleable potatoes of the growers.

(b) The Secretary of Agriculture is given discretionary powers to lead to a great deal of uncertainty each season. The canner will never know at what time or when the Secretary might use such discretionary powers and the effect that it will have upon the price of the potatoes. Actually there is a double uncertainty since we must face the results of grower referendums as well as the decision of the Secretary of Agriculture as to whether or not the No. 3 and No. 4 potatoes may be permitted for canning.

(c) Any artificial influences on the price of the small potatoes could destroy the only market that could use them.

Canners are already burdened with numerous regulations as well as marketing uncertainties. Therefore, we would appreciate any help that you can give and the consideration of this bill which we feel should exclude the potatoes for canning under its orders.

Yours truly,

LOUIS STUMBERG, *President.*

ORE-IDA POTATO PRODUCTS, INC.,
Ontario, Oreg., April 11, 1957.

Re National Potato Grade Labeling Act.

HON. GEORGE M. GRANT,

Member of Congress, House of Representatives,

Washington, D. C.

DEAR CONGRESSMAN GRANT: It has come to our attention that there are a number of House bills pending before the Domestic Marketing Subcommittee of the House Committee on Agriculture. We have before us H. R. 6409. While we are in agreement that legislation is desirable to standardize grading and assist the potato growers, we feel that this bill as drawn and others of similar import would be harmful to the potato growers.

There has been developed in recent years a new method of processing potatoes. This process has been advantageous to the growers in that it has created new markets and outlets for the potatoes. One of the greatest needs of all agriculture is to develop new methods of processing agricultural products; develop new outlets and new uses for agricultural products. The field of agricultural chemistry is most important to all farmers. Each time that a farm product can be used in a new method it would increase consumption to the benefit of the farmer.

One of the best developments along this line is the freezing of potatoes. Heretofore, the farmers in this area have all been dependent upon fresh potato market with its violent fluctuations. Ore-Ida Potato Products, which is composed largely of farmers, has developed a method of freezing potato products. We produce 6 or 7 varieties of frozen potato products and are continuously working on new developments. This is made possible only by a large consumption of field-run potatoes. It is economically impossible to use U. S. No. 1 and U. S. No. 2 potatoes only in our process. We must depend upon a large supply of ungraded potatoes.

This method of potato processing forms a firm foundation and a basic support for potato growers in our area. When our farmers know that they can contract at least a portion of their crop to the processing plant, this assures them of a return for their cost of seed, fertilizer, and harvesting. They are necessarily contracted on a field run basis. They are then free to sell the balance of the crop on the fresh potato market, and, of course, those potatoes are sold on grade.

To discourage, impede, hinder, or annihilate this firm foundation to the farmers would be defeating the very purpose of proposed legislation.

It is our suggestion that potatoes used for processing be completely eliminated from any legislation similar to H. R. 6409. This will allow the expansion and further development of new users for potatoes. We will be glad to furnish the committee with any additional information that might be helpful.

Very truly yours,

F. NEPHI GRIGG, *President.*

THE STATE OF ALABAMA,
DEPARTMENT OF AGRICULTURE AND INDUSTRIES,
Montgomery, April 11, 1957.

HON. GEORGE GRANT,

House Office Building,

Washington, D. C.

DEAR CONGRESSMAN GRANT: I received this morning a copy of a letter written to you by Mr. L. Irwin, chairman of the Baldwin County Potato Advisory Committee, Foley, Ala.

Let me take this opportunity to urge you to use your influence in amending the National Potato Grade Labeling Act so that our low quality grade potatoes can go on the market. I am taking the privilege of asking the other Congressmen and Senators to work with you in reference to the act.

Let me take this opportunity to congratulate you on the fine work you are doing on the Agricultural Committee in the House of Representatives. If there

is further information that I can give you relative to our potato crop, please feel free to call on me.

With kindest personal regards, I am
Sincerely yours,

A. W. TODD, *Commissioner.*

WISCONSIN CANNERS ASSOCIATION,
Madison, Wis., April 12, 1957.

HON. GEORGE M. GRANT,
*Member of Congress,
House Office Building,
Washington, D. C.*

DEAR CONGRESSMAN GRANT: Eight Wisconsin canning companies, members of this association, are engaged in canning white potatoes or use white potatoes in canning other products. All of them are opposed to the inclusion of potatoes for processing in the proposed National Potato Grade Labeling Act, to be heard before your subcommittee next week.

Grade labeling of raw potatoes to be used for processing will serve no useful purpose. Processors, as distinguished from individual consumers, are well able to do their own grading and to obtain the quality they want without Government assistance. For a Government agency to tell a processor what grade or size of raw potato he should or should not use in producing his product is unwarranted interference in private enterprise and will result only in less efficient production of products processed from white potatoes. This will do harm to the producer and consumer as well as the processor.

We strongly urge that your subcommittee recommend exclusion of potatoes for processing from the proposed legislation.

Very truly yours,

M. P. VERHULST,
Executive Secretary.

CHARLESTON, S. C., *April 3, 1957.*

HON. GEORGE M. GRANT,
Democrat Chairman Domestic Committee, Washington, D. C.:

Reference House bill 5137, farmers we represent in Charleston County request we advise that they are definitely opposed to passage of that bill.

CHARLESTON PRODUCE DISTRIBUTORS.

COLUMBUS, OHIO, *April 4, 1957.*

GEORGE M. GRANT,
*Democratic Alabama Chairman of Domestic Marketing Committee,
House of Representatives, Washington, D. C.:*

Ohio Potato Growers Cooperative Association, composed of 300 Ohio growers with over 10,000 acres of potatoes urge you to oppose the National Potato Grade Labeling Bill. Thirty percent Ohio crop used for chip manufacture. Chip companies located in this area are more interested in chip color and yield of chip per hundred pounds of raw stock than in U. S. grade standards as now written. A given lot of potatoes that could never be graded to official U. S. grade standards might be highly acceptable for chip manufacture. Our present demand for chipping potatoes exceeds our supply. Seventy percent Ohio crop used for table stock locally. Ohio is a deficit producing State and has a ready market for all grades and sizes produced here. Have no starch factories for diverting lower grades such as in Maine and Idaho. In any case since we are close to market Ohio growers realize more profit from lower grades sold for table use than would be realized by sales to starch plants. We feel we should remain free to sell all grades and sizes of potatoes if they are properly labeled and if we have ready buyers. Why deprive us of selling this kind of merchandise and why deprive the consumer from purchasing this class of merchandise. Let us realize that national legislation may benefit some particular areas but work to the disadvantage of others. Ohio has one of the finest if not the finest grower controlled statewide potato marketing organizations in this country. We are now complying voluntarily with many phases of the proposed act. Such voluntary compliance through strong grower organizations is much better than any compulsory national program.

V. E. KEIRNS,
Manager, Ohio Potato Growers Association.

TACOMA, WASH., April 9, 1957.

HON. DON MAGNUSON,
House Office Building, Washington, D. C.:

Urge your vote against establishment of National Potato Grading Act. This now handled at State level with participation of potato growers quite satisfactorily.

L. EVERT LANDON,
President, Nalleys, Inc.

ATLANTA, GA., April 11, 1957.

HON. GEORGE M. GRANT,
House Office Building, Washington, D. C.:

We find bills S. 1392, Smith, and S. 1315, McCarthy, known as National Potato Grade Labeling Act, unrealistic, discriminatory, and unsound, particularly to potato processors. Urge you use your influence to defeat this bill.

H. W. LAY,
President, H. W. Lay & Co.

INDIANAPOLIS, IND., April 12, 1957.

HON. GEORGE M. GRANT,
House of Representatives, Washington, D. C.:

We oppose bill H. R. 6409 scheduled for hearing April 15-16 with respect to potatoes for canning and fear that the proposed regulation would most detrimentally affect growers' market for potatoes not desirable account of size for fresh market, but fully suitable for processing and canning, which could affect our source in Alabama and other Southern States. Urge your consideration given this situation.

H. F. KRIMENDAHL,
Stokely-Van Camp, Inc.

SCOTTSBLUFF, NEBR., April 13, 1957.

MR. GRANT of Alabama,
Chairman, House Agriculture Committee, Washington, D. C.:

Nebraska-Wyoming potato shippers at a special meeting April 9, 1957, went on record as being opposed to the potato grade labeling bill. Our Representative, Mr. Chris Petersen, will appear before your committee to protest this bill.

C. V. SWARD,
Secretary, Nebraska-Wyoming Potato Shippers Association.

(Whereupon, at 12:05 p. m., the subcommittee adjourned to reconvene at 10 a. m., Tuesday, April 16, 1957.)

POTATO GRADE LABELING

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POTATO GRADE LABELING

TUESDAY, APRIL 16, 1957

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON DOMESTIC MARKETING
OF THE COMMITTEE ON AGRICULTURE,
Washington, D. C.

The subcommittee met at 10:10 a. m., pursuant to recess, in room 1310, New House Office Building, Hon. George M. Grant (chairman of the subcommittee) presiding.

Present: Representatives Grant, Hagen, Knutson, Williams, and Teague.

Also present: Representatives Abernethy, Abbitt, Johnson, Matthews, Andresen, McIntire, Krueger, Tewes, and Chenoweth.

Mr. GRANT. The committee will come to order.

Before we start the hearing this morning there are several Members of Congress who wish to be recognized, and we will be glad to hear from them at this time.

Mr. Tewes?

Mr. TEWES. Mr. Chairman, with leave of the committee, I should like to insert in the record a copy of a night wire I have received from Mr. F. J. Meyer, president of Red Dot Foods, Inc., in Madison, Wis., which is in my district.

Mr. Meyer is the head of a typical enterprise which has made America's economy great, where, with competence and good management and diligence, this company has been built into a sizable economic factor in our district.

In this telegram he has registered some important reasons why he and the growers who supply him are opposed to this bill, and I would like to have it placed in the record and I know the committee will give it the diligent treatment which it deserves.

Mr. GRANT. Without objection, it will be filed.

(The night letter referred to is as follows:)

APRIL 12, 1957.

HON. DONALD E. TEWES,
House of Representatives,
Washington, D. C.

MY DEAR CONGRESSMAN TEWES: We here at Red Dot Foods are greatly concerned over the proposed National Potato Growers Labeling Act, H. R. 5137. It is scheduled for hearing on April 15 and 16 before the House Agriculture Committee, House Office Building, room 1334.

This bill would give us bureaucracy at its worst and without any need for it. The bill is sponsored by the larger potato-growing areas to give them additional advantage over the growers in the less concentrated potato-growing areas. Maine, Idaho, and California would be calling the tune and we here in Wisconsin would have to dance to it.

The farmers in Dane County or Jefferson County who market a few potatoes can't afford to have elaborate grading equipment. They have no nearby starch

factory or other outlets if their potatoes don't look nice enough to grade out properly. The big grower can grade up his potatoes; the small grower can't. And he can't stand the expense involved either.

The bill would hit particularly hard such counties as Waupaca, Langlade, and Oneida where many many farmers raise small acreages of potatoes for commercial purposes.

The potato chipper would be particularly hard hit by this bill. He would suffer much unnecessary expense in inspection costs and labeling, all of which would serve no purpose whatever, except to raise the cost of his product to the consumer and discourage the small grower of his area that he has helped get started with a new crop to help supply his needs.

I surely hope you can get time to look into this H. R. 5137 and do what you can to defeat it decisively.

Respectfully yours,

F. J. MEYER,
President, Red Dot Foods, Inc.

Mr. GRANT. Mr. O'Konski, you have a statement?

STATEMENT OF HON. ALVIN E. O'KONSKI, A REPRESENTATIVE IN CONGRESS FROM THE 10TH CONGRESSIONAL DISTRICT OF THE STATE OF WISCONSIN

Mr. O'KONSKI. Mr. Chairman and members of the committee, the only correspondence I have received on the pending bill was from Mr. E. A. Jorgensen, owner of Oneida Farms, Eagle River, Wis., a telegram which is favorable to the bill. And I would like to file that telegram in the record.

Mr. GRANT. Without objection, it may be filed.
(The telegram referred to is as follows:)

EAGLE RIVER, WIS., April 15, 1957.

HON. ALVIN E. O'KONSKI,
*House Office Building,
Washington, D. C.*

DEAR CONGRESSMAN O'KONSKI: Please support H. R. 5137 National Potato Grade Labeling Act. Very important to us potato growers to have a minimum standard of quality. I have grown and shipped potatoes with grade labeling and Government inspection for about 25 years and find it to my advantage in selling. Many growers, however, and some of whom are opposed to this bill, have shipped ungraded or poorly graded potatoes with no inspection until the reputation of Wisconsin potatoes has been practically ruined. Such practices have resulted in a hardship to me and the potato industry. I am acquainted with most Wisconsin growers and I believe growers who want to market an honest package of better quality Wisconsin potatoes are in favor of this bill. Anyway, the bill gives them a chance to vote on the question if it becomes a law.

E. A. JORGENSEN,
Owner, Oneida Farm.

Mr. GRANT. I believe Mr. Ted Still, Monte Vista, Colo., is the first witness this morning.

Will you come around, please, sir?

If you will identify yourself and have a seat, we will be glad to hear from you.

STATEMENT OF TED STILL, MONTE VISTA, COLO., PRESIDENT, SAN LUIS VALLEY OF COLORADO POTATO IMPROVEMENT ASSOCIATION

Mr. STILL. I am Ted Still, from Monte Vista, Colo., potato grower, and chairman of our Potato Improvement Association, which is an association of growers and shippers.

Mr. Chairman, with your permission, I have two statements here. First, I would like to file the statement of Mr. Clyde Helms, Jr., president of the San Luis Valley Shippers Association, as it is without comment.

Mr. GRANT. Without objection, the statement may be filed for the record.

(The statement of Clyde Helms, Jr., president, San Luis Valley Shippers Association, Monte Vista, Colo., is as follows:)

STATEMENT OF CLYDE HELMS, JR., PRESIDENT, SAN LUIS VALLEY SHIPPERS ASSOCIATION, MONTE VISTA, COLO.

We wish to urge favorable consideration for the proposed National Potato Grade Labeling Act, H. R. 5137.

Prices paid our growers have varied from \$3.25 to 60 cents per hundredweight for United States No. 1 grade potatoes over the last few years with prices at retail remaining stable at 7 to 8 cents per pound in a substantial portion of our trade area.

This condition is brought about by two factors that are in common practice today. First, unpublished freight rates for trucks hauling exempt commodities, and, second, the unrestricted sale of unclassified, unlabeled, or misbranded potatoes from those areas that market potatoes without benefit of grade labeling laws and restriction of culls.

We find certain wholesalers who do not handle grade-labeled potatoes, in order that they can sell potatoes generally below U. S. grade standards.

It would be interesting to note how fast per capita consumption would fall if every State marketed potatoes without the use of U. S. grade standards and permitted the sale of culls.

We feel that it is vital to the stability of potato marketing practices that Congress give the producer the privilege of adopting a minimum quality standard on a national basis in order that there be a more equitable starting point in the competitive race for the Nation's markets.

The restriction of culls is not a hardship on the growers. Culls have value at home and other outlets. The USDA states they are equal to green corn silage for livestock feed. They have \$5 to \$8 per ton value for starch production and a certain value for processing purposes.

Areas now restricting the sale of culls have developed these other outlets for use of off grades.

We expect some testimony to be presented claiming the present PACA Act covers misbranding, grade blending, inequitable trade practices, etc., but we would like to call the committee's attention to the question-and-answer campaign now being conducted by the USDA in the Packer, the leading produce trade journal, with a view of strengthening the present PACA Act.

The passage and activation of H. R. 5137 will definitely strengthen the PACA Act with respect to potatoes which is the leading vegetable crop, supplying over one-third of the total consumption of all vegetables.

We expect testimony to be presented claiming the Grade Labeling Act cannot be enforced. Our district chief Federal-State inspector, Mr. Virsh Robb, states that less than 1 percent violations occur in Colorado. We have more than 30 years' experience in the use of compulsory inspection. Let the record speak for itself.

This act will make an additional expense for the growers, as we pay the inspection fees and charge the growers for it. It will be a restriction on what the grower can sell for table stock. But what the grower does sell will not have to carry the cost of distribution, etc., on that percentage that is unsalable at the retail store, because the housewife leaves them in the bulk bin.

The act provides sufficient benefit to consumers to merit its enactment into law without the necessity of a producer referendum.

We urge your favorable consideration of H. R. 5137.

Mr. STILL. I have before me a statement from my improvement association that I would like to read, sir.

I am here to support the National Potato Grade Labeling Act on behalf of the San Luis Valley Potato Improvement Association of Colorado.

I would like to confine this testimony to the present condition of the national potato industry and the need for this type of legislation.

Nationally, the potato industry is helpless to help itself; to adjust the supply to the demand on a national basis when the surplus is large with the present available programs.

Potato production is very subject to growing conditions and a small oversupply tumbles prices in the opposite direction in an alarming ratio. We cannot fit potential supply to effective demand at planting time. We need some means of effective diversion of low grades on a national basis in years of large supplies.

In August 1955 the summer and fall crops were overlapping each other; prices dropped down to cost of harvest. This condition faced the growers when they were called in to Chicago at an emergency meeting by the National Potato Council.

It was voted by a large majority from every State present to divert the low grade plus enough above 2-inch minimum U. S. No. 2 or better to remove the surplus. At the request of the growers, the USDA agreed to a small diversion program to alleviate the situation. Only four counties in the entire country outside of marketing agreement areas developed a plan to reserve the surplus.

The marketing agreements areas had developed the leadership to establish plans to divert the surplus early in the marketing season so that all areas received the benefit of the diversion program and effectively adjusted the supply to demand so that by January 1, 1956, favorable prices were received for the remainder of the fall crop by producers in all late States and exceptionally good prices by the early spring producing areas in the spring and early summer 1956.

The 1956 acreage was the second lowest since records have been kept—1,411,700 acres; the yield was 292 bushels per acre, a new record—yet a surplus was produced but with different distribution. A large surplus occurred in areas which could not effectively divert the low grades and the crop increased as the season advanced. The fall and winter prices have been a disaster to the grower, even though these same areas were diverting that diverted last season.

Our growers received 90 cents per hundredweight for U. S. No. 1 2 $\frac{1}{8}$ -inch minimum Red McClures the week of April 1, 1957. This represents about 60 percent of their field run production; the rest are No. 2's, seed, diverted stock, culls, and shrink.

That is why I say the industry nationally is helpless to help itself when surpluses are large and why the National Potato Grade Labeling Act is a forward and basic step to any kind of national program.

If we are ever to stop the decline in per capita consumption of potatoes in fresh form, it must be with better quality potatoes. Competition in the food industry is severe. The proposed act would permit the potato industry to walk together in equity and unity by giving us this enabling legislation.

In 1923 when Colorado adopted compulsory inspection, and grade labeling which was adopted in 1949, many of us in Colorado thought that we could not live with such regulations. Colorado producers and shippers learned to live with these regulations and they did not prove to be as hard to live with as we thought.

I feel sure that if the act is made operative it will not cause all of the apprehension expressed from representatives that are not now having compulsory inspection and the restricting of the marketing

of the lower grades. The act would result in producing a better quality of potatoes for the fresh market as well as for processing.

Mr. GRANT. Does that complete your statement?

Mr. STILL. That completes my statement.

Mr. GRANT. Mr. Andresen?

Mr. ANDRESEN. I would like to ask a question, for my own information.

You have this grade labeling operation going on in the State of Colorado?

Mr. STILL. Since 1949.

Mr. ANDRESEN. And it is working out very satisfactorily?

Mr. STILL. Very satisfactorily.

Mr. ANDRESEN. Is the proposed bill that is before this committee in line with what has been done in Colorado?

Mr. STILL. We went one step further than is proposed in this bill, and carried it directly to the retail store. There is one difficulty in that operation, and that is, where they are displayed in bulk bins, No. 1 potatoes are placed in the bin, and the first 10 housewives that come along, naturally, select the best ones, and the remaining ones are out of grade.

But our inspector used the method of going back to his supply in the rear, or wherever he kept them, and checking them for grade. We have backed up on that particular phase of this, because of that difficulty of enforcement. But it is carried through, of course, on the container in consumer-size units.

But the thought was that inspection and grade labeling and all those things are a restriction on the grower, to start with, but they are not carried through to the consumer, and actually it would help the industry as a whole, if some means could be devised to do it.

Mr. ANDRESEN. And what is your understanding as to the effect of the bill before the committee, in the event it is enacted into law, upon the marketing of potatoes in the United States?

Mr. STILL. It will have this effect: It will make each producing area on an equitable taffeeoff point in this competitive raise. In addition to that, if there is a chance at all to win back our constantly declining per capita consumption, it has got to be on quality.

And here, at the National Potato Council office in Washington, there are complaints coming in all the time about the poor quality of potatoes that are displayed on the market place. And what we feel this would accomplish, essentially, is, under the present condition—and it is growing—the matter of repacking in the terminal markets.

When potatoes from one State producing potatoes without this legislation are taken to another State without a grade-labeling law, they can sell the consumer anything they want, and there is no inspection on it.

I don't recall whether you were here or not yesterday, but the Department made the statement that the repacker inspections are practically nil. And that enters into a competitive phase in our producing areas that is darned rough to stand.

Mr. ANDRESEN. Well, is it your understanding in your position that if this bill is enacted into law, it will only permit the marketing in both intrastate and interstate commerce of No. 1 potatoes?

Mr. STILL. No. You are still allowed to sell No. 2 potatoes. All the restriction is, sir, that it eliminates the unclassified grade, which

the Department has never made a grade for. That is all it does. A lot of people think of potatoes and No. 2's—the No. 1's are the larger ones; you have a No. 1 size A, which is an inch and an eighth, seven-eighths above, and when that size drops down to an inch and a half you still have a U. S. No. 1 size B, and, in addition to that, you have U. S. 2 in both sizes.

Mr. ANDRESEN. Would the bill prevent the marketing of any kind of potatoes?

Mr. STILL. It would prevent the marketing of unclassified potatoes.

Mr. ANDRESEN. What do you mean by "unclassified"?

Mr. STILL. Unclassified, in relation to United States grades and standards.

Mr. ANDRESEN. In other words, the potatoes that don't go into Nos. 1 and 2 grades, they would be unclassified?

Mr. STILL. That is right. And they are normally called culls. And when they are permitted to go, it allows blending, and it allows upgrading by your repacker. Now, I don't want to give the committee the impression that all repackers are chiselers and that they are engaged in unethical practices. But you may know that, in any operation or any class of people, there is a certain percent that are chiselers.

Mr. ANDRESEN. That is all, Mr. Chairman.

Mr. GRANT. Any other questions?

(No response.)

Mr. GRANT. Thank you very much, sir, for your statement.

Mr. Joseph Shelly.

Mr. Shelly, will you identify yourself, and the gentleman with you, and we will be glad to hear from you.

**STATEMENT OF JOSEPH S. SHELLY, EXECUTIVE SECRETARY,
ACCOMPANIED BY PAUL B. RUTENIK, PRESIDENT, VEGETABLE
GROWERS ASSOCIATION OF AMERICA**

Mr. SHELLY. The gentleman with me, Mr. Chairman, is Mr. Paul Rutenik, president of the Vegetable Growers Association, from Vermilion, Ohio.

Mr. Chairman, I have a statement that I would like to present to this committee.

I am Joseph S. Shelly, executive secretary of the Vegetable Growers Association of America. This association is composed of 44 affiliated vegetable and potato grower associations, having membership in 25 States.

This association is opposed to all of the national potato grade labeling bills now before this committee. The association opposes these bills on the basis of its time-honored, traditional policy opposing Federal intervention into the managerial decisions of the American family farm.

The response from the membership has been overwhelming in opposition to these bills. The following associations have specifically subscribed and endorsed this statement by wire or letter:

The Florida Fruit and Vegetable Association, the Virginia Potato and Vegetable Growers Association, the Ohio Vegetable and Potato Growers Association, the Boston Market Growers Association, the Wabasis Potato Growers, Inc., of Michigan—and I would like to make

a correction here, Mr. Chairman. The Michigan Industry Potato Council, which has been crossed out on the statement, has reversed its position in a telegram received this morning, indicating that it would be impossible to enforce this law in the States of Michigan; therefore, they oppose the bills—and the Wisconsin Potato Growers Association.

At the last annual meeting, held in December 1956, the voting delegates adopted these three resolutions, each of which, in part, opposes this legislation. The resolution on marketing agreements closes with this sentence:

We believe these marketing agreements should be confined to local, State, or compact regional producing areas of the specific commodity.

The resolution on a prosperous agriculture, in part, states:

We do not consider it an obligation of the Federal Government to guarantee the prosperity of agriculture or any other segment of the economy * * * We favor a policy permitting managerial decisions which will provide the fullest and most effective use of efficient, self-adapting decisionmaking.

A third resolution, on Federal encroachment on the rights of the State and of the individual, in part, says:

The individual finds himself more and more circumscribed in his actions by Federal laws, rules, and regulations. We must call a halt to this gradual erosion of the constitutional rights of the individual and of our 48 sovereign States. We support the principle that State laws should continue to be final * * * except in the case of direct conflict between separate provisions of a Federal and a State law * * * We charge our directors, officers, and executive employees to work for these objectives.

I wish to make it perfectly clear that the association is not opposed to potato grading. In fact, many of our members have been leaders in promoting better grades and packages as a means of stimulating consumer appeal and increasing sales. The members do, however, object upon the methods and blanket procedures which would strait-jacket an industry so diversified geographically and productionwise as potatoes.

These bills would be the same as attempting to legislate that all men of the country shall henceforth wear only size 40 suits. If such legislation is enacted for potatoes, how long will it be until other commodities would be subject to the same type legislation?

There are some very specific objections raised by the Vegetable Growers Association of America membership to these bills.

It would appear that the enabling of this act by a referendum is a very democratic procedure; however, a two-thirds majority of the potato growers voting in the referendum would not provide an adequate or equitable representation of the potato industry.

The 1954 Census of Agriculture reported potato production in all 48 States; 210,387 of the total number of farms reported growing 5 acres or more of potatoes, and 5,510 farms of the total grew 50 acres or more of potatoes. Many of these smaller producers are scattered over wide areas. With such a system for conducting a referendum, a very small minority could control the results. It has been estimated that as few as 3 or 4 percent of the potato growers of the country could control the outcome of the referendum.

Mr. Chairman, I am sure you have heard and are familiar with what has been said from time to time in the Halls of Congress concerning the economic adversities affecting the family farm. This bill will

legislate many of our family farms right out of potato production, accelerating the very thing you and your colleagues are so vitally concerned with.

We believe that the definition of "commerce" in the act exceeds that of any previous definition. "Commerce" in this bill would include "intra" as well as interstate shipments of potatoes. Control of intrastate movements of a commodity is an extreme encroachment of Federal authority and limitation of freedom which would place undue hardships upon producers and invite flagrant violation of the act.

This act would limit domestic marketing of potatoes but place no grade or labeling restrictions upon imported potatoes.

Regulations are based upon the present grade standards or future unknown modified standards. This requirement raises serious questions in the minds of many of our grower members. It is a recognized fact that marketing agreements, orders, or other control measures tend to limit competition and gradually raise prices. This would only tend, as has been proven in several instances, to increase production.

To fulfill the objectives of the act, grade standards would have to be tightened. Such necessary modifications would necessitate grade standards vastly different from those in operation at the present. Such action would create serious difficulties due to the appreciable difference between early, midseason, and late season potatoes.

Since the objective of the law is to remove grade 2 potatoes, this immediately raises the question of how are these potatoes to be disposed. There are only a few areas of the country that have potato starch plants available. These are confined mainly to a few of the late season areas. This situation could create only one of two possible alternatives, both of which in the long run would be very unfavorable to the potato industry.

The one would be for the Government to build more starch plants to buy more potato starch to stimulate more potato production. The other alternative would be to dump the potatoes and permit them to rot.

Has the industry forgotten the adverse public reaction to the potato program of 1948? It may be coincidental but worth mentioning that subsequently the per capita potato consumption took an unusual 16 percent drop that year.

Federal compulsory inspection and labeling will create considerable hardships and increase costs to producers. One of our family owned and operated potato growers, producing approximately 100 carloads of potatoes annually, says:

A national grade labeling law to be applied to potatoes would put a costly burden with no appreciable benefit to the vast majority of producer-shippers. It would mean a doubling or tripling of costly bag inventories, with a label for each grade that would be shipped. The small to average sized producer who may be not quite sure whether his potatoes are United States 1 or 85 percent United States 1 would many times be compelled to put his product in a bag that understates his grade or suffer the frequent risk of being compelled to unload a car and repack if inspection showed it to be of a grade lower than that which was stamped on the container. For example, when we load a car of potatoes at our seed farm in northern Wisconsin that car travels 50 miles before it reaches a point where inspection is available, inspection is made in transit, and you can imagine the frustrations if the inspection is different than the honest intent. It would be no serious problem at our main packing house where an inspector is always available, but that is the exceptional situation and we here are as 1 to 100 in comparison to the rank and file of growers. There is certainly no objection to forcing honesty in labeling; that is, stating

the name of the shipper and the State of production of the contents of the bag, but to state a grade on it by compulsion is an entirely different matter. No other branch of foodstuffs is subjected to such a Federal requirement. Canned foods, for example, state a person responsible for the pack, with his address, but you will not find a statement as to grade on any of the wrappers. This is in a controlled process and in a tightly closed container; how foolish is it to impose a grade labeling requirement on a sack of unprocessed food, potatoes? The permission of use of tags is almost equally bad; it would save only as to bag inventory breadth.

This association does not consider it wise to vest the Secretary of Agriculture with such broad, blanket, dictatorial powers. Such phraseology as "The Secretary may promulgate such other rules and regulations as he may deem necessary for the administration of the act," coupled with the authority to appoint the advisory committee in our opinion is not a traditional American democratic process. Such authority can be monopolized by a minority to the disadvantage of the industry and the consumer.

It is the opinion of this association that this legislation to be effective would eventually lead to such a monstrosity of rules and regulations, the like of which has never been duplicated in Federal regulation.

To illustrate this point the act would exempt retail stores from the grading and labeling requirements. What would prevent a retailer from black marketing ungraded unlabeled potatoes? Such loopholes and others could only lead to an eventual breakdown or provide a desirable media for further development of Government bureaucracy with its ever-increasing budget, staff, and office requirements.

The philosophy underlying marketing agreements has been that these programs should be developed at the request of the industry. The general procedure has been that after a discussion by the industry groups concerned, they were reviewed by the Department of Agriculture, followed by public hearings. The minority favoring this act would bypass this usual procedure and legislate the marketing agreement into effect without considering the opinions and problems of the diversified potato industry.

The Vegetable Growers Association of America recognizes the the adverse position of the potato industry. There is relatively very little in the way of quantitative studies indicating that marketing agreements have appreciably relieved burdensome supply or adverse price situations in the past.

Experience has, however, taught us that those commodities who have relied less on Government controls in the past are in a more advantageous position today than those who have relied on Government controls.

A recent study of the agricultural commodity programs by the Twentieth Century Fund would uphold this observation. In their study two significant observations were made:

that marketing agreements have not been used too extensively in the vegetable industry and have not in general been successful where tried.

The study goes on to state that—

Interarea marketing agreements on a national basis have in general proved unworkable.

These observations are corroborated by the 1956 experience of some southern potato producers and the fact that during the present season

some of the lowest potato prices were found in areas with the tightest marketing orders.

It is doubtful in the light of available historical evidence that a national marketing agreement for potatoes as proposed in this act will adequately solve the serious surplus situation or have any significant effect upon narrowing distributive margins.

It is this association's honest opinion that the benefits to be derived from the proposed National Potato Grade Labeling Act would be too great a price to pay for the individual potato grower's freedom, wisdom, and managerial ability. The evidence of past experience with Federal Government intervention in agricultural programs all too often has demonstrated that centralized planning and regulation ignores essential individual decisions, creating inconsistencies and inefficiency. The potato industry with its geographical and production diversification would be no exception.

Mr. GRANT. Thank you, Mr. Shelly.

Any questions?

Mr. ANDRESEN. Mr. Shelly, did you hear the preceding witness from Colorado?

Mr. SHELLY. I heard part of it; I didn't hear him too clearly.

Mr. ANDRESEN. He said that it would not prevent the marketing under the proposed bill of No. 2 potatoes. And I believe you said in your statement that it is your opinion that it would. Now, I would like to have you comment on that.

Mr. SHELLY. I think the statement he made was correct. But I am basing it on the fact that the purpose of this act would be to remove some of the surplus potatoes that we have at the present time. In other words, we have too many potatoes in the country, and we have to do something.

And eventually, if you are going to control it by the Federal Government, as we have seen in so many other commodity programs—in most cases, it has stimulated production, it hasn't done very much to remove surpluses—it wouldn't be too long, in our opinion, until No. 2 potatoes would have to be removed, and the grades would have to be made more stringent so that we could eliminate more of the potatoes that would be indicated as surplus.

It is on that basis that I made that statement.

Mr. ANDRESEN. Then you are convinced that the general marketing, both in intrastate and interstate commerce, of No. 2 potatoes might be prohibited by this act?

Mr. SHELLY. I would think, on past experience, that that would eventually lead to that condition.

Mr. ANDRESEN. That is all.

Mr. MCINTIRE. Could you supply for the record, Mr. Shelly, the number of potato areas which are represented in the membership of your organization?

Mr. SHELLY. Yes, sir; I could do that.

Mr. MCINTIRE. By association, affiliation?

Mr. SHELLY. Yes; I would be happy to include some of the telegrams I received from those.

Mr. MCINTIRE. I was interested in having the record show something as to the coverage, whether your association is principally a representative of vegetable growers or potato growers, or if you have membership in both.

Mr. SHELLY. I think I can give you that information now, if you desire it.

Mr. McINTIRE. Well, we are pressed for time, but I would think that it would be helpful for the record if you could show whether, in essence, your position is that of vegetable growers as such, or whether it is substantially potato growers as such.

Mr. SHELLY. We have both. We have some "pure" State associations that are affiliated associations of our association, others are a combination of potato and vegetable growers' associations, but we have a number of them that deal only with potatoes.

Mr. McINTIRE. Would it be fair to make the observation on the basis of the testimony that basically you are in favor of the shipment of culls, as far as potatoes are concerned?

Mr. SHELLY. No; I wouldn't say that.

It seems to me, Mr. McIntire, that this matter of shipment of culls is under control itself, to a certain extent.

It isn't economically feasible, is it, to ship culls from Maine to Ohio or to Illinois? Or is it economically feasible for the Colorado people to ship culls all over the country, with the increase we have in freight rates and the high transportation costs? And that would apply to Idaho and the other far-from-market producing States.

Mr. McINTIRE. But you are not in favor of the industry's, through any proposed legislation, being limited as to the shipment of culls?

Mr. SHELLY. Let me state it this way, Mr. McIntire:

It seems to me that we can't eliminate juvenile delinquency by passing laws to prevent it. Nor, by the same token, do I feel that we can eliminate this problem which the potato industry is facing by the Federal Government passing a law and hoping that that will solve the problem.

In my opinion, it is a matter of self-discipline.

Mr. McINTIRE. Let me ask you another question.

United States grades are grades established by and under the supervision of the Department of Agriculture?

Mr. SHELLY. Yes.

Mr. McINTIRE. Will your association favor the limitation of the use of those grades on the basis of the inspection only?

Mr. SHELLY. I don't know as I want to make any comment on that. I have no indication of what the membership's opinion would be on that, without a poll.

Mr. McINTIRE. Generally, in the industry they use these grade designations rather frequently, whether it means anything or not?

Mr. SHELLY. Yes.

Mr. McINTIRE. Would your association be in favor of making these grades mean something?

Mr. SHELLY. I am sure they would.

I think we should bear this in mind. I recall a few years ago, as I was introduced in this work, there was, I believe, a study being made to change the potato grades. And there was some opposition, I recall, from some of the areas. We must recognize, I think, that we have early potatoes, midseason potatoes, and late potatoes, and sometimes some of the things that apply to late potatoes could not be applied equally as well to early potatoes, because of some of the physical conditions of the potatoes themselves.

Mr. McINTIRE. Grade standards are the same in all areas?

Mr. SHELLY. They are the same.

Mr. McINTIRE. So this legislation is the same in all areas, it is simply directed toward grades.

Mr. SHELLY. But the thing we object to here is this blanket overall, like putting all men in a size 40 suit. I think we have to recognize some of these differences productionwise and geographically.

Mr. McINTIRE. Well, basically, what you are getting at in this statement is, first, you are not supporting the principle of marketing orders; in the last part of your statement you question marketing orders as such on the basis of the study of the agricultural commodity programs by the Twentieth Century Fund.

So you are not supporting marketing orders. And basically, you are against compulsory inspection, which has for its purpose primarily the certifying by inspection so that the contents of the bag is what it is labeled to be.

Do I understand your association is against that principle, too?

Mr. SHELLY. We are not opposed to grading as such, but we are opposed to the Federal Government reaching out here and controlling everything within a State and across State lines. That is the thing that we are opposed to—we are not opposed to the principle, we are opposed to the method, the procedure that would be used.

Mr. McINTIRE. You are not opposed to the principle, but you are opposed to getting there?

Mr. SHELLY. The procedure that we are using to get there.

Mr. McINTIRE. Well, that is an interesting position.

Mr. SHELLY. I still think that the State groups can handle this problem better than an overall marketing agreement.

Mr. McINTIRE. And you feel that the industry as such should not use the vehicle of legislation?

Mr. SHELLY. Federal legislation.

Mr. McINTIRE. Well, a marketing order is Federal legislation, but I understand you are opposed to that, too, because your statement implies that. But you are opposed to taking this one step further, and enabling the industry to have a vehicle by which it could say to itself, through a legislative vehicle, that there are certain grades which should just not be put on the market, and we propose by legislation to eliminate the culls—you are agreeable to that in principle, but you don't want the legislation that would make it possible to acquire that?

Mr. SHELLY. Not the Federal legislation, that is the point.

Mr. McINTIRE. Thank you.

Mr. MATTHEWS. Mr. Shelley, as I understand one of your main objections to this legislation is the fact that for the first time we have, not a local, so-called marketing agreement based on a compact area, but it is a Federal type of a thing that covers each of the 48 States.

Mr. SHELLY. Right.

Mr. MATTHEWS. Now, then, this other question.

Do you have any information as to any other precedent on that basis? Do we have any other commodity for which we have enacted legislation in somewhat this same fashion on a nationwide basis?

Mr. SHELLY. I haven't been able to find any such case. I have made some inquiries, but I haven't been able to locate any other commodity that has been dealt with on this basis.

Mr. MATTHEWS. Just this one final question.

As I understand, marketing agreements and legislation of this type usually are presented to the industry first.

Mr. SHELLY. Right.

Mr. MATTHEWS. To all segments of the industry.

Now, do you know whether this particular legislation has had consideration by the potato growers in the 48 States, or is this rather starting a precedent in that particular fashion dealing with this type of situation?

Mr. SHELLY. From what information I have received, I have come to the conclusion that the 48 States have not been consulted on it, it was originated by some minority groups who were pressing for it, not all 48 States.

Mr. McINTIRE. Will the gentleman yield?

Mr. MATTHEWS. Yes.

Mr. GRANT. Mr. Hagen?

Mr. HAGEN. I will yield.

Mr. McINTIRE. I might just answer Mr. Matthew's point.

The basic principle of this legislation was introduced into a bill over a year ago, so there has been at least that much time during which potato producing areas could become acquainted with it. It has been discussed, the basic principles have been discussed the length and breadth of this country by potato groups who have interested themselves in it.

Now, whether they represent a minority group, as Mr. Shelly has stated, would be a matter of opinion. I think productionwise they represent a substantial majority. But numericalwise, perhaps, it would be less than that. But at least within the framework of such vehicles as are available to potato producers, this legislation has been open for discussion at least 12 months that I know of personally.

Mr. GRANT. I might state, from the number of witnesses here, I think everybody in the United States knows about it. We will be the next 6 months hearing the witnesses, unless we make better progress.

Mr. Hagen?

Mr. HAGEN. I would like to ask a few questions.

You represent these associations. Do they principally consist of individuals or corporations who buy potatoes from other people and market them, or are they producer co-ops?

Mr. SHELLY. Our association is made up entirely of growers.

Mr. HAGEN. They market strictly their own potatoes?

Mr. SHELLY. They are producers for their own markets.

Mr. HAGEN. On page 2, you mentioned the fact that you do not consider it an obligation of the Federal Government to guarantee the prosperity of agriculture. You also object to this referendum, apparently on the basis that there are so many small farmers that they could control this referendum, and then at the end you pay tribute to the small farmers—a somewhat inconsistent position.

As I understand it, any commercial grower of any size can vote. So I fail to see how 3 or 4 percent of the potato growers could control this referendum generally if the potato growers are interested in their own activity.

Also, at the bottom of page 3, you mention that this does not apply to imported potatoes. I think we could well make it apply to imported potatoes coming from other countries.

Now, I would also like to ask you this: This statute spells out the grades that are prohibited from being shipped in intrastate and interstate commerce. So there is no possibility of the Secretary administratively changing that, in my judgment.

In other words, you are fearful that some of the grades, say, No. 2's, may be excluded, that would require someone coming before this committee and the committees of the Senate and getting Congress to change this aspect of the law, and you would have, at that time, a further opportunity of appearing. It is not something that the Secretary can administratively decide, it is spelled out, there is a definite meaning for No. 2 grade, and this says what the grade shall be.

Mr. SHELLY. It is my interpretation of the act, sir, that the committee which the Secretary will appoint would advise him on all parts regarding the administration of this act, and certainly, the control of the flow of the commodity would be a function of that committee.

It seems to me that if they could apply enough pressure, if there would be enough pressure from some parts of the industry, that under the blanket provisions of this act some of those changes could be made.

Mr. HAGEN. But to secure the exclusion of, say, No. 2 grade potatoes, they would have to come before this committee and other committees of Congress and convince them that that was the thing to do.

Mr. SHELLY. That is a very cumbersome thing.

Mr. HAGEN. You would not have to start anew.

Mr. SHELLY. And that implies that there would be no way of getting out of this act except through an act of Congress.

Mr. HAGEN. No, the growers could vote on it, as I understand it.

Mr. SHELLY. It is presented rather vaguely, that further referendums could be conducted. But again, if there would be enough pressure from the minority groups to keep it they could overrule the smaller grower groups.

Mr. GRANT. Any further questions?

Mr. Andresen.

Mr. ANDRESEN. Just a short question.

Speaking about grades of potatoes, I notice that in some railroad dining cars and in some of the better restaurants they serve a small potato very frequently about, oh, I suppose they would be a little larger than a big agate marble.

Now, would those be culls?

Mr. SHELLY. I don't think they would necessarily be classified as culls. I think that type of potato has some use in the processing industry, I think they are usually processed potatoes. I am not too familiar with grades, I am not an expert on grades, but any interpretation of grade is one that has some defects, mechanical or physical defects.

Mr. ANDRESEN. Personally, I would like a larger potato. But I am just wondering if under this proposed bill such potatoes could be marketed.

Mr. SHELLY. I believe there is a provision that potatoes for processing could be exempt.

Mr. ANDRESEN. Our support on potatoes—

Mr. McINTIRE. This bill does not in any way limit the marketing of that size which the gentleman from Minnesota refers to, because that is a size within the grade regulation, and that does not in any way limit the marketing of those sizes.

Mr. ANDRESEN. Then, as I understand your answer, really all potatoes can be marketed?

Mr. McINTIRE. All potatoes except those which are below U. S. Grade No. 2, and within the size regulation are within that grade. There are no additional grades or size.

Mr. ANDRESEN. Just one other question that doesn't deal with this legislation but, which as long as you are here, I would like to ask you. Does your organization favor doing away with the futures marketing of potatoes?

Mr. SHELLY. The association is on record in its resolution as opposing futures trading in potatoes and onions, they want it eliminated.

Mr. ANDRESEN. What grade of potatoes are you required to deliver under a futures contract?

Mr. SHELLY. You are asking me a question, sir, that I am not familiar enough with to answer.

Mr. ANDRESEN. Maybe my potato expert here can answer it.

Mr. McINTIRE. That would depend somewhat on the contract, but the minimum requirement—and the only trading which is being done is being done on the Maine contract, there is practically no trading on the Idaho contract—the minimum requirement on the Maine contract, of course, is that delivery is to meet the specifications of the packing order, which is a 2¼-inch minimum, and a 4-inch maximum. Now, the contract may specify otherwise, but the requirement is that it has to meet that grade which is permitted to be shipped out.

Mr. ANDRESEN. Is that a number one grade?

Mr. McINTIRE. It certainly is. It is far better than the regular U. S. No. 1 grade, because it is a 2¼-inch minimum and a 4-inch maximum, and the regular No. 1 grade is an inch and seven-eighths maximum, with tolerance for oversize. It is a far better grade than the U. S. No. 1 grade.

Mr. ANDRESEN. It seems to me that that is a baking potato, largely.

Mr. McINTIRE. Coming out of Maine it can be used for that or a multitude of other purposes.

Mr. GRANT. Thank you very much for your statement.

Mr. SHELLY. Thank you very much, Mr. Chairman. We appreciate the opportunity of presenting our views.

(The list of associations above referred to is as follows:)

VEGETABLE GROWERS ASSOCIATION OF AMERICA,
Washington, D. C., April 17, 1957.

Hon. GEORGE M. GRANT,
Chairman, House Agriculture Subcommittee on Domestic Marketing,
House Office Building, Washington 25, D. C.

DEAR MR. GRANT: Complying with the request of Representative Clifford McIntire, I am enclosing the list of affiliate associations supporting the Vegetable Growers Association of America's position on the National Potato Grade Labeling Act to be included in the record with our statement. The associations are as follows:

AFFILIATE ASSOCIATIONS OF THE VEGETABLE GROWERS ASSOCIATION OF AMERICA
(PREDOMINANTLY POTATO)

St. Clair-Monroe-Madison County Vegetable Growers Association (East St. Louis, Ill.)
Empire State Potato Club (New York)
Wisconsin Potato Growers Association
Virginia Potato and Vegetable Growers Association

— AFFILIATE ASSOCIATIONS OF VGAA (MIXED MEMBERSHIP, POTATO AND VEGETABLE GROWERS)

Florida Fruit & Vegetable Association
 Connecticut Vegetable Growers Association
 Maryland Vegetable Growers Association
 Boston Market Growers Association
 Minnesota Vegetable Growers Association
 New Jersey Vegetable Growers Association
 Ohio Vegetable & Potato Growers Association
 Badger Vegetable Producers Cooperative

ASSOCIATIONS NOT AFFILIATED, ENDORSING VGAA POSITION ON NATIONAL GRADE POTATO LABELING ACT

Alabama Potato Growers Association
 Michigan Industry Potato Council
 Chief Wabasis Potato Growers (Michigan)
 Very truly yours,

JOSEPH S. SHELLY, *Executive Secretary.*

Mr. GRANT. Mr. M. O. Stratford.

Mr. Stratford, will you identify yourself and have a seat? We would be glad to hear from you.

STATEMENT OF M. O. STRATFORD, EXECUTIVE MANAGER AND SECRETARY-TREASURER, IDAHO POTATO PRODUCERS ASSOCIATION

Mr. STRATFORD. My name is M. O. Stratford. I am the Executive Manager and the Secretary-Treasurer of the Idaho Potato Producers Association.

The Idaho Potato Producers Association, Inc., is a nonprofit organization, incorporated under the laws of the State of Idaho. It was formed to effect an orderly and efficient organization of all persons in the State of Idaho engaged in the production of potatoes, to promote the welfare of all persons engaged in the growing of potatoes, and to represent the potato producers of Idaho in all matters affecting the potato industry.

The Idaho potato production area is located a great distance from most major consuming markets. This increases marketing costs, particularly those relating to transportation, and requires that we sell in fresh form only our better grades or qualities. We have placed regulations upon ourselves, but such regulations do not apply on a national basis. In order to improve the quality of potatoes offered the consuming public, national legislation is necessary in order to provide uniform laws or regulations applying equally to all States.

Since 1948 potato growers in Idaho have imposed regulations upon themselves through means of the marketing agreement and order. They have set up minimum standards of grade, size, maturity, and cleanliness. Amendments are being proposed to Marketing Agreement No. 98 and Marketing Order No. 57, regulating the handling of Irish potatoes grown in certain designated counties of Idaho and Malheur County, Oreg. These amendments are being proposed to provide even greater effectiveness in utilizing the marketing agreement and order program, to withhold the poorer qualities, improve quality and price on those offered the consumer, and bring greater economic returns to the Idaho potato producer.

In 1937 an advertising tax law was passed by our State legislature. It imposed a tax on certain qualities of potatoes sold, which tax ranged from one-half cent to 1 cent per hundredweight up to 1955. At the request and with the support of Idaho potato growers this tax was increased to 2 cents per hundredweight in 1955. This provides an annual fund approximating \$360,000 to advertise and promote Idaho potatoes. Also under State law we are not permitted to ship cull potatoes outside the State.

Potato growers are trying to improve the quality of potatoes being shipped from Idaho. We have been able to make some gains in this regard under the authority of the marketing agreement and under State law, but limitations prevent doing many desirable things. The provisions contained in H. R. 5137, if enacted into law, will be of material benefit to the Idaho potato industry, and to the potato industry on a national basis.

Potato production constitutes a major agricultural industry in the State of Idaho, and Idaho is the second largest potato-producing State in the country. The following figures show price and value of the Idaho crop, compared to the total United States crop. These figures are from the Crop Reporting Board, Agricultural Marketing Service, United States Department of Agriculture.

And, with your permission, I will not read those statistics, as they are contained in the statement. Will that be satisfactory?

Mr. HAGEN (now presiding). Yes.

(The figures referred to are as follows:)

Crop year	Season average price per hundredweight, received by farmers		Value of production	
	Idaho	United States	Idaho	United States
1949.....	\$1.70	\$2.10	\$33,895,000	\$512,393,000
1950.....	.83	1.50	23,831,000	394,404,000
1951.....	2.31	2.68	49,439,000	527,863,000
1952.....	2.46	3.21	61,697,000	685,700,000
1953.....	.93	1.31	26,496,000	304,640,000
1954.....	1.92	2.15	47,002,000	474,737,000
1955.....	1.42	1.77	44,304,000	403,296,000

¹ State prices weighted by sales. State prices weighted by production: 1949, \$2.13; 1950, \$1.53; 1951, \$2.71; 1952, \$3.25; 1953, \$1.33; 1954, \$2.16; 1955, \$1.79.

Mr. STRATFORD. In addition to the marketing of potatoes in fresh form, the food-processing industry in Idaho has grown tremendously during the past few years, and additional expansion is underway at the present time. From the 1954 crop of Idaho potatoes, 4,486,000 hundredweight, or 16.9 percent of total production, went for processing. From the 1955 crop of Idaho potatoes, 8,553,000 hundredweight, or 25.9 percent of total production, went for processing. The following table from the agricultural statistician, Agricultural Estimates, Agricultural Marketing Service, United States Department of Agriculture, shows potato processing from the 1954 and 1955 crops. And, Mr. Chairman, I should also like to eliminate the reading of those statistics, if permissible.

(The statistics referred to are as follows:)

*Potato processing, crops of 1954 and 1955*¹

[In hundredweight]

	From 1954 crop	From 1955 crop
Total processing.....	4,553,000	8,668,000
Starch.....	2,029,000	4,294,000
Flour and other food.....	2,524,000	4,374,000
Received from—		
Idaho, fall area.....	3,897,000	7,948,000
Idaho, late summer area.....	589,000	605,000
Other States.....	67,000	115,000

¹ Includes all processing in Idaho, plus Idaho potatoes processed in Malheur County.

Mr. STRATFORD. More potatoes are used for food processing in Idaho than in any other State. The provision of section 3 (b), which requires that no person shall use any potatoes for processing or manufacturing into a food product unless such potatoes consist of at least 85 percent potential U. S. No. 2 quality or better, is a workable provision, from the standpoint of our processing industry. This provision was developed in cooperation with our processors, and will allow for purchases on a field-run basis, thus eliminating the cost of sorting or grading. However, in the case of lots which will not meet these minimum requirements, it will be necessary to sort or grade to bring them up to the minimum.

The potato industry has developed the provisions contained in H. R. 5137. The industry recognizes that improvements are necessary in the quality of potatoes offered to consumers. A minimum U. S. No. 2 grade offered in fresh form will provide more uniformity in quality being offered, and will set the minimum standards for such sales. Compulsory inspection is a necessary feature of enforcement.

The grade labeling feature requiring appropriate marking designating correctly the State, or area of production, name and address of the packer, and the United States grade or State, or area of production, grade of the potatoes is a provision which should have become applicable to the potato industry many years ago. The consumer is entitled to know the grade and production area of potatoes purchased. Many reports have been made of the sale of russet variety potatoes raised in States other than Idaho, being sold as Idaho's. This provision is intended to eliminate the substitution and misrepresentation of not only Idaho's, but of all potatoes. The Idaho potato industry, in an effort to eliminate this misrepresentation, has developed equipment which will mark or stamp the individual potatoes. Some 23 machines have been in operation during the present marketing season, and indications are that additional marking equipment will be in operation during the marketing season for the 1957 crop. The referendum feature places the final decision regarding these regulations upon the industry.

At the annual meeting of the Idaho Potato Producers Association, held in Twin Falls, Idaho, on March 8, 1957, a resolution was adopted favoring the National Potato Grade Labeling Act. A further resolution was passed at the State board of directors meeting held in Idaho

Falls, Idaho, on April 4, 1957, authorizing participation in any or all hearings or in other action involved in promoting passage of this legislation.

At this point, Mr. Chairman, I should like to state, although it isn't in the written record, that I also have letter authority from the Idaho Grower Shippers Association, which organization's membership in excess of 90 percent of the potatoes shipped from the State of Idaho. I have authority also to represent that organization in this hearing.

Mr. HAGEN. Do you have any documents?

Mr. STRATFORD. I have a letter from that organization authorizing me, which I will file with the committee.

(The letter referred to is as follows:)

IDAHO GROWER SHIPPERS ASSOCIATION, INC.,
Idaho Falls, Idaho, April 13, 1957.

Mr. M. O. STRATFORD,
Executive Manager,

Idaho Potato Producers Association, Inc.,
Idaho Falls, Idaho.

DEAR MEL: We favor H. R. 5137, known as the National Potato Grade Labeling Act.

Please accept this letter as your authority to represent the Idaho Grower Shippers Association, Inc., before the proper committees in behalf of this bill.

Very truly yours,

EDD MOORE, Executive Manager.

Mr. STRATFORD. We appreciate the opportunity of presenting this brief statement before the Domestic Marketing Subcommittee of the House Agriculture Committee.

Mr. HAGEN. Any questions of the witness?

Mr. Andresen.

Mr. ANDRESEN. As I understand, you ship your supergrade out of the State, but you sell the other potatoes within the State of Idaho?

Mr. STRATFORD. At the present time, of course, we do not have any regulations as to the quality of potatoes that are being sold by the retail stores within our State. But under the operation of our marketing agreement, we are not permitted to ship anything less than a U. S. No. 2 size as a minimum, U. S. No. 2, 2-inch or 4-ounce minimum size, outside our State.

Mr. ANDRESEN. That is outside the State?

Mr. STRATFORD. Yes, sir.

Mr. ANDRESEN. And then all the other potatoes can be sold within the State?

Mr. STRATFORD. They can be sold within the State, but generally we sell about the same quality of potatoes within the State as we do outside the State.

Mr. ANDRESEN. What is your understanding as to the effect of the proposed bill here, if enacted into law, upon the marketing of these culls within the State?

Mr. STRATFORD. It is my understanding that the application would be the same within the State as outside the State—in other words, for fresh market movement, the U. S. No. 2 grade or better.

Mr. ANDRESEN. In other words, you wouldn't be able to continue your prevailing practice on marketing costs within the State?

Mr. STRATFORD. That is right. However, we market very few culls within the State in our stores; our grades are usually a better grade than culls, but there are some poor potatoes sold within the State.

Mr. ANDRESEN. That is all.

Mr. HAGEN. Any further questions?

Mr. McINTIRE. Mr. Stratford, generally do your processors need a better potato than the culls, so to speak, in order to go through their processing and to eliminate work on the line, and so forth?

Mr. STRATFORD. Our processors generally like a little grade potato than strictly a cull. We have starch outlets, we have livestock outlets for strictly cull potatoes which are adequate; our processors like to use a better grade.

Mr. McINTIRE. This U. S. No. 2 would be no serious limitation upon the type that they want anyway for processing?

Mr. STRATFORD. The potential 85 percent No. 2 would work out satisfactorily for this processing—for food processing.

Mr. McINTIRE. Thank you.

Mr. HAGEN. Does any other member of the committee want to ask any questions?

(No response.)

Mr. HAGEN. Thank you very much, Mr. Stratford.

I believe the next witness is Mr. Weingart, president, Ohio Potato Growers Association.

STATEMENT OF R. E. WEINGART, PRESIDENT, OHIO POTATO GROWERS COOPERATIVE MARKETING ASSOCIATION, COLUMBUS, OHIO; ACCOMPANIED BY V. E. KEIRNS, MANAGER

Mr. HAGEN. Mr. Weingart, do you have a statement?

Mr. WEINGART. Yes. We have distributed copies of it.

Mr. HAGEN. You may proceed.

Mr. WEINGART. With me is Mr. V. E. Keirns, manager of our Ohio Potato Growers Association.

And I am a potato grower from Ohio. I have been in the business of growing potatoes for 32 years. At present, I am associated with my four sons. And I am also president of the Ohio Potato Growers.

Our organization is made up of over 300 potato growers representing over 10,000 acres of potatoes, and involves around 70 percent of the total production in Ohio.

Ohio is opposed to the national potato grade labeling bill. Our Potato Growers Association passed a unanimous resolution in opposition to the bill at our annual membership meeting February 4, 1957. The Ohio Vegetable & Potato Growers Association, composed of over 1,600 Ohio vegetable and potato growers, also passed a unanimous resolution in opposition to the bill at their annual meeting February 5, 1957. The proposed bill was a major topic of discussion at both meetings and both meetings were well attended.

There are some excellent points in the bill, and Ohio is already voluntarily complying with many phases of it. We have a labeling law in Ohio, stating that all consumer containers must bear the official U. S. grade standard, and the name and address of the packer.

Many Ohio growers use the Federal-State inspection service. All Buckeye brand potatoes packed by members of the Ohio Potato Growers Association must be passed by a Federal-State inspector prior to shipment from the farm. However, many other growers find it impractical to inspect their crop, and the local chip companies do not require inspection.

Over 30 percent of Ohio's crop moves direct to the potato chip companies. Many of these companies are located in or near centers of potato production. The chip companies are little interested in U. S. grade standards or Government inspection. Each company has its own quality standards, but they are all primarily interested in potatoes that will produce a large quantity of bright colored chips per 100 pounds of raw stock. The farmer who can produce a crop—containing the right combination of internal characteristics—gets the business, irregardless of U. S. grade standards or Government inspection certificates.

Ohio growers frequently sell potatoes below U. S. No. 2 grade for table stock as well as chipping. Climatic conditions in Ohio cause considerable variation in yield and grade of potatoes produced. However, it is our conviction that as long as our potatoes are properly labeled, and as long as we have ready buyers, we should have the privilege of selling this class of merchandise.

In any case, there are no provisions in the bill for disposal of low-grade potatoes. Ohio has no starch plants. Destroying potatoes could bring much adverse publicity to the potato industry.

Other questionable features in the bill, as we see it, are:

1. The bill would essentially create a national marketing order. It is impossible for this type of legislation to benefit all areas equally. Legislation is already available that enables individual States or producing areas to establish marketing orders. Many distant shipping States, who have found it impractical to ship lower grades of potatoes, due to freight rates, and other reasons, have made excellent use of marketing agreements. These areas are to be commended. On the other hand, production areas close to market, such as Ohio, have found it advantageous to producer and consumer alike to offer lower grades of potatoes locally than can be shipped long distances and return a profit.

Mr. Chairman, the second paragraph under the number one heading, we would ask to have deleted from the record, as we have found a discrepancy and typographical errors in our figures.

2. Compulsory inspection means a huge staff of inspectors making service available to many areas or growers who do not desire the service. This means regimentation and dissatisfaction, plus an increased cost to be borne by the farmer, the Government, the consumer, or all three. The bill states that the person requesting the inspection shall pay the inspection fee. We are wondering who would do the requesting and who would do the paying in the case of an Ohio grower located close to a potato-chip company or retail store, where neither party feels the service is necessary.

3. False exemptions: The bill indicates that processing potatoes (chipping) must be inspected, but processing potatoes (flour and starch) are exempt. We are wondering why the areas selling to starch and flour plants are exempt while areas selling to potato-chip plants are not exempt.

The bill indicates that potatoes packed at the retail store level would be exempt. Proponents of the bill have indicated that the major purpose of the bill is to assure the consumer of a higher quality product. However, the bill as written would permit the retailer to pack low-grade potatoes at the store level, and offer the merchandise for

sale without labeling as to grade or State of origin. This situation would provide the consumer with little or no more protection than our present system.

4. Present or future grade standards: The bill is based on present as well as future grade standards. If the bill is adopted, and the grade standards tightened in the future, it would work to further disadvantage of some areas.

5. Section 15 states that if any part of the act is held invalid, the remainder of the act shall continue in full force and effect. This appears to infer that there may well be questionable, invalid, or illegal points in the bill as now written.

6. In summary, let me state that Ohio has one of the finest grower-controlled potato-marketing organizations in the country. We are now complying voluntarily with many phases of the bill. Such voluntary compliance, through strong grower organizations, plus area marketing agreements, where needed, are much better than any compulsory national program. Ohio is opposed to the potato grade labeling bill on a national basis.

Mr. HAGEN. Thank you very much, sir. Mr. Keirns, would you care to make any statement?

Mr. KEIRNS. Well, as Mr. Weingart has indicated, I am V. E. Keirns, manager of the Ohio Potato Growers Association. And it is the job of the association to coordinate the marketing of the Ohio crop. And we are free to admit that Ohio does not always grow the most attractive potato in the country. However, we are set up in our organization to merchandise what we do produce within the State.

As Mr. Weingart brought out, we in Ohio are definitely in favor of many parts of this proposed bill. We are convinced that all consumer containers should be honestly branded with the official United States grade, the number and address of the packer, and the State of origin. However, from this point on the consumer should be offered her choice as to what grades she desires to buy. Many consumers, for various reasons, will buy lower grade merchandise. As was brought out by the gentleman from Florida yesterday, some consumers prefer to buy hamburger over T-bone steak, for one reason or another. Some consumers prefer to buy oleomargarine over butter for various reasons. And some consumers prefer to purchase a Ford in preference to a Cadillac.

Likewise, many Ohio consumers will buy lower grades of potatoes locally produced in preference to the higher, fancier grades produced by distant shipping States.

Mr. GRANT (again presiding). Any questions?

Mr. McINTIRE. If I understand correctly, in your association you do require inspection?

Mr. KEIRNS. That is right; for growers who are packing the association brand, inspection is compulsory.

Mr. McINTIRE. Now, you state, or Mr. Weingart stated in his testimony, that you have a labeling law in Ohio stating that all consumer containers must bear the official United States grade standard, and the name and the address of the packer. Would you favor legislation that would require that whenever United States grade standards are put on the bag, that they shall be inspected?

Mr. KEIRNS. I would favor either 1 or 2 things, or a blend of both, either compulsory inspection or ample enforcement or a blend of inspection plus enforcement.

Mr. McINTIRE. Do you think that a bag should carry a United States grade label if there is no assurance that that is what it contains?

Mr. KEIRNS. Well, in Ohio we have a fairly active enforcement agency, in the bureau of markets, which has pretty strict ways of handling growers who do not put into the container merchandise as the container is marked.

Mr. McINTIRE. What percentage of your shipments in Ohio, either outside your State or within your State, are inspected?

Mr. KEIRNS. Of the potatoes produced in Ohio?

Mr. McINTIRE. Yes.

Mr. KEIRNS. Approximately 25 percent of our production in Ohio is packed under Federal and State inspection.

Mr. McINTIRE. Do you think that the shipment of culls into your markets affects the price of your better grade potatoes?

Mr. KEIRNS. I don't know whether it does or not. I don't think it does too much, because the culls, or the lower grades of potatoes, go to a different class of handlers and to a different class of consumer. In our better, major chainstores throughout the State of Ohio, you rarely ever see anything below a U. S. No. 1 potato. However, in many of the—

Mr. McINTIRE. I would like to take you to some Washington stores. I could show you plenty of them below U. S. grade No. 1.

Mr. KEIRNS. That is probably true. However, this enforcement agency which we have in Ohio, I don't know whether it operates in other States like it does in Ohio. However, the enforcement agency operating in Ohio goes into the retail stores, including the biggest of the chains, and if potatoes are found from any State that are in bags marked U. S. No. 1 which do not come up to that standard, they are ordered off sale.

We favor this type of enforcement program throughout the country rather than making it compulsory that each and every grower must pack with a Government inspection certificate.

Mr. McINTIRE. But in this statement you are concerned about the size of the staff it would require to administer this law. How much do you think your recommendation would require in the way of staff, if you are going to administer that at the retail level?

Mr. KEIRNS. I don't rightly know the answer to that question. However, in Ohio we have approximately 10 Federal-State inspectors available for inspecting fresh fruits and vegetables. And the enforcement agency has, I believe, either 5 or 6 full-time personnel working on enforcement with fresh fruits and vegetables. And the way our merchandising has—the way the trend has been in merchandising throughout the Mid-western States, anyway, with the advent of the larger chainstores, where possibly 6 or 8 major chains control the bulk of the merchandising, in the State the enforcement boy doesn't have as many places to stop as you might think.

Mr. GRANT. Are there any other questions?

(No response.)

Mr. GRANT. Thank you very much.

Mr. JOHNSON. Mr. Chairman, at this point I would like to put into the record two telegrams received by Congressman O'Konski in regard to this legislation.

And I would also like to put in three telegrams that I have received from people supporting and opposing this legislation.

Mr. GRANT. Without objection, they will be inserted in the record. (The two telegrams referred to received by Mr. O'Konski are as follows:)

HON. CONGRESSMAN ALVIN O'KONSKI,
Washington, D. C.:

MADISON, WIS., *April 12, 1957.*

Your help is needed to protect the potato farmers of Wisconsin. The proposed National Potato Growers Labeling Act, H. R. 5137, with hearing scheduled for April 15 and 16, room 1334 of the House Office Building, should be decisively defeated.

WAYNE WEBER,
*Farm Division, Red Dot Foods, Inc.,
Rhineland, Wis.*

ALVIN E. O'KONSKI,
House of Representatives, Washington, D. C.:

RICE LAKE, WIS., *April 13, 1957.*

National potato grading labeling bill No. H. R. 5137 is slated for hearings April 15-16 before House Agriculture Subcommittee. We are very much opposed to this bill particularly as it means compulsory inspection. We have had to operate under similar conditions and restrictions before and they were intolerable. Wisconsin enjoys a unique situation regarding marketing of potatoes. We are right on top of the market with the biggest percentage: 80-90 percent, of the crop moving by truck.

Our growers are numerous and many market their own product. This bill would benefit States distant from market who must necessarily ship by rail while hampering Wisconsin potato growers, particularly in the Ninth District. We urge vigorous opposition even in committee.

JOSEPH DRAHOTA, Sr.
LA VERNE WEST.
JOSEPH DRAHOTA, Jr.

(The three telegrams received by Mr. Johnson referred to are as follows:)

Representative LESTER JOHNSON,
House of Representatives, Washington, D. C.:

EAU CLAIRE, WIS., *April 15, 1957.*

I would appreciate your study of H. R. bill No. 6409 concerning potato marketing, in the present form the bill would be detrimental to growers, destroying an existing market for small-potato canners can only use freshly dug small potatoes. Artificial influences on prices will destroy this market for growers and canners. I urge you to see that this legislation completely exempts potatoes for canning.

D. E. CLARK.

HON. LESTER R. JOHNSON,
House Office Building, Washington, D. C.:

ANTIGO, WIS., *April 15, 1957.*

Feel must voice qualified support, and support overall intent National Grade Labeling Act as step in right direction. However, cannot see necessity of giving United States Department of Agriculture power and leeway, that as act originally stated does, and feel past past administration similar legislation denies them this privilege. Fail to see exemption of retailers and terminal market repackers, as feel that majority present abuses center around these operations and laws should apply to all citizens equally.

ARROWHEAD GROWER SALES,
ROBERT J. SWEET.

Congressman LESTER R. JOHNSON,
House Office Building, Washington, D. C.:

ANTIGO, WIS., *April 15, 1957.*

Earnestly request you support potato grade labeling bill now before your committee. Wisconsin potato industry along with other major producing areas need

this legislation which is approved by Congress can only become effective after grower referendum.

GRUENTHNER POTATO Co.,
JOS. R. GRUENTHNER, Jr.

Mr. GRANT. I believe the next witness is Mr. Frank McGee.

Mr. McGee, will you identify your organization, please, and we will be glad to hear from you.

STATEMENT OF W. FRANK MCGEE, MONTE VISTA, COLO.

Mr. MCGEE. Mr. Chairman and members of the committee, I am Frank McGee, from Monte Vista, Colo. I am a potato grower. I am also a member of the State administrative committee, and a member of the executive committee of the National Potato Council.

I would like to state first, in preface to what I have written out here, which I wish to submit, that it seems to me, from hearing the testimony as presented here, that there is confusion, and some indication that this National Potato Grade Labeling Act is a part of the Marketing Agreement Act, or could become a part of it.

I would like to say that to us, in operating marketing agreements, as we do in Colorado, that this National Potato Grade Labeling Act is entirely apart from a marketing agreement. And I think I will perhaps point out such in the testimony which I submit here.

The National Potato Grade Labeling Act now in possession of the Senate and House Committees on Agriculture and Forestry contains three major provisions:

1. It establishes a minimum level of quality control, on a national basis, which is a U. S. No. 2 grade for potatoes being marketed in fresh form. Provision is made that in times of emergency, such as a short supply, the Secretary of Agriculture may modify this requirement;

2. Each container or bulk load must be properly marketed or tagged to indicate the State or Federal grade of potatoes contained therein;

3. That all potatoes marketed must be inspected and certified by an authorized inspector.

This act further contains the provision that to become operative it must be approved by two-thirds of the producers voting in a referendum.

I offer the following in support of this National Potato Grade Labeling Act:

First, some background information: Colorado ranks in seventh place in potato production. Potato acreage ranged from 50,000 to 56,000 from 1952 through 1956; 55,000 acres were planted in 1955. Almost 20 percent of this acreage is grown for late summer harvest located largely in the Greeley district in northern Colorado. A large part of the fall crop is produced in the San Luis Valley. The predominant varieties in this area are: Red McClure and Russet Burbank. Each of these is recognized for outstanding quality and desirable cooking characteristics. The 1956 production amounted to about 10 million hundredweight on 3,335 farms. Approximately 17,000 carlots of potatoes were shipped from the 1955 crop; 4,336 carlots were shipped to market by rail and 12,700 carlots equivalent by truck. The 1955

crop of 9.1 million hundredweight was valued at \$15.8 million. The 1954 crop of 10.6 million hundredweight was valued at \$21.5 million.

Colorado growers have for many years been marketing potatoes under State laws requiring inspection and labeling. Our experiences with these requirements have been good and we can recommend this to all potato growers.

Many years ago, Colorado growers recognized the demands of the consuming public for a good quality potato. The State legislature, upon request of growers and the public, passed a law requiring all potatoes placed in commerce to be inspected and certified as to grade. A branding law was placed in the statutes in 1949. This law is similar but far more regulatory than that part of this proposed act dealing with the labeling of potatoes.

Federal and State marketing agreements were accepted through referendum by potato growers in the San Luis Valley and in other areas of the State in 1941. The Federal marketing order withholds all potatoes of cull grade from the fresh market. Other specific orders, under these agreements, which further regulate as to grade and size have been in effect each year except during World War II. These orders are designed to further assist in supplying a high-quality potato to the retail market.

Potato production, nationally, has been such that in many years there has been an oversupply. However, there has never been an oversupply of high-quality potatoes. Consumers of fresh potatoes should be supplied only potatoes meeting specifications of the better grades and the lower grades should be kept from the markets. Enactment of this law would be a great asset in bringing this about.

Waste tests, made by colleges and universities, indicate that potatoes of a cull grade may be as much as 50 percent above those in a U. S. No. 2 grade when prepared for cooking. Usual spread in the retail price between packs of U. S. No. 2 and culls does not compensate for this loss.

A grade-preference study was made in 1953 and 1954 by the Colorado State Department of Agriculture cooperating with the Production and Marketing Administration and the Potato Administrative Committee. Consumers and wholesalers were interviewed in this study. One thousand nine hundred and eighty-three individuals were asked if they preferred to limit shipments to U. S. No. 1 grade only, 1,486 or 74.9 percent answered "Yes" and 497 or 25.06 percent answered "No."

These are a few statements from this report quoting wholesalers, and I quote these statements that were taken at random.

Des Moines, Iowa :

I am in favor of nothing but No. 1 merchandise on the market. This should be done with all products. Truckers are a menace and something should be done about them—

perhaps that has no application here but, it is part of his quotation—
Sell them only a U. S. No. 1 product. They keep the market off all the while by peddling inferior grades.

Here is another one from Ames, Iowa :

If only No. 1's are sold and the lower grades are kept off the market, the prices would be the same in all stores and there could be no price cutting as there is now.

From Omaha, Nebr. :

In favor of No. 1 only on the market. That is what he always pays for. Sometimes think he should buy No. 2's; he would be better off and save money. Lots

of No. 1's are misbranded—and this is important. Put in the pack what the grade label on the bag says.

There are many more quotations in the report, but those should suffice.

Per capita consumption of potatoes since World War II has dropped to a low of 104 pounds. Much of this loss is due to the poor quality of potatoes on the fresh market. Consumers have found they cannot depend on grade labels as very often the potatoes do not meet the standards as shown by the grade label on the package. This was pointed out in a consumer survey made under the supervision of the Colorado State department in 1952 and 1953. Consumers indicated in this survey that every container or lot of potatoes should be labeled as to grade. Also that there should be more assurance that each package measure up to the grade indicated. Typical consumer statement was:

Ship only the good potatoes and leave the low-quality potatoes at home. Too many low-quality potatoes are mixed in consumer packs.

Potatoes traveling recognized trade channels—this is general, especially in the West—pass from the producer through the local shipper, broker, wholesaler, jobber, and retailer before reaching the consumer. Repackers may also operate in these trade channels. At present there is no law fully regulating the operations of these groups. Such regulation is needed to protect each of these groups, more especially the consumer, from being fleeced by the shady or unethical individual operating in these trade channels. This National Grade Labeling Act will regulate these operations and each will be on a standard of grade competition.

The Perishable Agricultural Commodities Act, with the amendments proposed, does not cover all the provisions of this act. The National Potato Grade Labeling Act will assist in strengthening it and help in its operation.

Some may raise the question of whether or not this law can be enforced. In answer to this I will say that a like question was asked in Colorado when these regulations were discussed many years ago. Experience during some 30 years, operating under these regulations, has shown that very few attempts are made to ship potatoes without having them inspected, certified, and labeled as to grade. Records in the Colorado State department of agriculture show there have been so few violations during the previous 15-year period as to be almost nonexistent.

I think I should insert there a statement that our director of markets is present, and I understand will submit a statement.

There have been very few shipments of cull potatoes in violation of marketing agreement orders in Colorado prohibiting the shipping of cull potatoes since 1941.

During the annual meeting of the National Potato Council, held in Chicago in November of 1955, growers were submitted 14 questions pertaining to potato marketing. Over 300 growers attended this meeting. They were asked to vote on these questions under voting regulations of the council permitting two votes for each State.

The first question raised was—and I am listing only those pertaining to this Marketing Agreement Act, or Grade Labeling Act—the first question was, Do you favor restricting the use and sale of all potatoes below U. S. No. 2 grade?

First, do you favor this for fresh consumption only? And 37 voted for it and 8 voted "No."

1. Do you favor restricting the use and sale of potatoes below No. 2 grade for food processing? And 34 voted "Yes" and 10 "No."

2. If you are in favor of restricting sales to U. S. No. 2 or better grades, how do you prefer to accomplish this? And as listed there, by special legislation, 36 voted for that, and 4 voted "No."

3. Do you favor compulsory inspection on a national basis? 32 voted "Yes" and 13 "No."

4. Do you favor grade labeling on a national basis? And 42 voted "Yes" and 3 "No."

As a result of this vote, the National Potato Grade Labeling Act was drafted. The National Potato Council in the 1956 annual meeting held in November in Washington, D. C. reiterated its approval of the act. The majority in favor was even greater than in 1955.

And then I would like to state here, something which I think points out very well on a national basis, and is well worded from the American Farm Bureau Record policy adopted in Miami Beach, Fla., December 13, 1956, page 29, which reads—and this is a quote from the record:

MARKETING AND REGULATORY PROGRAMS STANDARD GRADES OF AGRICULTURAL PRODUCTS

The adoption and use of official standard and grades for many agricultural products is a practical means of encouraging production, marketing, and increased consumption of quality products.

We recommend that, where practical and advisable, (1) farm products be graded in accordance with uniform standards and grades, (2) standards and grades be modernized where necessary to meet current conditions, (3) marketing and pricing accurately reflect grades, (4) agricultural products be accurately and clearly labeled for grade, (5) producers and consumers be informed about these grades and standards, (6) an expanded program of research be implemented to assist in the establishment of uniform standards and grades, and (7) consideration be given to the possibility of Federal-State agreements to strengthen the enforcement of uniform standards and grades.

And the statement is closed with:

We insist that the unauthorized use of official USDA grades be prohibited.

And that is the end of the quotation from the record.

I sincerely urge you, and other Members in the Congress of these United States, to look with favor upon the National Potato Grade Labeling Act, and give the potato growers this as an approved law. They may then make a decision, in a national referendum, as to the need and adaptability.

I thank you.

Mr. GRANT. Thank you very much.

Any questions of the witness?

(No response.)

Mr. GRANT. We certainly appreciate your statement, sir.

Mr. W. F. McCaleb, Jr.

Will you identify yourself?

STATEMENT OF W. F. McCaleb, Jr., EXECUTIVE VICE PRESIDENT,
ASSOCIATION OF VIRGINIA POTATO AND VEGETABLE GROWERS,
NORFOLK, VA.

Mr. McCaleb. Mr. Chairman, my name is W. F. McCaleb, Jr. and I am executive vice president of the Association of Virginia Potato and Vegetable Growers. For 20 years our organization has done its best to represent the interests of Virginia potato and vegetable farmers. Through our three classes of membership we now speak for approximately 1,300 Virginia farmers.

Gentlemen, with the permission of the chairman and committee, I would like to elaborate on the seven items which we have condensed here.

The first objection that we have to this bill is because of the fact that it contains a very dangerous enlargement of the definition of the word "commerce." In this bill, the definition is expanded to the point where transactions taking place solely between parties within the State are held to be in interstate commerce.

I wonder if the committee realizes that that means that a little farmer growing 2, 3, 4, 5 acres of potatoes that he has sold for years through his brother's store, let's say, in a little country town somewhere, has got to go to the expense of getting a Federal inspector down there, if he can find it, and having those potatoes inspected and paying that cost? And what for. Is that interstate commerce? To me, the extension of the interstate-commerce conception to that kind of a local transaction is just driving another nail in the coffin of individual liberty and State sovereignty. I just can't see it at all, and our people don't see it either. If that is interstate commerce, I can't see it.

The second objection we have, is that we are opposed to Federal intervention in agriculture on a piecemeal basis, where you take one crop and you go ahead and tinker around and fix up some crazy-quilt patchwork of legislation on every crop. There are too many crops. If you pass this kind of a bill for potatoes, how are you going to deny the same kind of treatment for sweet potatoes, or tomatoes, or any other commodity? Has the committee thought about that? After all, is the sweet-potato grower any less important? Is the tomato grower any less important? What about the fruit growers? What about the fruit grower, shouldn't he have this kind of special piecemeal legislation, too? What is the status of this committee when those people come in and say, "We want the same kind of a thing?" Is grade labeling any less important to them? Is it any less important to the watercress grower, for example, that he should have fine product on the market and so on?

And another thing, gentlemen, I am amazed at the naive belief that it is the fact that quality potatoes are going to make people eat more potatoes. That is absolute nonsense. The fact remains that every heavy cereal, every heavy starch, all the bread grains, all the potatoes, all the sweet potatoes, the per capita consumption of them is going down, and down, and down. Why? Because we live in cities, we occupy sedentary positions and we just don't eat. Now, the

time when we were consuming a tremendous per capita consumption of potatoes, was the quality so much better in those days? Why, it is nonsense. We have the finest quality of potatoes now that we have ever had, and yet we have people eating less and less of them. You can wrap them in gold foil and tie them up with ribbon and bows and still they won't eat them, because they think they will make them fat, or because their actual calorie needs are less, they are eating less potatoes because they are eating less bread. And you can talk all you want to about bringing back the consumption of potatoes by grading, but it is nonsense, it can't be done.

The next item that we would like to take up is this. I think we should strip the mask from this bill. This bill is allegedly a grade-labeling act. You know what it really is? It is a compulsory national marketing order for potatoes, that is what it is, a compulsory national marketing order for potatoes. If this thing is voted in, you have got it. This bill doesn't even have a permission for voting it out. Once you have got it, you are stuck with it.

Now, your State and your regional, your Federal, regional and Federal, and State marketing laws today, if the growers don't like them, they can vote them out. Show me in this bill, where you can vote this thing out, once you get it in. It is not there.

Now, Mr. Hagen asked a question of one of the previous witnesses. He said, you can't take U. S. Grade No. 2 potatoes out of this thing, it is right in the law, you have got to come back to the committee.

Mr. Hagen, you can take it out. And this committee wouldn't have a thing to say about it, either. And you know how you do it? Because the Secretary of Agriculture in this bill has the right to go ahead—and the USDA has always had this right—to go ahead and set new potatoes standards, and we can take your No. 1 standard today, and the Secretary can raise it way up in the air, and he can pull his No. 2 up to the point where its definition and its specifications are exactly the same as the U. S. No. 1 potato today. It would still be a No. 2. How are you going to come back to this committee to change it?

Now, the entire power in the administration of this thing, and the setting of these grade standards and the administration of it, the whole thing is in the USDA and they can change these standards, and they can put you out of business if they feel like it, and there isn't a thing you can say about it. The law has no provision for voting it out if the growers don't like it, you are stuck with it for life.

I think that is something this committee ought to think about. If this bill goes in, tied into it, or the United States grade for potatoes. Are there any definitions in the bill for the United States grades of potatoes? Not a thing. You just make reference to those standards. And the Secretary next week can go ahead and promulgate new standards. And the fellow who thinks that he can sell his new No. 2 potatoes under this bill may very readily find that he can't sell his U. S. No. 2 potatoes.

Now, in Virginia, the Federal-State inspection service tells me that approximately 85 to 90 percent of our white potatoes are Government inspected. So, we are not an area that is selling a lot of junk. We are an area, and every area in the South is an area, where weather conditions and other diseased conditions can make a tremendous difference in the quality of our potatoes from year to year.

Now, you take the size requirement in the U. S. No. 1. Most years we can make it. But I could easily conceive of a year—and we have had them in the past—where we would be lucky to make U. S. Commercial. What do you want to do, put us out of business? We couldn't sell them, not even to our own homefolks. That is what this bill does. And if the Secretary goes ahead and strips those grade requirements, we can't make U. S. No. 1, we have got no control—if we don't like it, what can we do? Where is the thing in the bill that says we can vote it out? It is not there.

Another thing, too, you have got this advisory committee. If there ever was a paper creation, that is it. It has absolutely no authority—the bill, itself, provides—and I am quoting:

Members of the National Potato Committee and alternates shall meet at such times and places as may be necessary, subject to the approval of the Secretary for the exercise of its duties and functions.

Now, gentlemen, we have had a little experience with the so-called advisory committees. And you know what they're useful for? Because when you have to make an unpopular decision, boy, you can hide behind that committee. And if the committee asks you to do something that you don't like, you can just ignore them, because they ain't got no power. And that is exactly what this committee is. It is simply a sop thrown to the producer, and he thinks that he is going to have somebody in there representing him. It is the silliest thing you ever saw, absolutely a paper creation, no authority, no function whatever.

Now, let's go ahead and take some more masks off here. This bill provides that areas—and there wasn't anybody that could sell his U. S. Culls, his commercials, and so forth, to, for example, a starch factory. Now, I can understand why Maine originated this bill and why Idaho and Colorado, and so forth, are for it. It is because they have got starch factories and they have a storage type of potato that they can stick in the storage sheds and let it stay for 6 months and gradually work it out into the starch factories. What are you going to do in Florida and South Carolina and Alabama and Louisiana and Texas, where you have a marketing period of about 6 weeks, and where your product is a perishable product, and where you can't store your product, and where you can't possibly have the starch factory that can afford to stay in business and be open only for 6 weeks in the year?

That is the reason—because these guys have got a home for their No. 2's and their No. 2's in commercials. Maine has got it, Colorado has got it, Idaho has got it. What about Virginia, South Carolina, and Florida? What are we supposed to do? And you know what these fellows do here in Maine, and so forth; they get in trouble and they come running down to the Government because they want a starch-diversion program. And where is the money that you spent in the last 2 years in the starch-diversion program? It has been spent right in those States where they had starch factories, and that is what they are going to do every year. And where has been the biggest violation as far as overplanting is concerned? Where has it been? In the States without marketing orders. Just go look at your Maine figures, your planting guide of the USDA for the last couple or 2 or 3 years, and see what Maine did, just for instance. Just as sure

as you bring in Government money, payment to divert the starch, what happens? Up goes your acreage. And these fellows come running to you and say, "We have got to have a National Grade Labeling Act. What we want is a national federal potato-marketing order that you can get out of, if you once get into it." And that is exactly what you will get if you have this bill.

That is all it is, gentlemen. It is nothing but a method of putting the whole of the United States in under a Federal marketing order. And for whose benefit? The late States. I want to repeat to this committee: It was brought out by Florida, and I want to bring it out again; the new potato areas, which are roughly those south of the Delaware River, cannot produce a storable commodity. Their potato is a new potato. It is perishable; it has to be marketed in a hurry and eaten in a hurry. It is a high-quality potato. You look at the comparison on the market in New York right now between Florida potatoes, for example, and Maine potatoes—and, apparently, people like to eat them—and you can talk to shippers, and you find out where they like to buy potatoes for shipping. And so we are not apologizing for our quality, gentlemen. We are just saying that our product is a different product than the storage-State product. And we don't see why we should be asked to hold it back for the late States.

Now, another thing, too—this grade thing. It is really a wonderful deal to call this a Potato Grade Labeling Act, because everybody—you say, "Well, don't you think a package ought to be properly branded?" Well, do you know anyone that is going to say "No"? Of course it should be properly branded. But it has been brought out repeatedly here that we have got laws on the books now that you can hook these fellows that are misbranding. Of course you can. What are you going to do—take another pancake of enforcement, and so forth, and put it on top of the ones we have already got?

Perhaps this committee should concern itself with enforcement of the present legislation bearing on this problem. It seems to me that we have the laws; we just don't have the enforcement. And what you are going to do is simply have again cross-purposes, with another enforcement agency piled on top of this one. And what are you going to do? You will have to have more money, more personnel, more inspectors. And who is going to hold the bag, ultimately? The poor potato farmer. He is going to be the boy that is going to be paying the price.

I have heard some statement here about people buying potatoes, and they thought they were getting U. S. No. 1, and so on. I am sure it has probably happened. But what happens to our potatoes when they are bought? They are bought by a dealer or broker; a lot of them are bought on a Government certificate as to grade, but if they aren't bought on a Government certificate as to grade, believe me, that broker or that dealer is a hardheaded guy; he knows what he is getting. And if he misbrands, he knows what he is doing.

In the first place, though, a housewife doesn't buy by grade; she buys by the appearance of the potato. You could call them "Cesspool Specials" if you wanted to and, if they looked good, she would buy them. She doesn't care what grade they are; she doesn't know what the definition or specifications of the U. S. No. 1 grade is; it doesn't make any difference to her; if the potato looks like anything and tastes good, that is all she is interested in.

But what these fellows want to do, they want to take the poor man and tell him that he can't buy U. S. Commercial. He will get more eating for his money in U. S. Commercial than in U. S. No. 1's, and they tell us that we have got to keep them at home and dump them and let them rot, while they go ahead and put them through the starch factories. It makes a splendid picture, doesn't it?

Things don't always appear when you look behind them as they do on the surface, do they?

I think your subcommittee ought to reflect on some of the items I have tried to bring out.

Now, Mr. Chairman, I would like to conclude my statement. I want to say that I am sorry that I had to speak, perhaps, as forcefully as I did, but I have sat through a lot of the talk here, and it seems to me that everybody is being too polite with each other.

I might also ask this of the committee, including my good friend, Mr. McIntire, when the National Potato Council comes to testify, I would suggest that he ask them where their money comes from; does it come from individual membership of potato growers; where does it come from? I would just like Representative McIntire to ask that, and I will tell you where you will find it is coming from. From the late States, Maine, Idaho, Colorado, and so on. And I don't believe it is a representative organization. And yet, they are the primary sponsors of this legislation.

Mr. Chairman, I appreciate your courtesy and I would be very happy to answer any questions.

Mr. GRANT. Thank you very much.

Mr. McCaleb, we will have you back later for questioning, but, at this time, we will call another witness who has to catch a plane.

(The complete prepared statement of Mr. McCaleb is as follows:)

STATEMENT OF W. F. McCALEB, JR., ON BEHALF OF THE ASSOCIATION OF VIRGINIA
POTATO AND VEGETABLE GROWERS

My name is W. F. McCaleb, Jr., and I am executive vice president of the Association of Virginia Potato and Vegetable Growers. For 20 years our organization has done its best to represent the interests of Virginia potato and vegetable farmers. Through our 3 classes of membership we now speak for approximately 1,300 Virginia farmers.

Our association is opposed to H. R. 5137 and similar bills for a National Potato Grade Labeling Act for the following reasons:

1. We object to the continual enlargement of the word commerce to the point where, in this bill, transactions taking place solely between parties within a State is held to be "interstate commerce."

2. We are opposed to Federal intervention in agriculture on a basis of piecemeal legislation affecting a single crop.

3. If the Congress establishes the precedent of specific legislation for specific crops, how can the Congress deny the precedent which would be established by H. R. 5137 and refuse to act for fruit growers, onion growers, sweetpotato growers, tomato growers, bean growers, etc., etc.?

4. H. R. 5137 amounts to a compulsory nationwide Potato Marketing order. It has no provision in it whereby growers could vote it out if they found it did not work.

5. Ample provision exists now in Federal and State law for any area wanting a Marketing agreement to obtain such. Marketing agreements have not proven to be any answer to chronic overproduction, and marketing agreement areas have been the biggest offenders in overplanting.

6. These bills are built around the United States grades for white potatoes. There is no guaranty that these grades standards will remain as they are. A change in the grade standards could easily leave an entire producing area in a position where they could not meet the new Federal grade standards, and under

these bills would be barred from selling their potatoes even within the State of origin.

7. We are opposed to any legislation, which, as H. R. 5137 does, cedes to the Secretary of Agriculture entirely too much discretionary power.

It is easy to find objections to specific sections of these bills. Rather than become involved in such unimportant side issues, our opposition is based on the fundamental principles in this statement. Regardless of how these bills might be amended, we find ourselves in total opposition to their basic premises.

MR. GRANT. Mr. Lyle W. Currie?

STATEMENT OF LYLE W. CURRIE, EXECUTIVE SECRETARY, RED RIVER VALLEY POTATO GROWERS ASSOCIATION, EAST GRAND FORKS, MINN.

MR. CURRIE. Mr. Chairman, I have a very short statement here. And I appreciate the courtesy of the committee in allowing me to appear so that I can catch that plane home.

MRS. KNUTSON. I might say, Mr. Chairman, that Mr. Currie is also from my area and we are happy to have him.

MR. CURRIE. My name is Lyle W. Currie. I am executive secretary of the Red River Valley Potato Growers Association. Our association represents approximately 2,200 growers in the Red River Valley area of Minnesota and North Dakota. This is the fourth largest area in volume of production in the United States. We ship an average of 35,000 carlot equivalents each year. That our growers are strongly in favor of the provisions of H. R. 5137 is indicated by a survey conducted in November 1955. Fifteen percent of the growers answered the questionnaire with the following results:

1. Do you favor restricting sale of all potatoes below U. S. No. 2? Yes, 278; no, 12.

2. Do you favor compulsory inspection on national basis? Yes, 264; no, 16.

3. Do you favor compulsory grade labeling on national basis? Yes, 225; no, 45.

Because of the results of this survey our association strongly urged, and actively participated in, the drafting of the legislation under consideration.

In February of this year, 60 growers, shippers, and processors, who were invited in to take a look at our valley potato industry and to make recommendations for improving it, included in their 10 recommendations unanimous support for the National Potato Grade Labeling Act.

The Red River Valley, like many of the other producing areas, has an improvement program designed to give the consumer a better product. We are conscious of the consumers' continued criticism of the potato industry for the quality of product marketed and the misrepresentation that too often takes place. Although difficult to appraise, this very dissatisfaction could very well have contributed greatly to the gradual decline in potato consumption.

We believe that the consumer is entitled to the minimum standard of quality and the entire trade and the consumer the protection of knowing the grade of potatoes they are buying.

I stated that we have an improvement program in the Red River Valley. We do not have compulsory labeling as to grade. We would

welcome it, because it would develop a stronger faith in the dealings within the industry.

Most potatoes that are now labeled as to grade are the No. 1 quality. Why not the other grades? Because they offer the greatest opportunity for misrepresentation? You cannot misrepresent a good potato.

The majority of people try to do an honest job of marketing potatoes. Their efforts are badly hurt by the minority that do not. This bill sets up a minimum standard of quality. Most growers and shippers believe that consumers are entitled to something better than cull potatoes. But here again there is the minority that believes that any and everything should go, even though it works to the detriment of the entire industry.

The National Potato Grade Labeling Act is the result of the majority of the industry recognition of the shortcoming within the industry and the realization that the doings of a minority group is deterring the efforts of those that are sincere in believing that the public is entitled to a minimum quality product, labeled to indicate the grade. This compulsion is necessary to force the minority to accept those practices recognized as best for the industry and the protection of the public.

Thus, we strongly urge passage of the National Potato Grade Labeling Act.

I would just like to insert this one thought. The previous witness stated that the committee has been pulling punches here, and I thought it was time to do so. May I suggest that the witnesses in talking of this bill appreciate and understand what they are talking about. He mentioned that they couldn't ship commercial potatoes. There is nothing in the act which prohibits anyone from shipping a commercial potato. The act merely prohibits the shipment of culled potatoes. And I submit to you, is it necessary to thrust the culled potato on the consumer? We don't think so. And that is one of the reasons why we are for this bill.

Mr. Chairman and members of the committee, on behalf of the Red River Valley potato growers, I want to express appreciation for the opportunity to appear before the committee, and express our thinking on this bill.

Mr. GRANT. Thank you.

The committee will stand adjourned until 2 o'clock.

(Whereupon, at 12:05 p. m. a recess was taken until 2 p. m. the same day.)

AFTERNOON SESSION

Mr. GRANT. Mr. McCaleb, are you here? We will let you finish, sir. I think Mr. McIntire wishes to ask you a question or two.

Mr. McCALEB. Very glad to, sir.

STATEMENT OF W. F. McCALEB, JR.—Resumed

Mr. McINTIRE. Mr. McCaleb, I did want to make sure that the proceedings of this record are clear on some points to which you made reference, and I will make my questions very objective.

Mr. McCALEB. Very good, sir.

Mr. McINTIRE. There is no time in a hearing when objectivity is not the better course.

In this matter of the promulgation of grades——

Mr. McCaleb. Yes, sir.

Mr. McIntire (continuing). I think you may have left the impression in the record that the Secretary could or would arbitrarily change grades at a moment's notice, at his pleasure.

Now, don't you want the record to show that probably you understand how grades are promulgated?

Mr. McCaleb. Mr. McIntire, I believe I understand how they are promulgated. The Secretary has the right and power to announce a grade change, and publish it in the Federal Register, in which event I do not, frankly, know the exact length of time that has to elapse. But those grade changes then become effective at a certain future date and time. I believe it is probably 60 or 90 days; something of that nature.

Now, the Secretary, that is, the Department of Agriculture, I presume, acting in the name of the Secretary, has the right to change the grade standards, and this committee will not have the right of review of those standards unless they want to pass a law.

Mr. McIntire. But the industry has the opportunity to be heard.

Mr. McCaleb. Of presenting its case. But actually, the USDA is in the position of where they are judge, prosecuting attorney, and policeman, too.

You can talk yourself blue in the face to a man, but if he has the power and he chooses to go ahead and do what he wants, what are you going to do about it? That is as the law is now.

Mr. McIntire. But under the Procedure Act, the Administrative Procedure Act, there are certain requirements whereby the suggested changes have to be published.

Mr. McCaleb. I stated that they had to be published in the Federal Register.

You have notice of them and you have the right, naturally, to go and complain about them, but you still cannot do anything about it.

You can go ahead and talk until you are blue in the face, file briefs, talk to the Secretary, get your Congressman to call him up and write him letters; when it is all through, he still has the power to change the grades.

Mr. McIntire. Has that been your experience in the fruit and vegetable business that that is the way the grades are changed?

Mr. McCaleb. I do not quite follow.

Mr. McIntire. Is that your experience in the fruit and vegetable industry that that is the way the Department makes the change?

Mr. McCaleb. You mean that they do it arbitrarily?

Mr. McIntire. No. But what changes have you had experience with, and what was the result?

Mr. McCaleb. Well, I recall, I believe it was in December—I forget the exact time, it is a little over 3 years ago—the USDA brought a whole series of proposed white potato grade changes.

Mr. McIntire. Right.

Mr. McCaleb. Those grade changes were fought very strenuously by a number of States, Virginia included, and particularly the States that produced the new potato; and as a result of that opposition, the Secretary withdrew all of the proposed grade changes.

Mr. McINTIRE. Well, isn't that an example of exactly how any change would come within a grade, even after this legislation might be enacted?

Mr. McCALEB. Well, Mr. Congressman—

Mr. McINTIRE. The fact is that the Secretary did not change those grades because of objection within the industry; am I not right on that?

Mr. McCALEB. No; I think you are wrong. I think the reason the Secretary did not change the grades was because of political pressure brought on the Secretary.

Mr. McINTIRE. Well, the grades were not changed.

Mr. McCALEB. They were not changed.

Mr. McINTIRE. The end result is the same, regardless of what your opinion might be.

Mr. McCALEB. Why should we go through these political hassles in a case of that nature, sir?

Mr. McINTIRE. Well, the point I am making is that there is a certain Administrative Procedure Act which the Secretary has to comply with.

Mr. McCALEB. Certainly, that is merely giving of notice.

Mr. McINTIRE. Before he makes a change.

Mr. McCALEB. But I think all you are doing is emphasizing the fact, Mr. McIntire, that he has the right and power to put in what grade changes he darned well feels like doing.

Mr. McINTIRE. Yes. But in that instance he did not put them in, although he had expressed by his very action that in his opinion they might be desirable; am I not right?

Mr. McCALEB. Yes.

Mr. McINTIRE. And he did not—

Mr. McCALEB. Are you trying to then say that he has voluntarily abrogated his right to do so?

Mr. McINTIRE. No, sir.

Mr. McCALEB. Because, after all, potatoes are only one of a host of commodities dealt on a grade basis by the USDA.

Mr. McINTIRE. The point I wanted to make was you say that the Secretary might one morning decide to change the grades, and there was nothing that could be done about it.

Now, the record indicates that is not exactly right; that they do have to follow certain procedures; and that the Secretary does have to publish. There is the opportunity to be heard and, of course, the final decision rests with the Secretary. These are United States grades that we are dealing with.

But there is a procedure, and I think you will admit that in the instance to which you refer, there was opposition, and the Secretary did not arbitrarily impose these grades upon the industry; is that right?

Mr. McCALEB. I would say that in that case for political—as a result of political—pressures, he withdrew the grade changes.

Mr. McINTIRE. I am not conversant with that situation.

Mr. McCALEB. I am thoroughly acquainted with that particular fight, Mr. McIntire.

Mr. McINTIRE. Well, I am not entirely unfamiliar with it, may I say, but I do think that the point resides, like many other things, substantially within the jurisdiction of the Federal Government,

where we empower the Secretary to set the standards, and where there are certain procedural methods which have to be complied with, which do give an industry an opportunity to be heard; and the strength of that opposition, of course, is measured by the Secretary.

The point I want to make clear on the record is that the decision is not arbitrary nor made overnight; that there is a procedure which must be followed.

Mr. McCaleb. Mr. McIntire, the procedure is still essentially an arbitrary one, for this reason—

Mr. McIntire. Well, it is if you disagree with him, certainly.

Mr. McCaleb. If I may finish my statement—for this reason: It is essentially arbitrary because of the fact that the Secretary, after he has gone through the motions of the notice, and so forth, published in the Federal Register and, of course, naturally he will receive your complaints and acknowledge them, but the man still has the power of final decision.

Mr. McIntire. Certainly.

Mr. McCaleb. He is not subject to the review of any court; he is not subject to the review of Congress, after he has made up his mind that these grades are or are not into effect. They are it, and, frankly, we just do not feel like we want to give to any Secretary of Agriculture or to the USDA the power of economic life and death over our industry.

Mr. McIntire. Well, that point, I am not disagreeing with you there, if that is your opinion.

Mr. McCaleb. I will add further to that right now the USDA is contemplating publishing white potato grade changes. The questionnaire has already gone out to the industry. At least this time I think they learned from their last experience, they are at least giving us some opportunity to be heard in advance of the promulgation of these grades.

The thing that I am driving at and want to reiterate is the fact that the Secretary can still put you out of business if he chooses to exercise his power, and this bill puts you definitely in his power forever.

There is no possible method, there is nothing in this bill, that gives the producers an opportunity to withdraw from it.

Now, in your present State and Federal marketing setups which you set up on a compact, State, or regional basis, if the growers do not like the thing they can throw it out.

We cannot do that with this thing, and this is definitely a national Federal potato marketing agreement.

If the essence of this bill is that; and I still say that the so-called grade labeling part of it is just a lot of smoke screen, just foam on the beer.

Mr. McIntire. Have you always been opposed to approaching a marketing agreement principle on a national basis?

Mr. McCaleb. Definitely. In a crop such as, varied as potatoes, with as many varied problems, with as many different varieties of problems and variety characteristics, weather characteristics, marketing periods, I think it is absurd to even think of approaching it on a national basis.

Mr. McIntire. What is your opinion—you made reference in your testimony, if I remember correctly, about this problem of misbranding.

If I remember correctly, you made reference to the fact that there were laws on the books sufficient to enforce it.

Mr. McCaleb. Don't you agree, sir? I mean, we have our Perishable Agricultural Commodities Act; you have your Pure Food and Drug Act; you have numerous State acts. It seems to me that is merely a problem of enforcement, and all you are doing here, you are turning loose another bunch of cops with a different kind of uniform.

Mr. McIntire. Well, all right.

What would you think ought to be done if someone loaded a car of potatoes, called for inspection, found that that car was out of grade, and shipped it just the same in United States branded bags as U. S. grade No. 1? That is a practice and it may rarely happen in your area, I do not know.

What do you think ought to be done in an instance like that?

Mr. McCaleb. I would say that the present laws ought to be enforced.

Mr. McIntire. What would you say—

Mr. McCaleb. Let me ask you another question. These packages, do they go out of the State in 100-pound bags?

Mr. McIntire. Probably 100-pound bags to the consumers.

Mr. McCaleb. Do you know any consumers today who buy potatoes in 100-pound bags? Do you know where that car goes to? It goes to a dealer or somebody in the city.

Mr. McIntire. Probably.

Mr. McCaleb. Do you think that dealer is naive enough to look at the thing on the sack and think it is U. S. No. 1? I have had too many deals with those boys. They are a sharp bunch; they don't buy what is on the bag.

If you sell those potatoes; they want to see the inspection certificate; that is what they buy on.

Mr. McIntire. You are not even supporting the principle of the inspection certificate?

Mr. McCaleb. Well, we most certainly do in Virginia; 85 to 90 percent of our potatoes are inspected.

Mr. McIntire. All right.

If you are loading a car of potatoes and it goes out of grade, you ship it just the same?

Mr. McCaleb. Well now, let me ask you this question: The inspection, that takes place before the potatoes go in the containers.

Mr. McIntire. Well, there is a lot of inspection after they go into containers, too.

Mr. McCaleb. Well, that is not the practice in Virginia.

Of course, a man, a receiver in New York City receiving a carload of Virginia potatoes, even if they are accompanied by an inspection certificate, has the right to call for an inspection at New York. That definitely happens, and I have known of loads that have gone out of grade, when they arrived in New York were no longer U. S. 1's.

Mr. McIntire. Would you support the principle that no one could pack, labeling the package as U. S. No. 1, unless it was inspected?

Mr. McCaleb. That principle is already established. You have laws already governing that, sir. We do not need a new law; that is already in the law. You have got misbranding laws that would cover this situation perfectly.

Mr. McINTIRE. And you would support it both at the State and Federal level?

Mr. McCALB. I am against sin, absolutely, I do not think you ought to lie about a package. If you have got U. S. No. 2's in that thing, you should not put U. S. No. 1 on, of course, and we have got plenty of laws to cover that.

Mr. McINTIRE. And you think those laws ought to be strengthened?

Mr. McCALB. I think those laws, not that they should be strengthened, they should be enforced. They are strong enough now.

Mr. McINTIRE. And your Virginia folk are in accord with that principle?

Mr. McCALB. Why, certainly. We are definitely against sin, as I say, and to me the misbrand, or to misbrand deliberately, is sin.

Mr. McINTIRE. Let me say, with all kindness, we are not talking about sin. We are talking about branding potatoes.

Now, I would like to make one other point. You made reference to the fact that Maine was not complying with the goal as set forth by the Department of Agriculture in relation to planted acreage.

Mr. McCALB. I said, my recollection is that I said, in the past 2 or 3 years.

Mr. McINTIRE. What has been Virginia's position on that?

Mr. McCALB. Virginia has also exceeded their goals.

Mr. McINTIRE. By how much?

Mr. McCALB. I believe our maximum excess was in the last 3 years, it has not run over 10 percent, and most of the time was 6 or 7, 8 percent.

We do not claim to be not contributing, as all potato areas are, to an overproduction of white potatoes.

We do not say we have not contributed; we have. But the point that I wanted to make is that the marketing agreements, which seem to have attached to them this tradition of virtue, have not solved the problem of overproduction; and when the Secretary of Agriculture gave you your first money for your diversion program, it was, I thought, with the understanding that it was a one-shot proposition, and that you would definitely not overplant the following years, and you did, and you came back and you asked for more money and you got it.

Mr. McINTIRE. And the areas outside of Maine have benefited far more for that diversion program than has Maine.

Mr. McCALB. Well, that is open to question.

Mr. McINTIRE. What about your price in Virginia last spring?

Mr. McCALB. It was fabulous, the kind of thing you live for a lifetime to get.

Mr. McINTIRE. And was done primarily by virtue of the diversion in the late States.

Mr. McCALB. I will not accept that at all, sir.

Mr. McINTIRE. I appreciate there is an honest difference of opinion. [Laughter.]

Mr. McCALB. In the first place, the bulk of our potatoes are marketed from the 25th of June to about the 20th of July; and your Maine potatoes, by that time, if they are a factor in the market, are a negligible factor.

Mr. McINTIRE. Yes; but also your price is influenced a great deal by the manner in which the North Carolina and Alabama and the North Florida crop cleans up too; is that right?

Mr. McCaleb. Of course.

Mr. McINTIRE. And the fact that the late stuff is out of the way for that area by virtue of the diversion program and an export program—

Mr. McCaleb. We had a combination of happy circumstances which was just wonderful.

Mr. McINTIRE. Sure.

Mr. McCaleb. We never expect to get it again in our lifetime.

Mr. McINTIRE. That is right.

And a good part of those circumstances were neither weather or acreage, they were planned; that is, the diversion program set the stage for your prices down there last year.

Mr. McCaleb. Well, that again I do not quite agree with you.

Mr. McINTIRE. I would not expect you to, but nevertheless, those facts can be supported.

Mr. McCaleb. Well, I think there is a problem of an honest difference of opinion.

I still think that you are confused in this question of a storage potato and a fresh market potato.

When our potatoes are dug they have got to be sold and eaten promptly. They can be kept for just a limited period of time, and under refrigeration.

Mr. McINTIRE. That is right.

Mr. McCaleb. They are dug in hot weather, and we are at the mercy of the market as it stands.

Now, in Maine or any late State, where you have a storage crop, if you do not like the looks of the market today or tomorrow, you can just sit on your potatoes. We cannot do that. We have got to sell them, sir.

Mr. McINTIRE. But you know full well the supply of potatoes, both old and early, make a difference in price.

Mr. McCaleb. I agree with you.

Mr. McINTIRE. You cannot get around that. When that late crop is brought into position, it shores up your marketing price.

Mr. McCaleb. I agree with that.

Mr. McINTIRE. Of course it does, and the very fact that the late crop was brought into position was the thing that made your price, and you know that, too.

Mr. McCaleb. Mr. McIntire, I would much prefer to have normal economic influences, in other words, the free market, bring into alignment the supply of any commodity.

I despise having to lean on the Government for some miserable diversion program, with the interference, the artificiality, and the artificial stimulus to further overproduction.

Mr. McINTIRE. I am no going to quarrel with you as to principles.

Mr. McCaleb. I think the whole philosophy behind this bill just reeks of a philosophy that the free cannot solve these problems.

Mr. McINTIRE. Well, there can be honest differences of opinion on that.

I look upon the bill as a method by which the industry can help itself. Now you can disagree with me on that.

Mr. McCaleb. You will have to be prepared to have every little commodity, big and little, come in and ask you to help it, too, on a piecemeal basis.

Mr. McIntire. Why?

Mr. McCaleb. Why? Because, take sweetpotatoes: They are actually competitive with white potatoes, to a certain extent. They are grown in a great variety of States, and under a great variety of grading, and there are no grades; and what are you going to do when they come and ask you for a national sweetpotato grade labeling act?

Mr. McIntire. I am not unfamiliar with piecemeal legislation because I spent much of my time as a member of this committee, and in what traveling I have done, in exploring the problems of peanuts in Virginia, tobacco in Virginia, and other crops in other areas; and I am delighted to have the privilege of working on those problems.

So far as piecemeal legislation is concerned, that observation has little place, because we have to deal with legislation on a commodity basis.

Mr. McCaleb. I think piecemeal legislation should be held to an absolute minimum, and that the Federal power, and that Congress should interfere in such cases, individual piecemeal cases, only where it is absolutely necessary, and that there is no other solution, and I do not believe that the potato industry is in that position yet.

Mr. McIntire. Mr. Chairman, I would like for the record to show that the witness made reference to the contribution that was made, and he asked me to see to it that the record carried the contribution made by the separate States that were in support of the National Potato Council.

Mr. McCaleb. Yes, sir.

Mr. McIntire. And I would like very much, with the permission of the chairman, at the appropriate time on the part of the appropriate official, to see that this record be made.

I might say that I am not unfamiliar with the contribution made by Maine. It is in the neighborhood of \$10,000, and has been so back over the years, and I am not unfamiliar with where that money comes from, because I sat on the Maine Tax Committee or Commission from which this money is derived, and I want to make this observation—this is not a question, and with this observation I am through.

I want to make this observation: That Maine's contribution to the National Potato Council and every other organization is made for the sincere reason that we feel that, in the interests of the potato industry, it is important that we work with all areas; and in working with all areas we feel that we have to make our support financial—if we make a constructive contribution to the potato industry, we have to be willing to put up some of our money.

So that is primarily, as far as I know, the basis, and the formula is such that it requires Maine to put in the \$10,000, which we have put in, and we have done that, as I say, because we sincerely believe that the interests of the potato industry—regardless of whether it is legislation or marketing improvement or what have you—needs the wholehearted cooperation of the separate producing areas, and we are willing to pay our share, and to work toward those objectives.

Thank you, Mr. Chairman.

Mr. McCaleb. Mr. Chairman, may I add one further comment on Mr. McIntire's statement, sir?

Mr. GRANT. Yes, sir; go ahead.

Mr. McCALEB. The important thing that impresses me about your statement, Mr. McIntire, is the fact that these were tax moneys, which have been made to the National Potato Council, not the dues of individual potato farmers who actually went out and joined the National Potato Council of their own voluntary free will to support a national organization.

Mr. McINTIRE. Well, that is the method—

Mr. McCALEB. Tax moneys. Am I correct?

Mr. McINTIRE. That is the method by which we support a great many of our activities, through our tax funds up there.

Mr. McCALEB. Yes.

Mr. HAGEN. I would like to point out that to meet one objection all that would have to be done would be to add "No. 2 grade as presently defined," and then the Secretary could not change it under this program.

Mr. McCALEB. Well, that definitely would meet that specific objection, and meet it perfectly, if you refer to the existing grades as they are at this present date.

Mr. HAGEN. I think somewhere we should say there should be a good method of getting out of this order, so to speak, on petition of sufficient number of States or areas or people.

Mr. McCALEB. I think you could very well follow, Mr. Hagen—don't you agree that we could very well follow the procedure that you follow in an order where it is set up on a State or regional area basis?

Mr. HAGEN. I think that would be very constructive.

I personally want to add—you are a very well-informed man, and I want to ask you a little bit about this chipping business.

Do most of these potato chip outfits get their potatoes locally or do they haul them across country?

Mr. McCALEB. A great many of them buy locally when they can. Now, it would depend on where you are located. If you were located in Florida, you would be unable to buy locally, except for a very short period of time.

Now, if you are located in Maine, for example, you would be able to buy locally for the better part of the year.

Of course, the potato chip industry is fairly well distributed, you might say, around the United States, and you might say that they locate them at strategic points where they can tap the production of a variety of markets.

Does that answer your question, sir?

Mr. HAGEN. Yes.

Do you have any in Virginia?

Mr. McCALEB. Yes, sir.

Mr. HAGEN. Well, I was thinking there might be some way of resolving this question of permitting use in local areas of some of these culls, if you want to call them that, and serve a chip market. But as far as broad statement interstate—even that would not apply under the provisions of this bill.

Mr. McCALEB. Well, it seems to me to be wrong to confuse a potato which is destined for processing with a fresh market potato. I do not see how anybody suffers by a processed—or buying potatoes that are, let us say, ungraded, because, after all, the product that he sells is going definitely to be graded.

It seems to me that there is no sense at all in putting the processors in this thing at all. In any words, potatoes destined for processing—who cares what kind of a grade they are, because they are not sold in that form?

When they come out, they are a finished product. He is not going to stay in business if he does not produce a very good chip, for example.

Mr. HAGEN. Of course, if they get a cheaper raw material, it tends to depress the price on the better material, and also lower the income to the farmer.

Mr. McCaleb. Strangely enough, the average potato chip outfit cannot use really poor potatoes. They have to have a fairly decent grade of potatoes. That actually is a fact, and I am sure that any processor would confirm that.

Mr. HAGEN. In Virginia, Mr. McCaleb, then, you do not sell too many culls to the potato chippers?

Mr. McCaleb. No, sir; we do not. Actually, the potato-chip people buy almost entirely U. S. No. 1's.

Mr. HAGEN. Is that correct?

Mr. McCaleb. Yes, sir.

Mr. HAGEN. Thank you.

Then actually you do not have any objection insofar as the business of selling to a potato chipper is concerned of these limitations on sale of cull potatoes; is that a fact?

Mr. McCaleb. That is a fact, sir. We have no particular objection. It seems to be out of fashion to object to something on principle and, believe me, gentlemen, we are objecting to this bill on principle.

We just do not feel that the situation justifies what, to me, would be an absolutely emergency piece of legislation, where we are threatened with a culmination of disasters; and that is not true in the potato business; definitely it is not true.

I cannot see surrendering your rights, as I say, again a question of principle, except in time of national emergency or war or insurrection or something of that nature, disaster of some sort.

As I say, I know it is out of fashion to object to things on principle, but that is the way we feel in Virginia.

Mr. HAGEN. That is all, Mr. Chairman.

Mr. GRANT. Thank you, sir.

Mr. McCaleb. Thank you, gentlemen. I appreciate the opportunity of being here.

Mr. GRANT. Mr. Edmunds?

Mr. McIntire. Mr. Chairman, I would like to introduce to the committee Mr. E. Perrin Edmunds, of Fort Fairfield, Maine. His community is in my district, the Third District of Maine.

He is here to speak for this legislation, and he serves as president of the National Potato Council.

I might say that he also serves as president of the Maine Potato Council, as chairman of the Administrative Committee of Marketing Agreements in Maine, and he has been brought up in the potato industry as a producer and a shipper. He is completely conversant with the industry, not only on the local level, but in the broader territory, in his capacity as president of the National Potato Council. I am happy to introduce him.

Mr. GRANT. We are glad to hear from you.

STATEMENT OF E. PERRIN EDMUNDS, PRESIDENT, NATIONAL
POTATO COUNCIL

Mr. EDMUNDS. Thank you, Mr. McIntire.

Mr. Chairman and members of the committee, I am E. Perrin Edmunds from Fort Fairfield, Maine. I am testifying today as president of the National Potato Council and also as president of the Maine Potato Marketing Committee charged with administering Federal Marketing Order No. 70. My statement with respect to Maine's position on this legislation will be brief.

Approximately 4,000 individual potato farmers, constituting the entire Maine potato industry, are wholeheartedly behind this proposed legislation and have so instructed me to testify as president of the Maine Potato Council. As chairman of the committee administering Marketing Order No. 70, I wish to note that present Maine regulations are restricting in excess of 50 percent of Maine's tonnage from the commercial market. There is nothing in the proposed legislation that we in Maine fear, since our present grade and size regulations far exceed any action provided for in this act.

I wish at this time to present additional testimony as president of the National Potato Council, an organization representing producers throughout the United States. The policies and programs of the National Potato Council are formulated by a board of 96 directors and officers selected from all production areas of the United States. Our mailing list to members is in excess of 12,000 individuals.

I would like to preface this statement by reviewing the history of this legislation for this committee. As you know, potatoes were included in Government support programs for several years directly following World War II. Commencing with the crop planted in 1951, potatoes have not been eligible for any Government program with the exception of their eligibility to participate in programs using section 32 funds as a result of congressional action in 1954. The history of the potato business for the past 5 years is not a happy one. Many States, in the interests of self-help, have adopted marketing orders, both State and Federal. They have established compulsory grade labeling programs, and many States annually tax themselves on a unit of production basis to raise funds for advertising their product. Unfortunately all these self-help measures have not been adequate to make potato production a profitable enterprise.

The National Potato Council, recognizing that additional action was necessary in order to promote prosperity among producers, established a Long Range Planning Committee in 1955. This committee was established in response to a resolution passed by the council at its annual meeting in 1954. Two schools of thought were prevalent within the industry: (1) That an acreage control program should be devised to limit production either with or without Government price support and (2) that the industry should approach its problem entirely on a self-help basis from consideration of better quality and more careful packaging.

At their annual meeting in November of 1955 the Council membership considered alternative proposals representing both of the above schools of thought. The industry overwhelmingly favored the second approach to a solution of this problem and, accordingly, at the insti-

gation of the council, the National Potato Grade Labeling Act was drafted. This act was submitted to the 84th Congress as H. R. 9484 and S. 3262. When no action was taken by the 84th Congress, the bill was revised again, overwhelmingly approved by the membership of the National Potato Council at their annual meeting held in November of 1956, and submitted again this year by the many Congressmen and Senators whose names are listed on this legislation.

We feel that this legislation provides many of the answers to the problems which perennially confront our industry. The outstanding feature of the bill, in my opinion, is the constructive approach through the consumer to a solution of our difficulties. We are asking the Congress to enact this bill into law fully as much to protect the consuming public of the United States as to help potato producers out of their present dilemma, since we recognize that our salvation lies in the direction of increasing and maintaining consumer good will. This legislation would eliminate inferior merchandise and, more important, would insure the consumer that potatoes purchased by her were such as labeling on the bag represented them to be. While it is anticipated that this legislation would mean moderate increases in cash returns to the grower, consumers would pay little if any more for potatoes, since the factor of spoilage, which the retailer must consider in establishing his price, would be eliminated.

This bill attempts to solve the potato problem without burdening the Government except insofar as normal expenses are required for necessary administration. These expenses have been estimated to be \$400,000 a year. I am sure we will all agree that if this bill solves the potato problem for such a nominal amount of money, it would be considered an unqualified success. Administrative expense is the only expense which must be borne by the Government once necessary referenda have been held as provided for in the bill. All other expenses, including inspection, will be borne by the producer. We anticipate no appreciable problems with respect to the administration, since approximately 75 percent of the tonnage now being produced in the United States supports this legislation and we have been assured of the support of a considerable proportion of the remaining 25 percent.

Certain areas have expressed fear at the thought of compulsory inspection. This is a natural reaction, but to the best of my knowledge this is invariably true where compulsory inspection is contemplated and these fears are shortly dissipated when commodity groups adopt compulsory inspection programs and work under them. In short, we feel this bill in a very large sense, will go a long way toward enforcing itself.

The potato industry of the United States is a large industry. Producers have invested approximately 700 million dollars in land, equipment and storage facilities for potatoes. In addition, producers invest annually between \$300 million and \$350 million in the production and marketing of their crop. The potato business is nationwide in scope and it is impossible for one area to stand apart from the others since all problems are common to all areas and directly burden and affect all areas.

This legislation was drafted by council directors representing every major production area and it is the result of 2 years of hard work by dedicated members of the National Potato Council. In our opinion there are no inequities in this legislation which would dis-

criminate against an individual area. All growers, whether large or small, will benefit equally, and the act is so designated as to prevent working a hardship on even the smallest farmer. We appreciate that it is not possible to devise legislation which will receive the unanimous support of each and every interested party; nevertheless, we firmly believe that the proposed legislation is entirely fair and equitable and that support for it can be found in every producing area. There are sufficient exemptions, both mandatory and permissive, within this legislation to accommodate every foreseeable contingency. The grades established are unquestionably low enough so that every producing area can comply with them without any hardship whatsoever, either in terms of expense or appreciably increasing shrinkage over what is now generally experienced. This statement is applicable to potatoes destined for either the fresh or processed market.

This legislation contains a referendum clause so that growers ultimately will make the decision whether or not they are to be bound by this type of legislation. Who is in a better position to assess whether or not they wish to be governed by regulations such as are herein proposed than the growers themselves? We feel that a practical solution to the potato problems that conceivably will cost the Federal Government only \$400,000 a year is extremely reasonable, and therefore worth trial.

We feel that this legislation is progressive, and ultimately progress alone is the answer to the problems which now beset the potato industry. We feel our livelihood as producers is dependent upon favorable consideration of the National Potato Grade Labeling Act and we respectfully urge this committee to give this legislation such consideration.

Mr. Chairman, that completes my written testimony.

I would like to take just a moment and talk from notes, with respect to the arguments raised by the preceding witnesses.

The question of early versus storage potatoes will be handled by a far more competent authority than myself, by people who grow early potatoes.

I would like to note that North Carolina is already on record in favor of this legislation.

With respect to the National Potato Council, its makeup, support that it has, I might state that it was first organized in 1948, in response to requests from practically every production area of the country, and it was organized because potato producers in this country felt they needed a national speaking organization for themselves.

Over the years, it has received support from all areas and it continues to receive support from all areas.

All areas are represented on the board of directors, and over the past 9 years the officers have represented every principal producing area of this country.

As to the money which is contributed to the National Potato Council, I might state that our principal support has come from those areas, which have tax programs, so that money can be raised for paying their assessments to the National Potato Council. They include both early and late States.

The State of California which, I believe, is the largest early producing section in this country, has contributed very, very liberally and

certainly their share every year to support this National Potato Council.

I might add that the State of Florida also in the past has been a major contributor to the council, both in leadership and money.

I think the States which do not have tax programs have made a significant contribution to the financing of the council. I would refer to Florida once more, and also Pennsylvania, Wisconsin, New York, Alabama, and a number of others which, generally, pay their assessments.

One State, which has been most delinquent with respect to finances has been the State of Idaho, which was mentioned as being a major supporter this morning.

To the best of my knowledge, they have never supported the National Potato Council financially. I do not say this derogatorily about the State of Idaho because they have certainly furnished far more than their share in terms of leadership and support. But, due to misunderstandings of their tax laws, they have not supported it financially.

We respect every State's right to be a member of the National Potato Council whether their dues are paid or not, and no State has ever been discriminated against because they were not in good standing, so to speak.

Our mailing list for our National Potato Council News goes to all the 12,000 potato producers in this country, and it is by no means complete.

There are, perhaps, 20,000 additional growers that should be on that mailing list that should receive copies because their State is paying their assessment, but our finances do not permit us to expand our publication that rapidly.

I would also like to comment with respect to article 6, section (b) of the National Potato Grade Labeling Act, in which it says that, if I might quote:

The provisions of this act shall not be applicable to the following categories of potatoes. The Secretary may prescribe such regulations as he may deem necessary to effectuate the provisions of this section.

(b) Potatoes for animal feed, without further processing, or for manufacturing in nonfood products or in a starch, flour and derivatives thereof.

The intention of this section was not to restrict the utilization of off-grade potatoes in the form of products which do not compete in any way or in any sense with potatoes as such in either their fresh or processed form.

For these particular uses, starch and flour, potatoes undergo a complete change in form and do not, in any way, tend to decrease the market potential available to potatoes as a food.

In addition, both of these uses return only 25 percent of the cost of production, and can only be recognized as outlets for surplus disposal.

I might add that without these outlets the potato business would have been in a far sorer state over the past 3 years than unfortunately it has been.

Last year, in my State alone, the State of Maine, we diverted approximately 15,000 carloads of potatoes to diversion outlets.

This year, we have diverted in excess of 20,000 carloads to these outlets, and I think that has been primarily responsible for maintaining even the meager price we have today.

Another question that was raised with respect to this act on the definition of "commerce" was that it was too broad, overly broad.

I believe that the definition of "commerce" in this act, is much the same as the definition of "commerce" in the marketing orders which we have in a number of States, the Federal marketing orders.

It is not new; it certainly is not overbroad. On this question of interstate and intrastate commerce, I believe that the question is, Does a shipment of potatoes within a State directly burden and obstruct interstate commerce?

I believe that question has been to the Supreme Court of the United States on two or three different occasions, and I believe that the Supreme Court has always upheld that shipments within a State certainly did burden interstate commerce.

As to the commercial grade of potatoes, it was mentioned this morning that this legislation would prevent people from putting up a commercial grade, that they could no longer load their commercials.

For the information of the committee, a commercial grade of potatoes is a higher grade of potatoes than U. S. No. 2 and, therefore, they can still continue to load these commercials.

That completes my statement, sir.

Mr. GRANT. Thank you very much.

Are there any further questions?

If not, thank you for your excellent statement, sir.

The next witness is Mr. George W. Tallman, from Pennsylvania.

STATEMENT OF GEORGE W. TALLMAN, TOWER CITY, PA.; TREASURER, PENNSYLVANIA COOPERATIVE POTATO GROWERS ASSOCIATION, INC., HARRISBURG, PA.

Mr. TALLMAN. Mr. Chairman, Mrs. Knutson, and gentlemen of the committee, Pennsylvania appreciates this opportunity to testify in this hearing.

My name is George Tallman. My address is Tower City, Pa. Potato growing is my occupation. Our family has been growing potatoes on the same farm for four generations.

Today, I am here to speak for Pennsylvania Cooperative Potato Growers Association, Inc., of 5235 North Front Street, Harrisburg, Pa., as well as in the capacity of a potato grower. Pennsylvania Cooperative Potato Growers Association is our only statewide group of potato growers. It was chartered in 1922, and numbers a large majority of our potato growers as members. I am a director and the treasurer.

I think, for the purpose of the record, and because there has been some philosophizing, theorizing, and conjecture here today by preceding witnesses, I would like to ask your permission to digress for a moment at this point in my written testimony to clear the record on one more part of my personal status. I am the vice president of the potato section of Vegetable Growers Association of America. You heard testimony from that body this morning. And in that capacity, I pay an annual membership fee known as a "Green Thumb" membership fee of \$25 per year because I grow more than 50 acres of potatoes.

In that capacity, I voted to favor this legislation. Other members of the Vegetable Growers Association of America voted against the

legislation. Since the VGAA testimony included portions of a letter from one of the members of the board of directors, I am sorry that for the purpose of the record it did not include the letter that I submitted in a mail vote on this subject.

In regard to the National Potato Council, I am a member of that body, also, and serve as chairman of their research committee.

In that organization I pay a membership fee of \$25 per year, as do the other members of the National Potato Council from Pennsylvania who grow 50 acres or more. Those who grow less than 50 acres pay a membership fee of \$10.

So I think that some of the remarks of preceding witnesses were probably ill founded on fact.

To get back to Pennsylvania's facts, I want to say that Pennsylvania's potato growers have voted to favor the passage of H. R. 5137, a bill to authorize the National Potato Grade Labeling Act.

In our State we have had a grade-labeling statute since 1937. Our law has been very effective in standardizing the quality of our own Pennsylvania potatoes in Pennsylvania markets. Within the borders of the State the consumer is protected against any fraudulent merchandising practices that might be attempted by Pennsylvania growers, shippers, or handlers.

As an example that benefits can accrue to both producers and consumers under a grade-labeling statute, we can quote from our experience in an area where producers' farms and urban markets are closely intermingled in a great agricultural and metropolitan State. Violations have been few and enforcement is successful, as we have proved since 1937.

In the marketing season just ending for us, only 5 violations occurred during 7 months of marketing by our association membership. Consequently, good acceptance of our product made satisfactory sales for producers, at the same time supplying honest value to the consumer.

However, this statute is limited by our State boundaries. Enforcement cannot be executed adequately upon potatoes shipped into our State, because our officers have no jurisdiction over the originator of a misdemeanor if he lives in another State.

Therefore, while we may be doing an honest and a careful job of supplying the consumer with potatoes that are packed to a grade standard, and that standard clearly labeled on the container, other potatoes have been entering our markets in packages that deceive the purchaser. By "purchaser" there, I might add, I mean the ultimate purchaser, the person who buys them to put on a plate to eat.

Thus, our State law does not fully protect the consumer, with the result that potatoes, as a commodity, find ill favor in the market place. Poor quality merchandise can destroy a satisfactory price as well as create sales resistance to any and all potatoes.

No matter how well the majority of growers may be packing potatoes, the general level of the market price is dragged down by the few who fill the market with mislabeled packages. When these potatoes come into Pennsylvania from other States, our State law cannot reach the original violator.

For example, and I digress for a moment, mention was made this morning of potatoes shipped from the early States. Those potatoes coming into Pennsylvania's markets at the time when Pennsylvania

has none of its own potatoes in the market, do not come under the surveillance of the officers delegated with the authority to enforce our own Pennsylvania grade labeling statute, because those officers could not reach back to the originator of a poor package of potatoes, an unlabeled package, or a package that did not live up to its label, from early States.

Therefore, when those potatoes, oftentimes immature or for some other reason not coming up to quality standards that created a good impression on consumers, when they rot or in other ways disappoint the consumer who buys them, all potatoes are maligned by such a practice.

I will return to the written testimony now, to say that at the same time, there also exists the bad practice of shipping cull potatoes from Pennsylvania into other States where grade labeling laws do not exist. We can quote literally a multitude of cases wherein cull potatoes in unmarked containers have been shipped into markets outside of Pennsylvania where they were resold for whatever grade the buyer could be duped into believing the package contained.

There again, I would like to make the addition of an example. We saw a specific lot of potatoes in Pennsylvania just a few months ago, packed in the container that our Potato Growers Association sells only under an inspection certificate. At the time that the Federal-State inspector examined these potatoes prior to their shipment, he rejected them on the basis of a 28 percent grade defect in that package.

The farmer packer who had put up those potatoes into our trade mart, of course, was prohibited under our own rules from selling them. He dumped them over into other bags. He didn't regrade them, simply dumped them into other bags stating "U. S. 1 Pennsylvania Potatoes"; no name, address, or anything else.

He hauled those into the Baltimore market. The same evening that this load of potatoes entered Baltimore's market, two of us who work for better marketing practices happened to be in Baltimore with the intention of calling on one of our large chainstore buyers the next day. We went down to the Baltimore night market, and there saw those very same specific potatoes, and we recognized them due to the grower's truck and the bags he had packed them in. We saw those potatoes being sold there, allegedly U. S. No. 1's, for 90 cents a bag.

The price that we were quoting at that time to our buyers was \$1.30 a bag. When the Baltimore market report, market news service report, came out the next day, Pennsylvania U. S. No. 1 potatoes were quoted in a price ranging from 90 cents to \$1.30.

The buyer we called on immediately flung that example into our face and said, "How can you ask me for \$1.30 when Pennsylvania U. S. No. 1 potatoes are quoted right here in the United States market news service?"

Of course, we explained the situation, but the seed of doubt had been planted there with him, and we had to arrive at a different price.

Three things actually happened there. A preceding witness stated that when a buyer and a seller, meaning a buyer in a terminal market as would have been the example of the merchant who bought the potatoes in this instance, when such a buyer and seller come into agreement on a deal, they go into it with their eyes open, and they know what they are getting.

That might be very true, but the next step that occurred when those potatoes reached retail level—they were still labeled U. S. No. 1, and defrauded some unwitting consumer.

Thereby, I would say, a great majority of consumers could have been maligned.

At the same time, the other shippers from Pennsylvania, people who were putting up an honest, well-labeled package of U. S. No. 1 potatoes, had their price depreciated. So again, this transaction that was perfectly understood by an original packer and a buyer, maligned a great group of potato producers.

Now, it has been quoted here that the PACA Division of the Fruits and Vegetables Division of USDA would have the power to punish such a case. That, of course, is true. Unfortunately, their force of men does not reach out as widely as to catch all of those practices, and if potatoes can be sold in unmarked containers, PACA would have no regulation over them.

In that respect, I would like to read the next paragraph of this written testimony.

The various other States across our country have varying degrees of control or no control at all. For example, New York and Ohio have excellent grade-labeling laws, while Maryland and Virginia have none. On account of the variation in control of quality delivered to the market, some of our cities and States have come to be known as dumping grounds for merchandise of questionable quality. The folks who buy potatoes in these areas are fair game for the cheating potato dealer.

There are practices, for example, where repackers may buy both U. S. No. 1 grade and cull potatoes, mixing the two and selling the resulting lot all as U. S. No. 1. All potato growers, shippers, and handlers are not thieves and cheats. The large majority are honest and fair. Unfortunately, however, the percentage of bad practices in potato marketing is still too high for the good of the consumer or for the good of the potato business.

An example again: Many potatoes are shipped into the State of Virginia, for example. I could also cite West Virginia or Kentucky, Tennessee, States of that kind, where potatoes are shipped in unlabeled containers, containers which say nothing but potatoes on the face of the bag. Those containers most often contain potatoes which have no grade specification at all; and what happens to them when they reach their destination, whether they are repacked to deceive customers or whether they deceive customers in the original container, is entirely a matter of how vigilant a buyer of potatoes might be.

Returning again to my written testimony: We potato growers, nationwide, have been trying to solve our own problems of surplus production and low prices ever since 1950 when we voted to renounce Government price supports of our commodity. Our industry recognizes the need for promotion of its product, especially because consumption of potatoes has dwindled to the point where supplies exceed demand far too much of the time.

However, our industry also knows that before any product can be successfully advertised and sold, it must be made satisfactory to the customer. The National Potato Grade Labeling Act is designed to accomplish this purpose. At the same time, the consumer will be afforded protection against fraud by this same statute.

The act proposes to require every lot of potatoes moving in commerce to be clearly marked as to the grade, the origin of the potatoes, and the name of the packer. It will require this information to be verified by the fair and impartial examination and certification of an authorized inspector. We ask you to make this correction in your copy of our testimony so that it may coincide with the proper interpretation of section 5 of the bill. The bill will prevent the shipment of cull potatoes into any market in the country.

Safeguards to guarantee fair treatment to the farmers are included in every phase of the bill. First, a referendum of all growers must show a two-thirds majority desiring these regulations before they can be put into effect.

I will inject a sentence here to say that subsequent referendums could be held to take this law, if enacted, out of effect.

The record shows that in section 2, lines 2, 4, 15, 16, and 17 of the bill.

The bill provides exemptions from the regulations in certain cases where inequities would result to certain farmers. I think there we should talk somewhat on the definitions of U. S. No. 2.

It seems that in a practical way, U. S. No. 2 has not been fully defined here, in that U. S. No. 2 can go down to the size of potatoes that we know as these small boilers or canners, an inch and a half potato can be in the United States No. 2 package.

At the same time, a U. S. No. 2 package can have all of the potatoes in that lot as defective as 10 percent of the weight of the individual tubers. A 6-percent tolerance is allowed for any error that might cause more or cause as many as 6 pounds in a hundredweight, let's say, to be below that tolerance of 10 percent of the weight of that potato, individual tuber.

A U. S. Commercial was referred to. A U. S. Commercial grade can be sold, because it is a better grade than U. S. No. 2.

A committee composed entirely of potato producers is provided as an advisory board to the Secretary of Agriculture in the administration of the act. We believe that is a sound feature of the bill, and should be passed as written.

I believe in a statement earlier made when it was said, in this room, "It ain't got no power." That is the right way to say it, if "ain't" is any word in the English language, because the double negative would show it has power, and we believe that the committee as a feature of the bill was set up to make it more equitable to all potato growers.

We believe that the bill should be amended to provide one additional requirement; namely:

That the regulations prescribed be made contingent upon Federal grade standards in existence at the time of the original referendum. If the original referendum indicated the application of the regulation, and Federal grade standards were subsequently changed, another referendum of growers should be required to continue the enforcement of the regulations.

It is our opinion that our industry needs the enactment of this bill for many reasons. One important reason in itself is that the act will first provide for a referendum of all of the growers of potatoes in the United States. By secret ballot, only growers will be given an opportunity to decide whether they should control the quality of their product.

By enactment into law, H. R. 5137 does not regulate our industry unless we growers ourselves first vote for the application of the regula-

tions. We believe that Congress should vote favorably for this bill in order to give growers the right to vote democratically in the best interests of their own business.

Mr. HAGEN. Thank you very much for your excellent statement.

Your suggestions about the definition of No. 2, I think are very good; and also the possibility of providing some method of getting out from under this order if it proves unsatisfactory.

I would like to ask you: In Pennsylvania, do you have a prohibition on the sale of potatoes below a certain grade in your State?

Mr. TALLMAN. No; we do not. That is one of the reasons why we think that is a good feature of this bill. We are allowed to ship a type of potato called unclassified. Unclassified is not a Federal grade. There is no minimum requirement to it, and it can be anything that a grower or packer can get away with when he sends it to market.

Mr. HAGEN. Well, you say these culls are sold out of the State. What would be the incentive to sell them out of the State? They can be sold within the State; is that correct?

Mr. TALLMAN. It is because the markets do not absorb them as fast as perhaps they might be packed. I would say only the surplus of unclassified potatoes that are not normally consumed within the State borders ever leave the State, but they do do so.

When they are sold in our State, remember, they must be labeled "Unclassified," under our statute. Now, that puts another light on it.

When they are sold outside the State in areas which have no grade-labeling bill, they can be sold with absolutely no grade specification or no indication as to the quality in the bag. So packers who pack a shady pack, let's say, of this lowest grade of potatoes, prefer to put them in this unlabeled bag and send them across State lines in areas where they don't need it.

Mr. HAGEN. What happens to most of those unclassified at the present time? Where do they go? Are they sold to housewives, or some other ways, diverted some way, put into potato chips or some other processed product?

Mr. TALLMAN. Most of them are sold directly to housewives in 50-pound bag, but a percentage of them—and that percentage is constantly increasing—are repacked at their destination into a consumer-sized package, usually a 10-pound package, and sold direct to consumers, again in a bag that has no grade label.

Mr. HAGEN. Thank you.

Mr. GRANT. Thank you very much for your statement, sir.

Mr. TALLMAN. Thank you very much.

Mr. GRANT. Mr. Charles Moser? Come around, please, sir.

STATEMENT OF CHARLES O. MOSER, CHIEF, MARKETS DIVISION, COLORADO DEPARTMENT OF AGRICULTURE, DENVER, COLO.

Mr. MOSER. Mr. Chairman and members of the subcommittee, my name is Charles O. Moser. I am employed by the Colorado department of agriculture as chief of the markets division, and I am appearing here today to present information on several laws we have in Colorado which carry provisions similar to those incorporated in H. R. 5137.

Since 1923, we have had compulsory inspection of fruit and vegetables, including potatoes, which requires that a certificate be written, certifying as to the grade and size of potatoes inspected.

Since 1949, we have had a branding law which requires that all containers of potatoes be marked with the grade of the contents.

Since 1941, we have had potato marketing orders which permits only potatoes of a certain grade and size to be shipped. Present regulations restrict shipments to U. S. No. 2 grade or better, with a minimum size of $2\frac{1}{8}$ inches on round varieties and 2 inches or 4 ounces on long varieties. Potatoes below the grade and size as above designated, are diverted for starch or livestock feed.

Under our weights and measures law, it is necessary that all containers of potatoes be identified with the name and the address of the packer.

Our marketing program in Colorado, therefore, covers compulsory inspection with certification of grade and size; regulates the grade and size of potatoes that may be shipped; requires the labeling of the containers with the name and address of the party packing, and the actual grade of the contents. As you can see, the State of Colorado utilizes four laws to accomplish the objectives proposed in H. R. 5137.

You may ask the question, How many violations have you had in regard to your program in Colorado? We have had a very small number of violations; in fact, 7 in the last 5 years. This is due, we feel, to the fact that growers and shippers approve of the State's program and benefits derived from compulsory legislation.

Insofar as a compliance program is concerned in our State and the cost of such a program, the cost is negligible, when compared with results. At point of origin or shipping point, the inspectors making the inspection for grade and size determination can tell at a glance if labeling provisions are being carried out.

As each shipment of potatoes carries either a truck certificate or a carlot certificate, the terminal market inspector can determine very quickly whether a shipment is moving in violation merely by asking to see the certificate of inspection.

Under the optional inspection program in other States as carried on presently by the Federal Fruit and Vegetable Inspection Service, it is a known fact that many shipments of potatoes arriving on the markets are mislabeled as to grade, perhaps intentionally or unintentionally and, as was brought out in Mr. Grange's testimony, the Fruit and Vegetable Inspection Service cannot do anything about this situation, as Federal legislation carries no penalties for misuse or unauthorized use of United States grade designations for potatoes.

Federal legislation covering optional inspection of commodities like poultry, eggs, dairy products, and meats, provide penalties for misuse or unauthorized use of United States grade designations.

I might add that, as a representative of the State of Colorado attending a meeting at Cheyenne, Wyo., in December 1956, at a meeting of Western Council of State Governments, this group adopted by resolution to give support to national legislation requiring grade labeling of potato containers.

I am firmly of the opinion that the provisions of the National Potato Grade Labeling Act will accomplish on a national level the benefits that have been accomplished for potato growers and shippers in Colorado, and I urge your favorable recommendation on H. R. 5137.

Mr. GRANT. Thank you, sir.

Any questions?

Mr. HAGEN. I want to ask one question.

Under these four statutory regulations, the Federal and the other, the local, can potatoes below No. 2 grade be sold in Colorado?

Mr. MOSER. No, sir, they must be diverted for livestock feed or to the starch plants, or dumped.

Mr. HAGEN. That is true in Colorado.

Mr. MOSER. Yes, sir.

Mr. HAGEN. Now, can below grade out-of-State potatoes be sold?

Mr. MOSER. Colorado at the present time has a law—it is tied in with the potato-branding law—which restricts the shipment of potatoes into Colorado to meet the U. S. No. 2 grade or better.

Now, that recently was amended at the last session of the present legislature, in which that restriction was removed, and it now reads that all potatoes imported into the State of Colorado must meet the minimum standards and size and quality at which potatoes are authorized to be sold in the State of Colorado under marketing authority.

Mr. HAGEN. So you have no problem with out-of-State potatoes.

Mr. MOSER. No; we have that overcome.

Mr. GRANT. Thank you very much for your statement, sir.

Mr. MOSER. Thank you for the opportunity of appearing.

Mr. GRANT. Mr. Ralph Thompson?

STATEMENT OF RALPH A. THOMPSON, REPRESENTING EMPIRE STATE POTATO GROWERS COOPERATIVES, INC.; ACCOMPANIED BY HARLAN BRANCH

Mr. THOMPSON. Thank you, Mr. Chairman.

Mr. GRANT. Will you identify the gentleman with you?

Mr. THOMPSON. I am Ralph Thompson, of Clymer, N. Y., a potato grower; and the man on my left is Mr. Branch, a potato grower from the same State, the State of New York.

Mr. GRANT. Have a seat, sir.

Mr. THOMPSON. I wish to apologize for having only a few copies of my written remarks, as I didn't know it was required.

Mr. GRANT. Well, it is not required, I might say.

Mr. THOMPSON. Thank you, sir. We arrived in Washington with a few notes as the result of a meeting, and did not know what was expected of us.

My name is Ralph A. Thompson, of Clymer, N. Y., and I am here representing the Empire State Potato Growers Cooperatives, Inc.

We appreciate this opportunity to express our views on this bill, because we believe that by hearing all the testimony your committee can decide how you can best serve the growers and consumers alike. We also believe that this hearing will serve the industry by bringing greater unity to the growers. We favor the legislation designed in the bill with the exceptions we have noted. I hope my exceptions are in order.

Section 1: This section defines various terms used in the act and all definitions are as the trade understands the terms at the present time.

We would suggest that D of section 1 be reworded to read:

The term "United States" means any one of the official grade standards for potatoes now in use and before any changes in grades are adopted that a referendum be taken in the manner prescribed in section 2.

Section 2: This section provides for a referendum vote and is perfectly fair to the small grower and, we feel, the large grower, alike. We like the fact that it is based on the grower rather than his acreage, thus preventing a few large growers having more influence than many small ones. We like the idea of having at least a two-thirds vote before the provisions of the act could be promulgated. We believe this is a democratic process.

We like the provision that subsequent referenda may be conducted at the discretion of the Secretary or at the request of a substantial number of potato producers representing several producing areas. We think this is a very democratic way of providing for a confidence vote any time the Potato Advisory Committee deems it advisable, or a sufficient number of growers would like to have the act reviewed. Exception: Could this section also state—should the referendum be favorable, a new referendum be allowed at the end, we say, of 3 to 5 years.

Section 3: We view section 3 as liberal as far as marketing potatoes in the fresh form is concerned. Very few table stock potatoes now go to market in grades below U. S. No. 2, and those that do are no bargain for the consumer.

Generally speaking, the 85 percent No. 2 quality potatoes provided in the regulation would be satisfactory for processing, but we believe some provision should be made to take into account the fact that potatoes cured for potato chips may be wilted beyond the point where they would make this grade.

We like the provision in section 3 whereby restrictions can be off in case of a shortage of potato supplies. Could this section also state that this act is based on present U. S. grades; and, should the grades be changed, a new referendum would be held.

Section 4: This section provides for grade labeling which is similar to provisions in several States producing potatoes at the present time. Most States having marketing agreements have similar provisions.

Section 5: This section provides for compulsory inspection. This part of the bill will receive the most objections, especially from sections not now using Federal inspection on most shipments. However, it is a well-known fact that most potato areas have Federal inspectors in their warehouses during the shipping season, and some States are finding that Federal inspection is the only way to keep their quality uniform, thus resulting in better sales and better returns. The exemptions are liberal enough to take care of hardship cases, and we believe that once the custom of shipping point inspection is established it will not be discarded readily.

Section 6 takes care of various exemptions to various regulations contained in the act, and seem to be liberal enough not to interfere with regular commercial practices. Could this section also state that each package or bulk display of potatoes be fully labeled as provided in section 4.

We view section 8 as an opportunity to relabel or regrade any lots that are found not to meet the requirements of the act. Such cases are bound to happen occasionally, and we believe that a provision to correct any errors of this kind is fair.

We find no comments to make about sections 9 and 10, which are essential to carrying out the purposes of the act. But in section 11, providing for penalties, we would like to see the word "willfully" inserted between "person" and "violating," making it read, "any person willfully violating provisions of the act," and so forth.

The reason for suggesting this is because there are cases when potatoes may get out of grade between shipping point and receiving point through no fault of the shipper, and the penalties listed under section 7 would be too severe. However, willful violation is different from an involuntary violation, and we trust that the act would be interpreted to take care of such cases. Section 11, 3d line, "shall" be changed to "may."

In section 12, we approve the idea of a National Potato Committee consisting of producers who can work in connection with the administration of the act through the Secretary of Agriculture. We believe this is a wise precaution and should protect the interests of the potato producers.

If, however, this committee is called upon to spend too much time, the regulation should be amended to provide for a per diem instead of just expense. Our exception: We do not feel that a committee of twelve would be representative, but we do feel that each major producing area should be represented.

Section 13 protects States and areas having marketing agreements, and we believe is a wise precaution. We have no comments to make on this section, nor sections 14, 15, and 16, except to comment favorably on the use of section 32 funds as might be necessary and advisable for the administration of the act.

The Empire State Potato Growers Cooperatives, Inc., formerly the Empire State Potato Club, has 260 members. At a special meeting called April 13, 1957, 40 members attended. The vote on the bill as it now stands was 24 voting to oppose the bill, and 16 voting in favor of the legislation.

Mr. Chairman, with the presentation of five telegrams, I will conclude my testimony.

Mr. GRANT. Without objection, those will be filed.

(The telegrams referred to are as follows:)

AVOCA, N. Y., April 15, 1957.

RALPH THOMPSON,
Roosevelt Hotel:

Hope legislation allowing potato growers to vote on grade labeling bill will be approved.

GORDON AND GERALD LARSEN.

HAMILTON, N. Y., April 15, 1957.

RALPH THOMPSON,
Roosevelt Hotel:

Our local group believes growers should have opportunity to decide on Potato Grade Labeling Act by referendum. They think with changes recommended it would benefit industry by distributing properly labeled potatoes giving public what they buy and increasing demand for local products. Standardized grades would enable us in cooperating with other agencies to promote good potatoes and utilize low grades other than for human consumption.

H. J. EVANS.

McLEAN, N. Y., April 15, 1957.

RALPH THOMPSON,
Roosevelt Hotel:

Please recommend passage potato grade labeling act. Growers here want vote on this issue. Do not deny this right.

PERLEY HUTCHINS.
ALTON WILLARD.
PAUL NICHOLS.
MURRAY LARSEN.
LYNN WRIGHT.
ROBERT WRIGHT.

BERKSHIRE, N. Y., April 15, 1957.

RALPH THOMPSON AND HARLAND BRANCH,
Roosevelt Hotel:

Potato growers in this area favor referendum on grade labeling legislation. We are not Farm Bureau members. We hope you will give consideration to the views of many New York potato growers who are not members of Farm Bureau or the potato club.

BEN BROWN.
CLIFFORD MICHAUD.
MENZER REYNOLDS.
WILFRED JOHNSON.

BERKSHIRE, N. Y., April 15, 1957.

RALPH THOMPSON AND HARLAND BRANCH,
Roosevelt Hotel:

Growers in this area disappointed over action of potato club on grade labeling proposal. Believe their action and that of Farm Bureau will encourage further disunity in our industry. Believe the issue should be decided by vote of all growers and not by a small group.

LEWIS M. HARDISON,
Clark Seed Farms, Richford, N. Y.

Mr. GRANT. Mr. Hagen wishes to ask a question.

Mr. HAGEN. With reference to your statement on page 2, where you refer to potato chips and wilting, exactly what do you mean there? You say, "We believe some provision should be made to take into account the fact that potatoes cured for potato chips may be wilted," and so on.

Mr. THOMPSON. In the process of curing potatoes for chips, heat is—

Mr. HAGEN. Is that done on the farm?

Mr. THOMPSON. Yes, in the storage on the farm. Heat is applied so that the potatoes will readily chip. And in this process, sometimes the potatoes wither up and more or less dry up, and it will be hard for them to perhaps meet that grade.

That is not true, of course, in all cases.

Mr. HAGEN. And inspection of that would be either before the process started or during the treatment to indicate that condition?

Mr. THOMPSON. Yes. It would be difficult for inspection before that process starts, because that process starts before the potatoes are dug in the fall.

Mr. HAGEN. What would you suggest to take care of it? Do you have any language to suggest?

Mr. THOMPSON. There would have to be some exemption made. I wouldn't dare say what it would be.

Mr. HAGEN. One more question. On page 3 of your statement, referring to section 6 of the bill, you state that it is your recommendation each package be labeled in accordance with section 4. That would require labeling in the grocery store?

Mr. THOMPSON. That is right. I think it is abused in the stores.

Mr. HAGEN. Do you think it is workable to require an extension of this labeling to bulk displays in grocery stores?

Mr. THOMPSON. Could I answer that by saying it would depend entirely upon the regulatory men?

Mr. HAGEN. That is all the questions I have.

Mr. GRANT. Thank you very much, gentlemen.

Mr. Jack Bishop? Come around, Mr. Bishop.

**STATEMENT OF JACK B. BISHOP, WAYLAND, N. Y., REPRESENTING
THE GROWERS OF THE STEUBEN AREA OF NEW YORK**

Mr. BISHOP. Mr. Chairman and members of the committee, my name is Jack B. Bishop, of Wayland, upstate New York.

I represent the growers of the Steuben area of upstate New York, which produce about half of the potatoes grown in that area.

We strongly recommend the passage of the National Potato Grade Labeling Act.

The crop in upstate New York is dug, and some are stored; others are sold immediately. We grade all the potatoes. This applies to the little grower as well as the big grower. We take out 10 to 20 percent culls or pickouts. These are the ones that create the problem.

Many of these culls and pickouts are shipped to market. Some shippers do it, and so all of us say we can't afford not to do it. The farmer really doesn't get anything for these culls after the costs of grading and packing are deducted.

So we think we would all be better off if the sale of these culls was prohibited.

Compulsory inspection of all stocks entering all channels of trade gives an accurate record of the total crop entering such channels, also giving points of origin, quantity of each grade, and method of shipment. The State inspection offices make a record of each lot inspected, showing the quantity and grade, and can summarize these at weekly or monthly intervals, giving accurate records of disposal in grade channels during such period.

The accumulation of this accurate record of disposal over a period of 2 or 3 or more years would soon build up an accurate history of the potato crop from any State which would be far more accurate than the present system, where the information is obtained through crop report surveys.

I want to say that we endorse the suggested amendments as stated by the previous speaker from upstate New York.

Mr. GRANT. Thank you very much for your statement.

Mr. BISHOP. I have a little more to say, if you don't mind.

Mr. GRANT. Go ahead, yes. You may proceed.

Mr. BISHOP. I wish to make a few remarks as a member of the executive committee of the National Potato Council. I will attempt to be brief, since statements already presented to the committee have discussed the potato situation and, to a large extent, the origin of this legislation.

I wish to emphasize the fact that this bill is the result of long years of study and consideration on the part of potato men in the preparation of an act which would do those things which we think are necessary if

the potato industry is to survive as a stable industry and to meet the criticism which, I am frank to admit, is too often justified from consumers regarding the quality of potatoes which are offered to them in our markets.

This legislation was drafted by potato growers representing areas which produce more than three-fourths of the potatoes grown in the United States. The actual drafting work was to a large extent done by the United States Department of Agriculture, and therefore I am certain that its objectives meet with their heartiest approval.

For the past 25 years or longer, the Congress itself, the United States Department of Agriculture, and practically every agricultural college in the United States, have advised potato growers they must improve the quality of their product. Educational programs along this line have been the first item on the agenda of every potato meeting I have attended during that period.

Therefore, I think it is safe to assume that the objectives of this legislation are of utmost importance to the industry.

The bill itself is what I call permissive legislation. It will not become effective unless at least two-thirds of the potato growers themselves vote these regulations into effect. Certainly if such a large majority of the potato growers think it is wise to apply these regulations to their industry, they should have the opportunity of doing so.

For years the leading potato men of the country have tried to secure voluntary cooperation within the industry to attain these objectives. Time after time, attempts have been made to set up such a program and operate it on a voluntary basis. The failure has been caused by a comparatively small minority who refuse to cooperate for very personal, selfish reasons, and thus the will and desire of the big majority have been defeated.

Over the years, certain areas and certain individuals have acquired the reputation of opposing improvement programs. The National Potato Council expects opposition to this bill, but I think we have a right to question why these people do oppose it.

Actually, what we are asking is that potato growers and packers will state honestly the grade of their product on the package which they are offering to the consumer. What reason do they have for objecting to this?

Secondly, why would they object to printing their name and locality on the package? Is there an honest reason for such objections?

The leading potato producers have been embarrassed for years by the just criticism of consumers regarding the quality of potatoes which are offered in retail markets. I repeat that most of this criticism is just, and the better potato producers everywhere are anxious to correct this fault.

I know the number of growers and handlers who follow unethical practices is a small minority, but nevertheless enough of it does happen that consumers have formed a poor opinion of potato growers as a whole.

This legislation is as much designed to protect the consumer as it is to improve the potato industry.

I do not wish to burden this committee with a repetition of what many others have already said or will say regarding the details of the legislation and how it will operate. I am speaking to you primarily to emphasize the importance that we potato growers attach to this legislation as something very seriously needed to help us improve our industry.

I wish to repeat that I consider it an important step in protecting the consumer from that small minority who follow what we consider unethical practices. We do not feel that so-called cull potatoes are a merchantable product in any normal year. In too many instances they are the only potatoes offered in some stores. Consumers who purchase such a product are dissatisfied, and level their criticism against the entire industry.

We think the consumer is entitled to protection from this practice. I know that I speak for the big majority of potato producers, because we have spent several years in soliciting their opinions and in formulating the bill which we are now proposing.

As a spokesman for these growers from one end of the United States to the other, we sincerely hope that the committee will see fit to give this bill their approval.

Thank you.

Mr. GRANT. Thank you very much.

(Discussion off the record.)

Mr. GRANT. We will next hear Mr. W. B. Camp, Jr.

Your statement, Mr. Camp, will of course be printed in the record, and if you would like to make any remarks in regard to the statement or other comments, we will be glad to hear from you.

Mr. HAGEN. I would like to introduce Mr. Camp. He is a constituent of mine, and he is a sizable potato shipper with his father and uncle, and quite active in the National Potato Council.

STATEMENT OF W. B. CAMP, JR., BAKERSFIELD, CALIF., REPRESENTING THE CALIFORNIA LONG WHITE POTATO ADVISORY BOARD

Mr. CAMP. Thank you.

Mr. Chairman, I did not hear you too well. Did I understand that you would rather I did not go—

Mr. GRANT. Because of the time element, in order that everyone might be heard, we suggested your statement be filed for the record, and it would be read and considered by the committee when they take the legislation up; and then, if you have any statements you would like to make in regard to your written statement, we would be glad to have them.

Mr. CAMP. Thank you, sir.

My name is W. B. Camp, Jr., from Bakersfield, Calif., as Mr. Hagen said.

I won't go into this statement other than to pick out 1 or 2 points, if I may.

California grows and ships over 26 million hundredweight per year. We are primarily talking about a 6-week deal, just as Florida, Virginia, and the other Southeastern States. We have the same new, green, perishable, nonstorable potato that is shipped at about the

same time as the big deal in Florida and all of those Southeastern States, and at many times the speed and volume.

Now I will jump over to the question of what to do with the off-grades, what to do with the culls.

We take care of it very easily. All of ours are fed to cattle—live-stock; I shouldn't say "cattle"—all livestock, either fresh or sun dried. The returns to the farmers have been just about the same as the returns to farmers in other areas who sell to starch plants.

In my opinion, every State has this same outlet, and it may very well be much better than a starch deal.

Mrs. KNUTSON. Mr. Chairman, at this point may I ask a question?

He says here that every State has the same outlet. I heard this morning in the testimony, a gentleman said that Florida, for instance, did not have an outlet of that kind.

What do you mean by that? Can they ship the way you do, then?

Mr. CAMP. Florida, as well as every State in the Union, has quite a cattle population. Many States have more than others, that I fully recognize, but there are livestock in every farming area in the United States, and they can utilize these cull potatoes as feed.

We, for instance, talk about them in the same terms as barley. The price for the potatoes is related to the price of barley, and you just feed it as a good, low-cost feed for livestock.

Mrs. KNUTSON. Are there plants like that in Florida, would you know, even though you are from California?

Mr. CAMP. Yes. Florida is one of the very, very lucky ones in having so many thousands of cattle on hand. Florida is as well fixed as any State in the Union in regard to disposing of them for cattle feed.

Mrs. KNUTSON. That is the point I wanted to make. Thank you.

Mr. CAMP. We have a few comments at the tail end of the testimony regarding some clarification; no objection to the way the wording is, but merely clarification of a couple of points.

The entire California potato industry, with the exception of what is known as the delta area, which I cannot speak for—I did not contact them—but the balance of the State either has myself or another gentleman here testifying for this bill.

There are over 1,200 growers in the particular area that I represent, and unanimously the California Long White Potato Advisory Board and the Kern County Potato Growers Association have passed resolutions favoring this legislation.

I will not go into the rest of it, other than to say that we in California are operating under a marketing agreement that is far more stringent than this, far more. We do everything that this does, and more.

We have a restriction of U. S. No. 2 minimum for everything except canning, for processors and fresh use. We have had no trouble enforcing it. We have no trouble in following through the potatoes to the processors.

All of us, myself included, were a little fearful at the beginning. We are very pleased with the result.

I think that that will sum it up, without reading it.

(Mr. Camp's prepared statement is as follows:)

STATEMENT OF W. B. CAMP, JR., CALIFORNIA LONG WHITE POTATO
ADVISORY BOARD, BAKERSFIELD, CALIF.

My name is W. B. Camp, Jr., from Bakersfield, Calif. I have here a letter of authorization to represent the California Long White Potato Advisory Board, which represents about 1,200 potato growers, which is just about all the potato growers in the State. (It does not cover the extreme northern part of the State, which does have a representative here to also support this act, or the delta area.)

Next is a telegram authorizing me to represent the Kern County Potato Growers Association, which is the growers' organization of the second largest potato producing county in the United States.

I am also president of the Kern County Seed Potato Association—the only nongovernmental seed certifying agency in the United States.

My father, brother, and myself are potato growers and shippers in the States of California and Washington.

As a bit of background—California grows and ships over 26 million hundred-weight per year. We are primarily talking about a 6-week deal, just as Florida. We have the same new, green, perishable, nonstorable potato that is shipped at about the same time as the big deal in Florida, and at many times the speed and volume as Florida.

The California Long White Potato Advisory Board has gone on record twice unambiguously endorsing this proposed act. The Kern County Potato Growers Association has unambiguously endorsed it also.

Mrs. Knutson and gentlemen, this is a self-help program designed by and for the potato industry. We are asking for no money and the proposed inspection program would be at no expense to the Federal or any State government—it would be borne entirely by the growers.

This act is a forward step for the national potato industry in that it will permit the industry to do a more effective job of orderly marketing and will create more equity between growers in all parts of the Nation—and certainly this is badly needed. Such equity is essential in that producers from all areas compete for markets, and some minimum level of quality is thus necessary; otherwise, an area that is trying to do an orderly marketing job is placed at a disadvantage with another area that is permitted to market very low quality potatoes, such as culls.

State standardization laws are in most instances inadequate to cope with low-quality potatoes. For example, under State of California standardization laws culls can be marketed for any kind of processing, which is a very important outlet, and is becoming more important each day. Through our marketing order we have been able to control this situation in the State of California; however, local processors are placed at a disadvantage in California in relation to processors from other areas that permit the unrestrained use of culls for processing. It becomes quite obvious then that the problem is national in scope and effect and it is more or less chronic since all potatoes tend very strongly to be competitive regardless of the area in the United States where they are produced. The industry is generally in a surplus condition and culls compete either directly or indirectly with merchantable potatoes.

The proposed minimum level of quality is sufficiently low to avoid working a hardship on growers in any production area. This act is unique in several other ways: It asks for no payment of any kind to the growers; it allows all growers to express their preference by secret ballot before it can be put into effect; it represents a sincere and constructive effort on the part of the national industry to do something to help itself, and, equally important, it will assure the consuming public of getting what it pays for and in all cases receiving merchantable quality potatoes. This is certainly for the best interest of the public.

We in California have a marketing-agreement program that does everything embodied in this act—and far more. We have—

1. U. S. No. 2 minimum for everything, except canning. This applies to fresh use and processors alike, and we think it behooves all areas to have these same minimums.

2. Grade labeling.

3. Compulsory inspection.

4. Maturity and size regulations.

5. Assessments for inspection, research, and advertising.

We have had no trouble at all in enforcing its provisions. We have had no trouble following through shipments to processors.

Our culls are all used for cattle feed—either fresh or sun-dried. The returns to the farmer have been just about the same as the returns to farmers in other areas that sell to starch plants. In my opinion every State has this same outlet and it may very well be much better than a starch deal.

It has been said that potatoes have been successfully marketed for years—if that means slowly going broke over a period of years, I guess that statement is correct.

Also, there has been reference made to difficulties with inspection not telling a shipper what the grade is if the carload failed to meet U. S. No. 1 grade—without unloading, reinspection, and reloading. This has been very easily taken care of in California, because the inspector also scores the defects of U. S. Number Two at the same time. Thus, the shipper knows whether that car made U. S. One, U. S. Commercial (which is a percentage of Ones and Twos), or U. S. Two and at no additional cost.

We would like to emphasize a few points and perhaps make a suggestion or two about clarifying a few points in the bill.

Since we all want this to be a self-help program for the potato industry and, since we are not asking for any money, we do want to make certain that we do not allow the future to misinterpret some of the wording.

Under section 1 (c).—For the purpose of the record, we want to emphasize the word “authorized.” “Inspector” means any person who is authorized or licensed by the Secretary. This does not mean that the future may interpret this to mean only Federal or Federal-State inspection agencies. Some areas may find it more appropriate to have their own inspection service, such as some commodities already have found to be advantageous, or contracts might be desirable with county agencies, etc. One of the things we are trying to accomplish, as is everybody else, is to think far enough ahead to eliminate any possibility of one man or bureau assuming dictatorial powers.

Section 6 (a).—Again for the purpose of the record, we want to emphasize the last clause in this statement. This statement “or any other certifying agency approved by the Secretary” means that non-State certification agencies, such as the Kern County Seed Potato Association, are protected, and it leaves room for growers to move in case they find State certification does not fill their needs.

Section 6 (d).—In reference to the exclusion mentioned here for potatoes packed and sold within an individual store. We urge that grade labeling be carried through to the consumer in all cases where possible. We can do ourselves a lot of good in letting the housewife know what she is buying, and obtain her confidence in buying potatoes of a certain grade.

Section 7 (c) (1).—The term “canning” should be further defined in the act by inserting the word “whole” between the words “packing” and “potatoes” in the first part of the second sentence. This exclusion should not be interpreted to mean diced potatoes used in soups, and so on.

Thank you for allowing me to appear; and again we urge you to give this act favorable consideration.

Mr. GRANT. Counsel wishes to ask you a question.

Mr. HEIMBURGER. Mr. Camp, do I understand from your testimony that the law in California does prohibit the marketing of any kind of potato for processing, including culls?

Mr. CAMP. No, sir; I did not mean to say that the law prohibits any of the potatoes. The long white potatoes—there I will have to elaborate quite a little bit.

California basically produces the long white variety potato, and our law specifically restricts the long white from being offered for sale to processors or on the fresh table market unless it grades a minimum of U. S. No. 2.

Mr. HEIMBURGER. And other kinds of white potatoes are treated differently?

Mr. CAMP. There are, for all practical purposes, no others in California. But since the law reads for long white potatoes, we cannot legislate against potatoes being shipped in of other varieties and sold, of lesser grade.

Mr. HELMBURGER. I see. I wasn't quite clear, and that is why I asked the question.

Mr. CAMP. Yes, sir.

Mr. GRANT. Thank you very much.

Mr. HAGEN. What effect do these shipments coming in from outside have? Are they substantial in volume?

Mr. CAMP. I wouldn't say they are substantial in volume, but it seems they always occur at the time when there are too many potatoes around; and we have the same effect that Mr. Tallman mentioned to you, that potatoes are offered either misbranded, or no brands, at lower prices, thus having a demoralizing effect on our market.

Mr. HAGEN. Do you have any comment at all on consumer acceptance of a package with a grade of potatoes under some shipper's name, as compared to potatoes sold loose in a bin in a grocery store?

Mr. CAMP. The consumer packaging end of our business is growing by leaps and bounds, and apparently will continue to grow even faster. More and more of our output is going in 10-pound bags, and the request is for grades to be labeled on those bags. And in the consumer bag we will put up, and everybody else in our area will put up, only U. S. No. 1 quality, and the stores wisely are making a point of that to the housewife, and the housewife is starting to have faith in that grade.

Mr. HAGEN. Do you find any resistance, at the buying end, to individual growers packaging their own product and marketing it under their own name?

Mr. CAMP. No. Various growers have made quite a name for themselves packaging under their own name. Each one of us is, shall I say, just a little conceited about our own product. We like to have our name and our brand on there.

I would like to point out the difference between what someone yesterday referred to as "the canned products don't carry a grade label." Well, I can't talk long about canned products, because we don't put them up. But they are sold. Each person putting up canned products is concerned with promoting his label, and he is able to do that year around. He is more concerned with, just to reach into the air, he is more concerned with the Del Monte label than he is the grade of the product in there.

That is not true in the fresh fruit and vegetable industry. None of us are in there that many months out of the year.

Mr. HAGEN. That is all.

Mr. GRANT. Thank you very much.

Mr. CAMP. May I turn over to you my two letters of authorization, authorizing me to represent the Long White Potato Advisory Board and the Kern County Potato Growers Association?

Mr. GRANT. Yes. Without objection, that will be filed for the record.

(The documents referred to are as follows:)

CALIFORNIA LONG WHITE POTATO ADVISORY BOARD,
Bakersfield, Calif., April 9, 1957.

To Whom It May Concern:

This is to introduce Mr. W. B. Camp, Jr., of Bakersfield, Calif. Mr. Camp is a potato producer and is a member of the California Long White Potato Advisory Board, which board administers the marketing order for long white potatoes under authority conferred by the California Marketing Act of 1937, as amended.

The California Long White Potato Advisory Board has unanimously endorsed the National Potato Grade Labeling Act, which has been introduced in both the House and Senate by a number of Congressmen and Senators. Mr. Camp is fully authorized and empowered to represent the California Long White Potato Advisory Board at all hearings in connection with said proposed act.

ARNOLD KIRSCHENMANN, *Chairman.*

E. B. PIRPLE, Jr., *Secretary-Manager.*

Subscribed and sworn to before me this 9th day of April 1957.

[SEAL]

SALLY THOMAS,

Notary Public in and for the County of Kern, State of California.

BAKERSFIELD, CALIF., April 14, 1957.

Mr. W. B. CAMP, Jr.,

Roosevelt Hotel, Washington, D. C.:

Action by the board of directors on Thursday, April 11, requests that you act in the capacity of this organization's official representative in connection with hearings to be held on the proposed national potato grade labeling bill by the Subcommittee on Domestic Marketing of House Agriculture Committee on April 15 and 16 in Washington, D. C.

KERN COUNTY POTATO GROWERS ASSOCIATION,
FRANCIS P. PUSATERI, *Executive Manager.*

Mr. GRANT. Congressman Ullman has two witnesses here he would like to introduce.

STATEMENT OF HON. AL ULLMAN, A REPRESENTATIVE IN CONGRESS FROM THE SECOND DISTRICT OF OREGON

Mr. ULLMAN. Thank you, sir.

Mr. Chairman and members of the committee, I appreciate the opportunity of coming over here for a moment. I am proud to be a sponsor of the identical legislation that was proposed by your distinguished member, Mr. McIntire.

I want merely to tell the committee that the State of Oregon ranks ninth among the States as a producer of potatoes, and we have produced 6,240,000 hundredweight of potatoes in 1956. We also have had very satisfactory results with the State law requiring labeling of containers to identify the quality of potatoes contained therein, and under this law the State of Oregon maintains inspection areas in all of our production areas. This service is financed by fees paid by shippers and deducted from grower settlements.

In talking with the growers of our region, they find it has been a very satisfactory law.

Recently, the Central Oregon, Malheur, Klamath, and Troutdale Potato Growers Associations authorized the Oregon Potato Commission, which is an agency of the State government, to engage in forming and advocating legislation which would authorize such legislation as is now before this subcommittee and such legislation as I introduced.

I certainly recommend to the committee that they enact this National Potato Grade Labeling Act.

(Mr. Ullman's prepared statement is as follows:)

STATEMENT BY HON. AL ULLMAN, FROM THE SECOND DISTRICT OF OREGON

Chairman Grant, I want to thank you and members of the subcommittee for the opportunity to testify before you this morning. I think you are to be commended for scheduling early hearings on the important legislation which you are considering today.

Mr. Chairman, the present market situation facing potato growers leaves much to be desired. A good many small producers find themselves in a position where they are barely making ends meet. Certainly, the legislative proposal which Representative McIntire and a number of other Congressmen, including myself, introduced, is not designed to remedy all of those ills. However, I do believe that the prompt enactment of the National Potato Grade Labeling Act will be of great benefit to potato producers throughout the Nation.

Cull potatoes have no place on a sound potato market. The average household consumer wants potatoes of uniform grade and quality of product. A recent letter which I received concisely stated prevailing sentiment on this subject: "The day is long past when the consumer is satisfied with poorly graded potatoes. Consumer packaging of washed and well-graded potatoes is here."

Surveys undertaken by the United States Department of Agriculture in 1948 also emphasized this attitude. Department researchers summarized survey results in this language: "Altogether these findings emphasize the people's wish for better potatoes than they have been getting."

I introduced H. R. 5339 because I believe the household consumer deserves a better product and I believe that enactment of a National Potato Grade Labeling Act is the only way in which the honest producer who wishes to market a suitable product can be protected from those few who wish to flood the market with culls.

Oregon, which ranks ninth among the States as a producer of potatoes and which produced 6,240,000 hundredweight of potatoes in 1956, has had very satisfactory results with a State law requiring labeling of containers to identify quality of potatoes contained. Under this law, the State of Oregon maintains inspection areas in all production areas. This service is financed by fees paid by shippers and deducted from grower settlements.

Potato growers in Oregon are well satisfied with an inspection system and firmly believe in the adoption of a National Potato Grade Labeling Act. Recently, the Central Oregon, Malheur, Klamath, and Troutdale Potato Grower Associations authorized the Oregon Potato Commission, which is an agency of the State government, to engage in forming and advocating legislation which would authorize such legislation as is now before this subcommittee.

Mr. Chairman, the success which Oregon and other western production areas have had with compulsory potato inspection is, I believe, a strong recommendation for the adoption of a National Potato Grade Labeling Act. I strongly support such legislation and hope this subcommittee will speedily approve this proposal.

Mr. ULLMAN. I am very pleased today to have here two very capable men from my area of the country. One is from northern California, which is adjacent to my district in Oregon, from the Tulalake district, which is a very rich and fertile potato-producing area. He is Mr. Lowell Kenyon, who will appear here.

And the other man whom I wish to introduce now to you is Mr. Merrill R. Webb. He is from my district, from Redmond, Oreg., and is manager of the Oregon-California Potato Committee, and certainly well qualified to speak for the potato producers in our part of the country.

Thank you very much.

Mr. GRANT. Thank you very much, sir. We are glad to have you testify and introduce these gentlemen.

Mr. ULLMAN. Thank you, sir.

Mr. GRANT. Mr. Kenyon?

Mr. ULLMAN. Mr. Webb, first.

Mr. GRANT. Mr. Webb, we will be glad to hear from you at this time.

STATEMENT OF MERRILL R. WEBB, MANAGER, OREGON-CALIFORNIA POTATO COMMITTEE, REDMOND, OREG.

Mr. WEBB. Thank you, Congressman Ullman.

Mr. Chairman, Mrs. Knutson, and gentlemen, I have filed two written statements with the clerk which you gentlemen may read at your leisure. They are both quite short.

As Congressman Ullman stated, my name is Merrill R. Webb. My home address is Redmond, Oreg., and I am presently the administrative manager for the Oregon-California Potato Committee, whose responsibility it is to administer Federal Marketing Order No. 59 on potatoes.

The first statement, which I should like to comment on briefly, with your permission, Mr. Chairman, is the one which we have filed in the name of the Oregon-California Potato Committee. It appears over the signature of Mr. Bryant Williams, who is chairman of this committee, and you will find him so identified in the upper lefthand corner of the letterhead stationery on which this statement is prepared.

I feel that for the committee to better understand the scope of the territory in which this potato-marketing order functions, I might like to make a remark or two in that respect.

It is not clearly stated in the statement exactly why certain things are mentioned, and not clearly stated. And I will also make a comment or two as we go along.

You will notice in paragraph 1 it says "all Oregon counties except Malheur." Perhaps you are familiar with the geographical location of Malheur County. It is merely divided from a similar production area of western Idaho by the Snake River and the State boundary, and that is why they grow and market at the same time, the same product in a common market with Idaho. Therefore, they are working with the Idaho marketing order.

I believe one other comment I should like to make before referring to the bottom paragraph, in a summarization of the reasons this committee feels this is good legislation:

First and foremost, it is an approach to a quality level which we have been working under for these many years since the establishment of this potato marketing committee on the potato crop of the 1948 season. It is gradewise on the same minimum grade which we have in effect today, but we do use a higher size range than the bottom of the Federal grades. But this is a uniform grade requirement which the industry, I believe, could benefit from, principally because it would make a uniform grade level from which we might establish a higher size regulation in case the supplies were in excess of the demand.

At the same time, this grade requirement is on a sufficiently low level that the potatoes which could not be marketed under the provisions of this U. S. 2 grade would be so few and of such minor nature that they hardly bear consideration.

I think that that shall suffice for my comments on this first statement.

The second statement we have supplied appears over my own signature as secretary-treasurer of the Western States Potato Growers Association. As stated in the opening paragraph, the directors of this group come from the States of Colorado, Idaho, Washington, California, and Oregon.

They also recognize the value of a uniform grade across the Nation for the potato crop, and state that the grade is sufficiently low to avoid any hardship.

I believe that the majority of the rest of the statements are clear and understandable.

We appreciate the opportunity to have appeared in behalf of these two organizations. We do earnestly ask that this committee give this bill their utmost consideration, and we sincerely hope that it will get out of the Congress of the United States and be submitted to the potato growers through a referendum.

Mr. GRANT. Thank you very much for your statement.

(The prepared statements submitted by Mr. Webb are as follows:)

OREGON-CALIFORNIA POTATO COMMITTEE,
Redmond, Oreg., April 8, 1957.

Senator ALLEN ELLENDER,

Chairman, Senate Agricultural Committee, Washington, D. C.

Representative HAROLD D. COOLEY,

Chairman, House Agricultural Committee, Washington, D. C.

DEAR MR. ELLENDER AND MR. COOLEY: The Oregon-California Potato Committee, composed of 8 producers and 4 handlers who represent the potato industry for Siskiyou and Modoc Counties of California and all Oregon counties except Malheur, firmly believe in and endorse the proposed National Grade Labeling Act for potatoes.

It is the considered opinion of this committee that the provisions of this act will equalize the competitive position of the Nation's potato growers by establishing a uniform minimum grade requirement of U. S. No. 2 on all potatoes sold for fresh use. This requirement is low enough to prevent the growers in any production area from experiencing hardship through compliance. Proper grade labeling of all containers, and certification for grade and condition by an authorized and qualified inspection agency, on all lots of potatoes sold for fresh use will be worthy contributions to quality improvement.

Quality improvement, under the provisions of this act, will directly benefit the consumer by preventing the sale of inferior grades of potatoes for fresh use.

In general, this committee supports this proposed act because it will provide the instrument the potato industry needs to help itself. We earnestly solicit your assistance in the passage of this act by Congress.

Very truly yours,

BRYANT WILLIAMS, *Chairman.*

WESTERN STATES POTATO GROWERS ASSOCIATION, INC.,
Redmond, Oreg., April 11, 1957.

Senator ALLEN ELLENDER,

Chairman, Senate Agricultural Committee, Washington, D. C.

Representative HAROLD D. COOLEY,

Chairman, House Agricultural Committee, Washington, D. C.

DEAR MR. ELLENDER AND MR. COOLEY: At their annual meeting in Bakersfield, Calif., on March 17, 1957, directors of the Western States Potato Growers Association voted unanimous support for the proposed National Potato Grade Labeling Act. These directors represent the potato industry for Colorado, Idaho, Washington, California, and Oregon.

These leaders recognize this proposed act as the common ground on which the Nation's potato industry can meet and establish a minimum quality level to improve the marketing of their crop. They also believe that the minimum requirement of a U. S. No. 2 grade for all potatoes marketed for fresh use, as proposed in this act, will be low enough to prevent the growers in any production area from experiencing hardship through compliance.

This act proposes that all potatoes marketed for fresh use be inspected for grade and condition by an authorized and qualified agency, and that all containers of such potatoes be properly grade marked as to the quality of their contents. Inasmuch as the association directors are from States that market their potatoes under a Federal marketing order or a State marketing order, they are quite familiar with the benefits to the industry which will be provided by inspection and grade labeling. In these States which the directors represent, their respective marketing orders require inspection of all potatoes sold for fresh use, and most of those that are processed into the various potato products. Most of their State laws require appropriate grade labeling on all potato containers.

Establishing a uniform quality level, as proposed in this act, will benefit the consumer of fresh potatoes by restricting the sale of inferior grades of potatoes for table use. Proper grade marketing of potato containers verified by inspection will assure consumers that they are getting the quality they are paying for.

We, the directors of this association, earnestly solicit your assistance in getting this proposed act passed by Congress so that a grower referendum can be held at the earliest possible date.

Sincerely yours,

MERRILL R. WEBB, *Secretary-Treasurer.*

Mr. GRANT. Mr. Kenyon?

**STATEMENT OF LOWELL KENYON, PRESIDENT, TULELAKE
GROWERS ASSOCIATION, TULELAKE, CALIF.**

Mr. KENYON. Thank you, Congressman, for the introduction.

Chairman Grant and members of the committee, I am Lowell Kenyon, president of the Tulelake Growers Association from Tulelake, Calif. I am a potato grower myself, and also actively acting as a buyer for one of the local potato shippers from that Tulelake area.

I represent both the Tulelake area, and also the Klamath Basin. We annually ship from 8,000 to 10,000 cars of fresh potatoes. We have been under Federal-State inspection service for 30 years.

Since 1947, we have had in effect and operated under a Federal marketing agreement. The farmers pay for these services themselves through a tax of 2½ cents per hundredweight for the inspection service, and three-eighths cent per hundredweight for the enforcement of the marketing agreement.

I think those are the main things I would like to bring out. We are in full accord, the growers in our area are in full accord, with the National Potato Grade Labeling Act, and wish to thank you for the opportunity to be here.

Perhaps a point of interest to you, Mr. Hagen, on your question of consumer packs, which you asked Mr. Camp about: We have found in our area this year that we have strictly gone to practically a hundred percent consumer packs. We split the grades. We put the smaller potatoes in 10-pound packages. It looks like next year we may even put the larger potatoes in 10-pound packages, because that is what the consumers are wanting, and it is what they are buying, and they are reordering them.

A statement was made this morning about the per capita consumption going down, and the idea that perhaps the shipments of culls, and so forth, had nothing to do with that. But we find in our area, from past experience, that any time a car, even though it may be in grade, of potatoes, when the appearance is not too good, it will seem to sit on the markets and stay there for a little while longer than the better package of potatoes, so far as they are concerned. Perhaps that is due to consumer resistance to purchase those.

We find our better packs, our better appearing potatoes, move very readily.

I believe that will be about all, unless anyone wants to ask some questions.

Mr. GRANT. Any questions?

Mr. HAGEN. I would like to ask a question or make a comment.

Obviously, however, if these potatoes packed in consumer packs fail to meet some minimum standards, the housewife is not long going to buy them; is that not correct?

Mr. KENYON. What is that again, Mr. Hagen?

Mr. HAGEN. I say obviously if you do not have some workable system of regulating the quality in those bags—

Mr. KENYON. That is right.

Mr. HAGEN (continuing). The housewife is not long going to buy them. And when she gets home and half of them are rotten or knobby or something, you are not going to be able to market your product long.

Mr. KENYON. That is right. That is why we feel the grading properly will increase the consumption of our potatoes.

There is also this thing that we must remember, that once the housewife should buy these potatoes and become highly displeased with them, the question remains, is she going to come back and buy another one of those, or is she going to divert her buying attention to some other product, which is very possible. So in that respect, we felt that the proper grading and packaging of these potatoes is very essential.

Mr. HAGEN. Has anyone developed figures on the comparative amount of spoilage in the market between the graded potatoes and your ungraded potatoes?

Mr. KENYON. I do not believe so. I do not know of any.

Mr. HAGEN. That is all.

Mr. GRANT. Thank you very much for your statement, sir.

(Mr. Kenyon's prepared statement is as follows:)

STATEMENT OF LOWELL KENYON, PRESIDENT, TULELAKE GROWERS ASSOCIATION, TULELAKE, CALIF.

I am Lowell Kenyon, president of the Tulelake Growers Association, a service organization serving the agricultural interests of the Tulelake Basin. This is the California portion of the Klamath Basin. I have been sent here by potato growers of the Klamath Basin to testify in their behalf for the National Potato Grade Labeling Act. The Klamath Basin, which includes Klamath County, Oreg., and Modoc and Siskiyou Counties in California, annually ship from eight to ten thousand cars of fresh potatoes to market. This involves a steady production from approximately 20,000 acres each year.

For 30 years, our growers have supported a Federal-State inspection service for the purpose of inspecting and grading the potatoes which we ship to market. Since 1947, we have had in effect and operated under a Federal marketing agreement which regulates the size and quality of the potatoes. Our growers finance both of these services through a tax of 2½ cents per hundredweight for the inspection service and three-eighths cent per hundredweight for the enforcement of the marketing agreement regulations. The Oregon growers also contribute 1½ cents per hundredweight toward an advertising and promotional program administered by the Oregon Potato Commission.

Our growers, therefore, realize the value of establishing some type of quality control in the marketing of their potatoes and are in favor of the National Potato Grade Labeling Act as it is designed to bring about some degree of quality control on a national basis. These minimum quality control standards are not only for the benefit of the potato producer, but are also for the protection of the consuming public.

The Potato Grade Labeling Act is enabling legislation, which if passed by Congress, gives the Secretary of Agriculture the right to conduct a referendum of potato growers to determine whether they are in favor of, or opposed to, putting the act into operation. It will require approval of two-thirds of the growers who vote before the law may become effective.

Briefly, the National Potato Grade Labeling Act is designed to—

(1) Prohibit the shipment of potatoes to market in fresh form which are below U. S. No. 2 grade or for processing or manufacturing into a food product unless such potatoes consist of at least 85 percent potential U. S. No. 2 quality or better.

(2) Require potatoes in "commerce" to have each container labeled with State or area of production, name and address of the packer, and the United States grade or State grade of potatoes as shown by the inspection certificate.

(3) Require compulsory inspection of potatoes packed for "commerce" or processing or manufacturing by an authorized inspector. Potatoes may be exempt that cannot be inspected at a reasonable cost. The Secretary of Agriculture may

further exempt certified seed, potatoes for nonfood use, such as livestock feed, starch and flour, and potatoes stored in transit or repacked in an individual retail store. Potatoes for canning may also be exempt by the Secretary if they are at least 85 percent U. S. No. 2 quality or better, except for size and from the labeling provisions.

(4) The act also provides for the establishment of a national potato committee, consisting of growers only, to make recommendations to the Secretary, with respect to the administration of the act.

While our growers are supporting this legislation, we wish to call attention to the fact that we believe that all potatoes processed for human consumption should be subject to the same regulations as those potatoes shipped to the fresh market, because most of these processed potatoes ultimately compete with fresh potatoes for a place on the consumer's table. However, we hope that you will review this industry proposal and give your support in obtaining favorable action in your committee and in the final passage of this legislation in this session of Congress. This will make it possible for the potato industry to bring about some degree of quality control over their products which must ultimately be accepted by the consuming public.

In conclusion, our Klamath Basin growers annually produce 20,000 acres of potatoes from which they ship an average of 10,000 cars. For 30 years our growers have supported Federal-State inspection and since 1947 have operated under a Federal marketing agreement in order to provide consumers with a quality product. The consuming public today are requiring a better pack of potatoes than 20 years ago. The National Potato Grade Labeling Act gives the growers a national quality control program. For several years, the economy of the potato grower has been sliding backward. If we are to continue in the job of producing food, something must be done to stabilize the potato industry. We believe that all growers should participate in a quality control program on a national basis, just as we have been doing for many years in the Klamath Basin. We urgently request that you do all in your power to bring about the passage of this legislation.

Mr. GRANT. I believe Mr. Cranney wishes to catch a plane. If you will come around, Mr. Cranney.

**STATEMENT OF K. J. CRANNEY, PRESIDENT, NATIONAL POTATO
CHIP INSTITUTE, CLEVELAND, OHIO**

Mr. CRANNEY. Mr. Chairman, my name is Kimball Cranney. I am from Caseville, Utah. Our company operates a potato-chip business in Utah, Idaho, Arizona, and surrounding States. I am also a shipper and a grower in Idaho, so I am living under this marketing deal now and know what it is.

But I am here as president of the National Potato Chip Institute. Our members produce over 95 percent of all the potato chips in the United States, and on April 7 our board of directors voted unanimously to oppose these potato-labeling bills as they are set up.

We did not intend to make an oral presentation here at all. We intended to file our statement. But after hearing yesterday and today there were so many misconceptions regarding our industry, we felt we had to speak up in self-defense.

The potato-chip industry used an estimated 44 million bushels of potatoes in 1956. This is 12 to 15 percent.

One funny thing here on this whole bill: Never, as far as we know, was any member of our industry consulted as regards what we wanted or what we would like to have in there.

For the first time in almost 50 years, potato consumption is going up. I think that was reversed in 1955, and we believe this is due to the increased use of processed potatoes.

In 1956 our industry volume was \$450 million, and we use approximately 4 pounds of potatoes for every pound of potato chips we produce.

One of the reasons for opposing this extension of this law into other States is, we believe the enforcement is impossible.

Yesterday, the United States Department of Agriculture stated that without 100 percent cooperation, you could not make this law work. We do not believe you can get 100 percent cooperation. We live with it in Idaho. We buy graded potatoes from California. That is all we have all the time. But you put it out into some area like we are trying to develop, places in Utah, and that may be a hundred miles away from an inspector, and I do not know how you are going to get your inspection there and handle it.

We think as far as our industry is concerned, this only, that this is a hitching-post law in a jet age. We are working to pay an actual premium for internal quality. We want potatoes with a high percentage of solids. We as an industry are trying to work out a 4-H program in which the 4-H'ers do the growing and grading; and we think if we get into this, if we eliminate the grading, we are doomed to failure, that we will never be able to make it work.

That is one of the things we want to teach them, is how to grade as well as grow.

In this law, the retailers are exempted. We have one large chain-store in the United States which operates their own potato business, potato-chip business. If this law isn't changed, they certainly have an advantage over everyone else.

Imports are exempted. In some places that is very important. But I think unquestionably you will change that.

We actually agree with Joseph Shelly's idea that the local areas should be the marketing areas. There are times when you can change these present marketing laws, but if you even get a slight delay in changing them, the grower is ruined before you can do anything. And I cannot see how you possibly can get to Washington and back, and get the law changed, in time to do any good, not only in the early States but in some of the late producing States.

Gentlemen, we are really a pioneer industry. Only 20 years ago our members were operating with hand kettles, and no machinery. In the last 20 years we have gone from a basement cooking deal to where our factories, some of them, turn out millions of pounds of potato chips, and we have about 200 members who do 95 percent of the business. There are 200 other members who are still in this hand-cooking operation.

We have raised our business in 25 years from 2½ million bushels of potatoes to 44 million. We have never asked for anything except freedom to operate and build a business.

Many chippers have worked out—this is the crux of our whole position; this is the thing we are asking for—many of our potato chippers have worked out a system, in the last 2 or 3 years only, of handling these potatoes by taking them in in large storage bins in the fall. The bin will hold 20 sacks of potatoes. Then it is stored where the air is circulated. Then it is graded as we go to use them.

A lot of these gentlemen have talked about our problems today, and I am sure you get an idea from that that we are an industry which

has got to have some special consideration on this. If we don't get the special consideration, if we have to operate under this thing the way it is, you are just going to put half of us right out of business—period—and there isn't anything we can do about it.

In these 1-ton crates, by handling them that way, we eliminate this extra handling and the breakdown in the potato that results whenever there is a bruise or scar. We found sometimes we can save 15 or 20 percent, or even more than that, of the potatoes that would ordinarily be thrown away, by just handling them once.

We want and we will pay above market at any time for potatoes with a high specific gravity, and all that means is a high solids content. Some chippers today, right today, are paying 40 to 50 cents a hundredweight premium for potatoes that will chip.

Yesterday a witness might have created the impression that chippers used off-grade potatoes. Gentlemen, we do not use off-grade potatoes. We have got to have internal quality and we have got to handle these things the only way they will work so that we can chip them and make a satisfactory product.

This witness yesterday who talked about this evidently forgot to tell you that 95 percent of his potatoes that he was talking about selling, his No. 1's, went to a potato chipper as No. 1's.

Sure, he got rid of the culls with someone else, but that other fellow he is selling the culls to was maybe 1,500 miles closer, who could get the things the next day and use them.

It was a good thing for him and it was a good thing for the chipper. Some of those potatoes just won't hold up.

Some chippers, sure, they use low-grade potatoes. But most of us want better potatoes that are grown today; and a fellow like Fred Meyer, whom the Congressman from Wisconsin talked about this morning, is spending thousands and thousands of dollars every year, he took Dr. Stevenson from the USDA last year. He has been doing plant breeding work to try to get a better potato than we are getting now.

In order to live and survive, we actually have got to have a uniformly better product.

We have chippers who grow their own potatoes. Would they be forced to have these inspected?

Mr. Nicolay, who is here with me, a past president of the association, would pay \$6,000 under this law to have his potatoes inspected that he has to use, which are under contract in Michigan and Ohio, near his plants. It would not do him a bit of good. It is just something—an unnecessary expense.

A fellow like Fred Meyer, who grows 8,000 or 10,000 acres of potatoes, would he have to have those all inspected before he could move his own potatoes? After he has graded them the way he actually wants them, after this expense, it would be ruinous.

We have a special problem because we have to cure these potatoes out. You have heard these people mention that today, and I will have to tell you what happens.

When you store a potato, in order to keep the potato, you have to get it down below 50°. Any potato that is stored at not lower than 50° will chip immediately, but it won't keep for any length of time.

The stuff we use is Idaho potatoes up to June 15. Now, those potatoes have been at 40°, probably, this winter.

Now, the starch that is in those potatoes turn to reducing sugars. We have to store those potatoes at 70° to get rid of those reducing sugars, or else we will have a chip just as black as this table, and as unpalatable, and carmelized and which will not sell.

So when we get through storing that, whether it is an Idaho, or whatever it is, and we have to move it, then we can never get it in grade. It would be an impossibility, because sometimes we have to knock out sprouts that long [indicating], and it takes some time to get rid of all these reducing sugars.

And sometimes we would have maybe 60 or 80 percent which wouldn't make any grade because of the sprouts and the various other things that arise. But that is the only way—we have to get rid of those reducing sugars, and that is the only way we can cook it at all.

We have special conditions to meet. We are working them out through industry cooperation and research. We use a better grade of oil in our industry than you can buy in the stores. It has a higher melting point. We pay twice as much for our salt than you buy it for, because we have to mine salt that has to be free from the bitterness that comes from sea water, the iodine content. So we are not a cheap industry. We don't want to use culls, we couldn't use them if we wanted to. The fellows that use culls are the little ones that aren't getting any place, and can't get any place. And all we want is an opportunity to be exempted from this to a point where we can actually live.

We ship 700 or 800 cars of Idaho potatoes to the eastern market, and this year we have been getting from 15 to 25 percent premium potatoes, because the quality is in there. And they are going to places like Detroit and New York. And as Mr. Camp says, in 5 years you are going to be selling all this stuff in 5- and 10-pound bags, in either a polyethylene or net bag, and it is going to work itself out anyway.

For heaven's sake, gentlemen, we are a small industry, we are pioneers, a small industry, and give us a chance to live, because if you put this thing through without exempting us, you are going to make it awfully rough, or put us out of business.

Thank you very much.

Mr. GRANT. Does your National Potato Chip Association have membership generally over the entire country?

Mr. CRANNEY. Yes, sir, we are international; 95 percent of the business is in it.

Mr. HAGEN. What percentage of your supply is contracted for? Mr. Meyer is growing potatoes for some chip company.

Mr. CRANNEY. Mr. Hagen, we found this several years ago, 3 or 4 years ago we came to the realization that we couldn't exist and couldn't live when we paid \$6 a hundredweight for potatoes, and we found that the growers couldn't exist when he got a dollar for it, because it was absolutely impossible. So right now we contract many potatoes right in your area in Bakersfield, and we pay \$2.30, approximately, a hundredweight for them, f. o. b. It is very satisfactory to the grower, and it is very satisfactory to us. And he knows what he is going to get, he knows he isn't going to be a millionaire like he was last year, but he isn't going to go broke, either.

Last year those growers honored those contracts, and we got those potatoes from your area.

Mr. HAGEN. You mentioned selling so many carloads in New York or Detroit. Do you dispose of those contract potatoes for the fresh market?

Mr. CRANNEY. No; those are our potato-chip potatoes—we also—I just happen to be in business in Idaho—we run a potato-grading house and ship to the eastern market Idaho russet potatoes. I know we are not going to get out of that, we wouldn't want to get out of that grading end of it if we could. It is the only thing that gives us a chance. We couldn't possibly pay \$1.60 freight on culls to get them to New York.

Mr. HAGEN. Actually, the extent of your objection is, that with respect to any potatoes destined for chipping, you want them out of this regulation; that is the only interest you have?

Mr. CRANNEY. Yes, sir; that is our interest. As far as I am concerned as a grower, I am living with a stricter marking law than this, a grower and a chipper, and we are perfectly content to do that, but our industry can't live up to this. We feel sure of that. We can't live up to it because we have to have that internal quality—we want the potatoes in grade, but we can't use them in grade, we wouldn't have anything left in grade at the time we go to chip them. We have just got a peculiar problem, and it is very unusual that they exempt every other processor and not us.

Mr. HAGEN. Couldn't the Department establish a grade for chipping purposes?

Mr. CRANNEY. Mr. Hagen, we are perfectly willing to go along with the grade. Many of our shippers, all the way east—Mr. Nicolay who is here with me, got some potatoes out of California and Arizona at one time—it isn't that problem, it is on the storage problem, if we buy the potatoes and we store them in these bins, and then if we have to grade them before we can move them out, that is what is going to kill us. It will upset our whole applecart.

Mr. GRANT. Thank you very much for your statement.

Mr. Kraus.

STATEMENT OF EDWIN C. KRAUS, NATIONAL CANNERS ASSOCIATION

Mr. KRAUS. Mr. Chairman and members of the committee, my name is Edwin C. Kraus and I live at Ortonville, Minn. I am president of the Big Stone Canning Co. and vice president of Butter Kernel Products, of Ortonville and Minneapolis. I am a past director of the National Canners Association which is a nonprofit trade association with approximately 800 members who operate in 44 of the 48 States. I am appearing on behalf of this organization.

I wish to voice my opposition to H. R. 6409 insofar as it affects the canning industry. I believe it is unwise and ill considered and could easily result in imposing upon the canner a burden that could not be borne with the inevitable result that he would have to discontinue his canning operation.

My company is one of the pioneers in potato canning. We started at a time when the operation was a trial-and-error one because of the lack of technical knowledge. As with others much that we have done has been the result of our own experience, learned, may I say,

the hard way. We started before there was a market for the product and in the thirties we discontinued our operation because we were of the opinion that a market could not be developed. It was only after World War II that we resumed our attempt and our operation was commenced, as are all other potato-canning operations, on the basis that it would help us carry some of the overhead on an otherwise idle plant. We did not expect to make a profit and I am sure no one else in the industry does either. In that at least our planning has not been in error.

And I might further add, we enjoy no Government subsidy as, for example, do the potato-flour mills.

Now one of our plants is located at the foot of the famous Red River Valley which I understand is the third largest potato-producing area in the United States. We were aware of the huge mounds of potatoes that were not used because the grower had no market for them—they were the small ones—the kind that could be used in canning.

We approached the grower on the same basis that we propose to can, namely, here was something that could be used to take care of overhead, it was a plus business. Our operation has increased many times since and I can say without any misgivings that we could use now all the small potatoes that are suitable for canning that are grown in North and South Dakota and Minnesota. And yet, in spite of the fact that we are short of potatoes and this area has more than it knows what to do with, we have been obliged to buy most of our potatoes from Wisconsin because we could buy what we wanted—even though we had additional costs in freight. Now this isn't because we have not been offered potatoes from North and South Dakota and from Minnesota. We have been offered lots of them. Pricewise we have had no trouble—as a matter of fact, we have been offered U. S. No. 12 for less money than we pay for canning potatoes. Our trouble you see stems from the fact that the growers of this area, without consulting us at all, decided upon, and voted in, an area grading program that, among other things, puts a 2-inch minimum on potatoes that can be sold.

Actually, this results in a minimum, because of grading, of nearly $2\frac{1}{4}$ inches. Now we just can't use this size potato, as our boss, the little lady in the kitchen that we cater to, just won't buy them as there are just too few potatoes in a can. So you see it isn't because we are arbitrary—it's just that we can't sell them. I know of no better example of what can happen under this proposed bill. In our opinion a much wiser merchandising policy is to sell the buyer what he wants—not what you think he might want and, as we in the canning business are on this firing line, we think, in all modesty, that we know more about what we can sell than does the grower or some Government agent who, through no fault of his own, is not acquainted with the problem.

Right after World War II, you members of the committee will recall that we had another potato program and this program, like the one before us now, likewise restricted the sale of certain types and grades of potatoes. The result was that we couldn't get potatoes for canning because actually the Government department did not understand the problem.

Like the grower, who insists upon selling us something we did not want, we were told by United States departmental officials, and even by one Member of Congress, that what we should do is buy the big ones and cut them down. Now if this thought ever occurs to any member of this committee, I beg of you to remember what our production records show—and remember I am talking now about the 2- to 2½-inch minimum potatoes—that if we were given these potatoes without charge, we couldn't afford to run them as it would so slow up our production that the cost would be prohibitive.

It is not that we have not tried—we have tried dicing and slicing these larger potatoes. But limited sales as the result of limited demand by the consumer keep this operation a very small one. I might observe here that we were not the only potato canner that learned this the hard and expensive way.

The requirement that our label on each can show the State of origin would place such a burden upon us that undoubtedly we would be forced to abandon our operation. Labels are ordered several months ahead of delivery and they cost about 8 cents a case. Naturally we do not know from what State we are going to get potatoes. One of our raw products men is, I believe, going to Nebraska this week to see if he can locate some canning potatoes that he can use. Furthermore, the potatoes we buy in the Red River Valley come from assembling points and as the valley is located both in North Dakota and Minnesota we would be unable to tell from what State the potatoes came from. In addition, we mix potatoes in our storage at the plant.

Now, I might say, to set all people's minds at rest, most of our potatoes are canned and placed under our own label, Butter Kernel, and I want to assure you that we are our own severest critics. We are very proud of that label, and we do not put junk under it.

Gentlemen, and lady, as far as the growers of potatoes are concerned, I want you to know that I am sympathetic to their problem. I have no objection if they believe that in their own marketing of potatoes to the housewife it would help to have a standard. However, to carry this plan to an industry that purchases from them seems to be not only something new and novel, but will result in worsening their market instead of improving it.

It would be like the cattle growers voting in a law that the packers could only use the T-bone steaks from a carcass and had to throw away all the rest. I doubt if such a law would improve the cattlemen's lot. The same is true of our production if you people want to give us a road map to follow I have no objection but for heaven's sake, don't insist upon telling us the gas that we have to use.

The potato industry does have a problem, but I am inclined to believe that it is one of consumption rather than production. It is true that the consumption of bulk potatoes by the housewife in the past few years has been going down. It is likewise true that the consumption of potatoes by our industry has been going up.

In 1946 there were canned 591,411 cases of white potatoes. In 1955 there were canned nearly 6 times that amount, or 3,148,736 cases. Now that does not mean that we in the canning industry have been competing with the potato grower—it does mean that we are becoming a better customer of his.

If you gentlemen, and lady, will take the time to check a large supermarket in any large city, you will find that they no longer sell po-

tatoes in 100-pound lots. Indeed, if you wanted to buy a 100-pound sack, I rather suspenct it would take a little work and maneuvering on the part of management to satisfy your demand, as the sale of potatoes is geared to 5- and 10-pound lots. If you look further you will also find that many stores are now wrapping 2 or 3 potatoes in cellophane.

Checks of these stores will disclose that many shoppers for a reason—some will give you diet—but most will tell you that the members of the family are all working and as potatoes take so long to prepare—they just do without them. Cooking and eating habits have changed—people are eating more prepared foods from the can. A further check will disclose that those housewives who have used canned potatoes, now serve potatoes oftener. It would seem that faced with such a picture the lot of the grower is not going to be improved by creating an artificial scarcity. Rather he should bend his efforts toward a porgram to promote the sale of potatoes.

In many respects the lot of the canner and the potato grower are similar. Both of us have been caught in a price squeeze and both have been facing constantly rising costs. The answer of the canner has been to increase his market and to likewise increase his production so he can lower his costs.

I don't know how many of this committee is aware of the fact but it is true that today, and for the past few years, such staple canned items as peas, corn, and tomatoes are selling for less money than they did in World War I or II, or the Korean conflict—in spite of the fact that our costs have all gone up. For example, in 1918 my company sold cream style corn for \$4 a case. Today you can buy all you want for \$2.30 a case. At the same time the price to the grower has doubled, cans have increased nearly twofold, and the hourly rate of labor has more than tripled. We have only been able to survive by becoming more efficient and increasing our production to lower fixed costs.

And I am sure, gentlemen, if there was a proposal before you to restrict or hamper or subsidize the canning industry in some way, representatives from the canning industry would be here in mass protesting such a move. Last year we had the largest pack of corn in the history of this country. Through our National-State associations, with the help of our suppliers and through the cooperation of the cannors themselves we have liquidated that pack in an orderly manner.

Certainly in order to do this we had to lower prices and take it on the chin, but we are cleaning out the warehouses. What is more corn prices have started to strengthen. I cite this as an example of industry cooperation. Five years ago less than 4 million was spent by suppliers, associations, and so forth, in promoting canned goods. This year there will be spent in excess of 17 million by these same people.

Again, gentlemen, let me emphasize that cannors should be exempt from this legislation as it will only compound the troubles of the grower. Let me stress again that we have received many offers for purchasing potatoes but not the potatoes we want. This has been occasioned solely by the grower setting up a grading standard and attempting to apply it to the canner. That our relations with our

other growers are likewise healthy can best be exemplified by the attached letter that was sent to 40 percent of the farmers in our area at Ortonville that applied for sweet corn acreage this year. This occurred in spite of the fact that we had substantially increased our corn acreage.

That letter is attached, and we regret that we can't take the acreage this year.

(The letter referred to is as follows:)

BIG STONE CANNING Co.
Ortonville, Minn., March 5, 1957.

DEAR SIR: Wish to inform you that our corn acreage has been filled. We thank you for your interest. We will keep your name on file and contact you next year, if we can use the acreage then.

Sincerely,

EARL HOFFBECK.

Mr. KRAUS. I understand that it is the position of the Department of Agriculture that they do not intend to enforce the provisions of this act against the canning industry. If that is correct, we humbly ask why include it in the act at all?

Frankly, our operations are planned months ahead. We must estimate our requirements for labels, tin cans and other supplies and we simply cannot afford to subject our operation to the varying whims of some outside agency.

I wish to thank you for your kind attention and to express my appreciation for having the opportunity to present the position of the National Cannery Association.

Mr. GRANT. Thank you very much, sir.

Mr. Johansen, of Greeley, Colo., is next.

STATEMENT OF J. L. JOHANSEN, JR., GREELEY, COLO., CHAIRMAN OF EASTERN COLORADO POTATO IMPROVEMENT COMMITTEE

Mr. JOHANSEN. Mr. Chairman and members of the committee, I won't spend any time, or very little time, talking about the statement which I am submitting.

My name is J. L. Johansen, Jr., and my home is in Greeley, Colo. I am appearing here representing the Eastern Colorado Potato Improvement Committee of which I am chairman. This area of Colorado markets some 7,500 cars of potatoes a year and has had experience through a State branding and grading law similar to that which you are considering on a national basis.

Our association is a member of the National Potato Council and we concur in the statement being made by that group in support of H. R. 5137 which authorizes a national potato grade and labeling act. I do not intend to make an analysis of the proposed legislation and its effect on the area which I represent; I would rather point out to you some of our ideas concerning the need for such legislation and the results that can be expected should this legislation pass the Congress.

The potato industry of my State and sister States has, for a number of years, been searching for new ideas which will be of benefit to both the producer and the consumer. The potato producer naturally wants to produce a crop which is going to be profitable in his operations. The producer also is realistic enough to recognize that the

acceptance of the product by the consumer and the good will of the consumer is paramount to a profitable and successful operation.

Probably the most important thing as far as consumers are concerned is the quality of the product. Certainly with the present demands of the consumer with respect to quality, it must be recognized by the producers that, if they are to keep up with and maintain a normal proportion of the national food budget, they must provide the highest quality possible under all circumstances.

The demand by the consuming public for quality food products is increasing every year as is the total amount of food consumed. Borrowing a national slogan, the potato industry must learn to "live modern." If the potato industry fails to take its place as a modern, forward-looking industry, we can expect that potatoes will be replaced in the diet by substitutes.

The proposed legislation is, in our opinion, a forward-looking approach to the dilemma faced by the industry with respect to increased quality and an improvement of the position of the potato producers.

The bill will not work a hardship on any producing area as minimum standards are sufficiently low to avoid just such a thing happening.

As I have stated previously, we in Colorado have for some years been working under a State law which, in essence, provides similar features as the proposal you now have before you. Our State law provides for compulsory inspection and branding of potatoes whenever they are shipped by the first handler.

In addition our producers have also voted in both Federal and State marketing agreements. These agreements have been given approval by two-thirds of the growers voting in Colorado by referendum, the same as this bill requires.

We definitely feel that since our producers have been operating under these regulations that benefits have been received by the producer, pricewise, and by the consumer in quality of product.

Frankly, Mr. Chairman, the facts point to the present critical situation continuing unless something is done to place potato growers on an equitable competitive basis with one another, and to improve generally the quality of the product to the consumer. We feel that the proposed legislation does offer, and will effectuate, necessary improvements that will accrue to the benefit of both the producer and the consumer.

This proposal makes it possible for the potato producers to help themselves, since, in the final analysis, it is only enabling legislation, and providing for the producer to make his own choice as to whether the potato industry will continue down the uncertain path it is now on, or attempt to improve the now critical situation for which it seems destined.

We respectfully urge this committee and the Congress to enact H. R. 5137. It does provide the potato industry a strong base to begin building the industry back to its natural place in the diet of the American consumer.

In addition to this testimony, I would like to say that we endorse the recommendation of the Department of Agriculture in adding to section III, subparagraph B, the wording, "within the area of production," as applying to potatoes used by processors.

I would like also to comment a bit on my area, the area in which I operate, the Gilcrest early potato area, which is just south of Greeley, Colo. We are like some of the other areas in that we must dispose of approximately 70 percent of our crop of potatoes as early potatoes. There are no storage facilities for approximately that amount of the crop in this northeastern part of Colorado. We do not have a storage plant in our area.

All of the cull potatoes must be fed to livestock or dumped.

Thank you.

Mr. GRANT. Thank you very much.

Mr. J. C. Peterson, we would be glad to hear from you.

STATEMENT OF J. CHRIS PETERSON, GEARING, NEBR., NEBRASKA-WYOMING POTATO SHIPPERS ASSOCIATION AND NEBRASKA DEPARTMENT OF AGRICULTURE, POTATO DIVISION

Mr. PETERSON. Mr. Chairman, I am J. Chris Peterson, from Gearing, Nebr. I am here representing the Nebraska-Wyoming Potato Shipper Association, and the Nebraska Department of Agriculture Potato Division. A wire has been sent in here from the secretary of our organization authorizing me to speak in behalf of that organization. I am one of the commissioners of the department of agriculture, potato division, for the State of Nebraska.

I am a grower and shipper of potatoes in Nebraska, a shipper of potatoes in Wyoming, and a shipper and grower of potatoes in the Panhandle of Texas.

Speaking for the potato growers, potato handlers, of Nebraska, we are in opposition to the bill as it is now drawn primarily because of the features requiring a compulsory marketing agreement and, second, compulsory inspection. There have been hearings held in western Nebraska and in eastern Wyoming on four different occasions in the past several years since the department has had authority to hold such hearings and to attempt to promote marketing agreements in areas. At each of those hearings the emphasis on the part of the producers was so heavily in opposition that even taking a ballot in the area—that no ballots have been taken, to my knowledge; at least I do not recall that it has ever come up for ballot. The growers are unalterably opposed to a marketing agreement in the area.

Now, the need for compulsory inspection in Nebraska is not and has not been necessary, because it has been a standard procedure on the part of the shippers of Nebraska and eastern Wyoming to make use of inspection on all of their potatoes with grade No. 2 and better, including all of the top and specialized packages of potatoes.

The low-grade potatoes, or cull potatoes as they have been so designated at this hearing, are frequently inspected but not always inspected. It has been the practice of the shippers in Nebraska for many, many years now to package those low-grade potatoes in an open mesh bag so that the contents of the package can be observed on the part of the consumer when he purchases them; almost the entire contents of the package. And it has also been customary on the part of the handlers to package the cull potatoes shipped from Nebraska in 50-pound bags. This has become a standard procedure and a standard practice.

We operate entirely different in Nebraska and Wyoming in our purchases and operations and shipping operations than other sections. And the fact is that handlers go directly to the farm fields at harvest-time and during the shipping season, and in the winter months after they have gone into storage, we go directly into the fields and buy the potatoes on a bulk basis, paying so much per hundred for the crop as it lies on the ground or as it is delivered directly to our plant. We go directly to the farmer and buy those potatoes on a bulk basis, taking from the seller all of those that will screen above $1\frac{1}{2}$, or $1\frac{7}{8}$, as the need of the type of package dictates. Therefore the handler of the cull potatoes has a problem to dispose of. And we have found it necessary, therefore, to seek a market for those potatoes. Those cull potatoes are sold customarily in the States of Kansas, Oklahoma, Texas—principally north Texas—Arkansas, Missouri, and some in Tennessee. That is our principal outlet for that type of package.

All of the potatoes in grade U. S. No. 2 are packaged in an unlabeled bag but under a brand which has been publicly advertised for many, many years to be a U. S. No. 2 package of potatoes. And all of the potatoes that go in the U. S. No. 1 classification are packed in a branded, labeled U. S. No. 1 package. And each of the packers and shippers in the States of Nebraska and Wyoming are proud of the package that goes under that label. We specialize in a premium package under our U. S. No. 1 grade, and sell it on a brand label rather than a grade level, but we designate it as U. S. No. 1 grade.

In support of the use of inspection as against compulsory inspection, it has been our practice to use this inspection in order to keep our grade levels up in our packages in those areas. There are at the present time in Nebraska 32 licenses issued for dealers to ship potatoes under our tax setup. Three of those are issued to nonresident operators who come in from the State of Kansas, one from the State of Iowa, who buy potatoes by truck lot and haul them to their plants from the package sheds. Why they take licenses, they do not know, but they think they are covered by the law, so they take the license and file reports. There are eight other licenses that are issued to wholesale houses and such in Nebraska who are not packers. So you see the total packaging field or people involved in the shipping of potatoes in Nebraska is very small, the numbers involved are very small, and we have good control of the quality and the package that we ship.

Now, we have done this throughout the years. We at one time produced 10,500 cars of potatoes. That has roughly reduced itself down to the point where our first of March total shipments showed that we had shipped 300 cars of potatoes. We reduced our acreages by about 60 percent, and we have reduced our shipments by 50 percent, in an effort to try to find a market for our potatoes that would be profitable. And as the profit range has gone down our acreages have gone down. We feel that we are one of the only producing areas in the Nation that has made a sincere effort to try to produce no more potatoes than the market would consume, whereas on the other hand many of these other States, and particularly the States which now have marketing agreements, have increased their acreages, and have also asked for section 32 funds to support their program.

We feel that the Secretary of Agriculture has discriminated against us in our area by denying us the right to use section 32 funds

for livestock feed in our operations. Western Nebraska and eastern Wyoming is one of the largest livestock-feeding areas in the Nation, primarily cattle and sheep. In fact, up until about 3 years ago our area was recognized as the largest sheep fattening and feeding operation in the United States. We have a lot of need for cull potatoes for livestock feed, if we were to receive section 32 funds. However, the Secretary says that because they cannot control—or the policing action involved in a feeding operation in our area would be prohibitive—we are denied section 32 funds. We do not have starch plants. It would be impractical to build starch plants in our area to consume the small quantity of potatoes we have there; therefore it would not be feasible for us to have a starch program in our area. That is another one of the reasons why the growers object to this marketing agreement section within this grade-labeling law.

We feel that we are complying with all of the provisions required in the act. And we feel that so far as grade labeling is concerned that there are levels at which it could be controlled if they were enforced, primarily the Pure Food and Drug Act.

It has been a question in my mind for many years why the Pure Food and Drug Act has not stepped in and enforced the retailers of potatoes to retail potatoes based upon the grade signs that they show in the retail stores. That has been going on for a long time, and it has been one of my very great concerns that it continues on and on. The Pure Food and Drug Act can control many other industries, but it seems to take no interest in the agricultural problem. That is one level of control that could be enforced.

I might add that the question was raised here, had anything ever been done to determine what happens to these ungraded potatoes. The Research Department of USDA has had 3 or 4 different projects in which they have run tests and checks on potatoes marketed in Chicago, Boston, Philadelphia, and New York, and possibly some other cities. And as an example, the project was conducted in the Chicago market in which the Nebraska cooperators—and I happen to be one of them—the tests were run on our potatoes that went into the Chicago market carrying U. S. No. 1 certificate, or were sold as U. S. No. 1 potatoes on the Chicago market, and they found that 91 and a fraction percent of those potatoes arrived at the Chicago market graded U. S. No. 1, the percentage that did not grade U. S. No. 1 either was a grade reversal, or was due to a transit condition which caused those potatoes to go out of grade.

But between the time that the carload of potatoes arrived in Chicago and the time that they got on the shelf of the store or the bulk bin of the store, less than 75 percent of those potatoes graded U. S. No. 1.

In other words, there was a deterioration in grade in the hands of the handlers on the terminal market, the store's own trucks or the wholesalers' own trucks delivering those potatoes to the retail stores, which caused those potatoes to be downgraded to the point that they were not U. S. No. 1. Yet they were being sold in the stores as U. S. No. 1 potatoes, which, in our thinking, is wrong and detrimental to our industry, because people are criticizing the quality of our product at the retail level.

Now, that could be stopped if they were not permitted to sell potatoes graded U. S. No. 1 when they themselves had caused the grade to deteriorate while they were in their possession.

That is one of my criticisms of the United States Department of Agriculture. And I think it is one that this committee could well delve into, the fact that our potatoes are sold improperly in the retail stores or at the retail level.

I am sorry I did not have a prepared statement. I just made some notes as I have gone along here.

There is another thing that we feel is wrong in the present standards as they are established by USDA—or not in the standards, but in the way the inspection is handled. And that is, if I pay 2 or 2½ cents a hundred for an inspection certificate which will guarantee the carload of potatoes U. S. No. 1, U. S. Commercial, or U. S. No. 2, or whatever the grade may be, then when they ship that carload of potatoes to destination it should not be possible for someone else at destination to reverse that inspection. I have paid USDA a fee or an insurance premium that I will have a quality product when it arrives at destination. This does not happen. And sometimes—it is not a common practice, but it does happen—they reverse their own inspections at origin points, and this in many instances causes shippers and growers large losses on their product. If we went under a compulsory inspection setup, we would have no choice. Now, if I elect to ship a carload of potatoes without inspection on it, it is my privilege, but not my practice. I think that needs correction in the Department in its inspection and handling.

The producers in our area feel very definitely that if we are forced to come under this program that the grades should not be changed during the lifetime of the agreement. We feel that they should remain at their present level. As most of you gentlemen know—I am sure Mr. McIntire knows that—the Department has on many, many occasions—in fact, I believe just in the last few months—attempted to change and increase the standards or tighten up on the tolerances within the grade levels, and they have constantly been forced back into the old position on the part of the trade either through, as was suggested here, politics or pressure put on from the shipping industry.

Now, the pressure coming from that increase in grade comes from the consuming level and the consuming level criticizes because they don't get U. S. No. 1's at the retail store level. And as I have said before, that happens not because they were improperly labeled in our area when they left the origin, but something happens to them after they reach the markets.

We again feel that something must be done for the potato industry if we are to continue to survive. We think that this is a step in the right direction. But we cannot go along with the marketing agreement program as it is now set up, that is the belief of our growers, they do not wish to go along with this marketing agreement feature of the bill, or the compulsory inspection feature of it. That has been voiced to me by many growers in our area. And I am speaking on their behalf when I say that it is their opinion that they do not want those two features of the bill. We are very much in favor of grade labeling carried through to the retail level, at all retail levels.

Thank you.

Mr. GRANT. Mr. Hagen.

Mr. HAGEN. I gather you are primarily a merchant.

Mr. PETERSON. I am a buyer and shipper as well as a grower. I sharecrop potatoes, furnish seed and take a share of the crop. I have grown as much as 200 acres of potatoes a year. I usually sharecrop three or four thousand bags of potatoes in Nebraska, and a like quality in Texas each year.

Mr. HAGEN. I was going to ask you, there has been some testimony here that it is profitable, about as profitable to feed these culls to livestock as it is to sell them, insofar as the grower's percentage. Now, would that be your observation, that, say, a Nebraska farmer could as profitably feed his culls to his livestock, or sell to a neighbor to feed to his livestock, as he could sell them?

Mr. PETERSON. It has been determined by the Agricultural College of the University of Nebraska that if properly fed, properly handled, low-grade potatoes are worth approximately 15 cents a hundred for livestock feed.

But if the man is put to the cost of bringing those potatoes to the processing plant, about 15 cents per hundred, and 25 cents added to that 15 cents, and then a hauling cost of 10 cents per hundred when he elects to market them, there is not much profit.

Mr. HAGEN. What is the going rate on culled potatoes to the grower?

Mr. PETERSON. We don't buy the potatoes as culls, we buy the potatoes at bulk field run prices.

Mr. HAGEN. Isn't there some kind of a price on culled potatoes?

Mr. PETERSON. We never buy them on a graded or packed out basis in Nebraska—I say rarely ever—it is the exception rather than the rule.

Mr. HAGEN. You give the farmer a unit price?

Mr. PETERSON. A unit price for each 100 pounds of bulk potatoes hauled from his storage house.

Mr. HAGEN. So, it is really your decision as to what it is possible to do with them?

Mr. PETERSON. That is right.

I might also add that studies have been made by the horticulture department and the research division of the horticulture department of the College of Agriculture of Nebraska on the relative value of culled potatoes, dollarwise value of culled potatoes. And they say that a culled bag of potatoes is worth approximately 75 percent of the value of a No. 1 bag of potatoes so far as eating, consumptive quality of a bag of culled potatoes—pick-outs, as we call them in our area, we call them pick-outs, rather than culls.

Mr. HAGEN. What is the consumptive value, the price value?

Mr. PETERSON. On the price-value range, if No. 1 potatoes go up, cull potatoes likewise go up. There is nominally a spread of about \$1 per hundred between the sale price of No. 1 and pick-outs in our area, and using that differential, that is the spread that they usually work with.

Mr. GRANT. Thank you very much for your statement, sir.

Mr. Kirwan?

STATEMENT OF ROBIN M. KIRWAN, VICE PRESIDENT, PHILLIPS PACKING CO., CAMBRIDGE, MD.; AND PRESIDENT, TRI-STATE PACKERS ASSOCIATION, EASTON, MD.

Mr. KIRWAN. My name is Robin M. Kirwan, vice president of the Phillips Packing Co., Cambridge, Md., and president of the Tri-State Packers Association, Easton, Md. The Tri-State Packers Association represents processors of fruits and vegetables in Maryland, Delaware, New Jersey, and sections of Virginia. This area is a rather large segment of the processing industry on the east coast. Along with Mr. Krause, of Minnesota, I am also representing the National Cannery Association whose members pack approximately 75 percent of the annual canned-food production.

My company, among a number of other companies, have processed white potatoes for a number of years.

We are opposed to these bills which are before this subcommittee, having any application to potatoes for canning. We feel there is no justification nor necessity for this type of regulation due to the fact that less than four-tenths of 1 percent of the total production of potatoes is used in canning. In 1955 the total annual pack of canned potatoes was 3,148,000 cases representing about 94 million pounds of raw product out of a total production of about 24 thousand million pounds. Although the quantity of potatoes used by the canning industry is insignificant in terms of overall volume, nevertheless it is an important market to the farmer for potatoes of which a large part would be of no commercial value as food for human consumption. The Department of Agriculture evidently recognizes this because in their testimony on April 15 they suggested that the Department would exempt small potatoes from the application of the program if legislation were adopted. However, due to the fact that the authority would be available, we do not feel as though this legislation should be held over our heads as an instrument of doubt in planning our operations which have to be done months in advance without regard to yield or growing conditions.

In addition it should be pointed out that generally potatoes for canning must be freshly dug potatoes. This is particularly true in the eastern United States, which accounts for at least half of the annual pack. We have found through experience that potatoes when they are handled promptly from the fields to the processing plant produce a product of much higher quality and are more readily acceptable to the housewife. In the event that potatoes are permitted to remain in the fields or receiving stations and age, it results in lower yields and increased consumer cost.

The exemption proposed in the bill, section 7 (c), which the Department of Agriculture says they would grant applies only to the size factor of the grade. The most desirable potatoes for canning are sizes 3 and 4. However, other potatoes which fail to meet U. S. Grade No. 2 can be used for canning and make an acceptable product due to the fact that many external blemishes are removed in the preparation process. Also larger potatoes which will not make fresh shipping grade because of shape can be used in canning some potato products.

Finally, neither the grower nor the canner should be burdened with the additional inspection cost which mandatory U. S. grading would

require. Regardless of the fact that potatoes have been graded by the Department of Agriculture and conform to U. S. No. 2 grade in all respects except for size, the canner would have to regrade potatoes during the course of the canning process to meet the requirements of pack-out quality. Thus the canners can do a better service to the grower, return him a better price for the potatoes, by buying free of U. S. grade requirements and inspection cost.

Canners have actually made this additional market for the potatoes. They started it and it has definitely been the canning industry which has given the farmers an outlet for those potatoes. If it had not been for this the potato grower today would find himself in a much less financial light than he is.

The yield of potatoes from canning means normally for every pound used, one-half pound is in the finished product. Stated in other words, the experience of the industry is that there is a 50-percent yield from the raw state. The canning yield would not be increased through the imposition of the quality requirements proposed in this bill.

For the committee's information let me detail somewhat the tremendous amount of work which is necessary in the canning of white potatoes:

After the potatoes are harvested and taken to the collection point or grade station, the No. 1 potatoes are removed and the 2's, 3's, and 4's are held together. From these grading stations, truck operators pick up quantities of No. 2's and 3's and 4's. It may be necessary for them to visit as many as 8 to 10 stations to acquire sufficient potatoes for a load. This may take place not only in just one State but they may pick up from Virginia and Maryland or Maryland and Delaware in the course of the day. During the course of a season potatoes are processed, say in the central Maryland shore area, from the States of North Carolina, Virginia, Delaware, Maryland, Pennsylvania, New Jersey, and New York. The truck operators normally have a verbal agreement with the purchasing agent of the buyer of the processing plant wherein they are informed day by day as to any changes for the purpose of these potatoes, the No. 2 potatoes being at one price and the 3's and 4's normally at a higher price, with a differential of approximately 25 cents per hundredweight. The potatoes used by any one processor may range in area of maybe 200 miles because at the time of operation he is drawing the potatoes from different sections. The truck operator, through his experience in the purchase of potatoes, is quite familiar with the requirements of the processor, knowing that any potatoes not suitable for canning will be rejected.

Many times certain areas will have potatoes which are unsuitable for canning and he will be sure that no potatoes purchased by him are from these areas. When I say potatoes unsuitable for canning, that would be such things as wire worm, green potatoes, or excessive defects which would make them unsuitable for use.

Getting back to the use of the raw product when they are delivered to the plant, normally a raw product grader employed by the processor makes an inspection of the load to ascertain if they are suitable for processing. Assuming that the loads are satisfactory they are used immediately or in any event within 36 hours, the potatoes being washed and in some cases raw product graded for canning size, and either peeled with caustic soda or high pressure steam. After

this operation is completed the loose peels are removed with mechanical abrasive peelers thereby exposing the potatoes for inspection. Normally the majority of the defects have been removed in this initial peeling. However, many times as much as 20 percent of these potatoes must be rerun to remove blemishes which were deeper than the original peeling took care of. Upon the completion of the inspection the potatoes are graded, normally into either 3 or 4 sizes depending on what the processor requires for his particular label, the larger potatoes being the less desirable. We might state that the grades so mentioned have no direct reference to raw grades because of the percentage of potatoes that must be peeled the second time.

The majority of the potatoes used by the processor would never be used by the housewife because of the length of time necessary to prepare these for table use. Neither do canned potatoes compete with raw merchantable potatoes used (1) the people who use canned potatoes, such as apartment dwellers, with both husband and wife being employed, would not buy the raw potatoes—they would ordinarily use a substitute; and (2) the quantity of canned potatoes is too small to even be counted as competitive—less than four-tenths of 1 percent of total grown.

We might mention here that the most desirable potatoes, the 3's and 4's so far as the processor is concerned, and which bring the best price, would be absolutely no value on the raw market and would be a definite financial loss to the grower. Although canned potatoes to a certain extent are still considered a speciality item the fact remains that they are a reasonably low-cost source of food value. As far as the canner is concerned they are almost without exception an overhead item. Any artificial effect on the price of the raw product or the canning operation would have an immediate influence on the market for the canned product.

And at this time I would also like to say that we are in the same position, you might say, as the potato chip industry, in that we need for our best product the smaller sized potatoes and a special potato, potatoes which normally cannot be used under the market order. And the lower priced potatoes have always been, and the most desirable potatoes have been, the smaller size, which would even be down to approximately 1 inch size or $1\frac{1}{4}$ inches.

The grower or the trucker who picks these potatoes up through our area which is Maryland, Delaware, Virginia, North Carolina, may contract for picking up the potatoes as much as 6 and 8 months in advance. And that has become a highly competitive business in trying to secure enough of the small potatoes to satisfy the industry through our area.

It is mighty easy for a product to be priced off the retail shelves in this highly competitive food business.

Before the canning industry developed a market for canned white potatoes, the small sizes were a total loss to the farmer. Now they are returning to the farmer a cash income which he never before realized and in the event legislation were enacted it is possible that this same condition might prevail again wherein the farmer would be denied this market.

In closing, I respectfully submit again that these bills be amended so that the canning of potatoes is not subject to regulation.

Mr. GRANT. Mr. McIntire.

Mr. McINTIRE. May I just ask one question?

I think, Mr. Kirwan, you realize there are no such grades as 3's and 4's.

Mr. KIRWAN. I understand that. It is merely a terminology used by our industry in securing these potatoes. It is a recognized grade throughout the eastern part of the country, as far as the shore area is concerned, Maryland, Delaware, and Virginia, and packers do specify as far as their pickups are concerned, 3's and 4's, which are not reflected in the U. S. grade at all.

Mr. McINTIRE. What does it mean?

Mr. KIRWAN. It means the size which is smaller than the U. S. No. 1, size B, which would be less than 1½ inches.

Mr. McINTIRE. You use potatoes smaller than an inch and a half?

Mr. KIRWAN. Yes, definitely. And those potatoes are desired more than any other size that we can get. As a matter of fact, we can never get enough to supply our demands as far as the canning business is concerned.

Mr. McINTIRE. Basically, though, as far as the processors are concerned, their basic objection lies in the requirement of inspection; doesn't it?

Mr. KIRWAN. Our basic objection is that we would not have the potential markets by using the larger sized potatoes. We cannot put up nearly as good a pack with the larger sized potatoes, even the size B, because we have a problem that the larger potato will have a tendency to slough and get soft in the can, whereas the smaller potatoes will hold up much better. It is strictly a matter of economics, as far as the potatoes are concerned, the type that we get and which the public wants.

Now, there has been a tremendous increase in the last couple of years in the canning of small potatoes in 8-ounce cans, and an 8-ounce can is very small, and you realize that you couldn't put a small potato in that can. That is probably used by a man and his wife, that is plenty for one meal, and the more potatoes you have there, the better showing you make as far as what they are getting.

Mr. HAGEN. I just wanted to ask one question, as a matter of curiosity more than anything else. What does a housewife pay ounce for ounce for potatoes in a can as compared to buying them in the raw state?

Mr. KIRWAN. Well, normally, a can would sell, a 303 can which carries about 14 ounces of potatoes, she would be paying about a dime for it. That is all prepared. Now, when you say 14 ounces that represents about 28 ounces or 30 ounces in the raw state because it requires—hardly without exception you get no better yield than 50 percent in using these small types of potatoes.

Mr. HAGEN. It would be less?

Mr. KIRWAN. About a dime less per pound, is the way it actually figures out, drain weight of potatoes.

Mr. HAGEN. What do you pay for the same quantity of fresh potatoes?

Mr. KIRWAN. Well, on the same basis, that would represent 5 cents a pound, the way I see it, which would be \$5 a bag. Potatoes this past year were up to \$10 a bag.

Mr. McINTIRE. Not now.

Mr. KIRWAN. No, last year; not now.

Mr. HAGEN. The thing is, apparently they have had a problem similar to that of the cranberry growers.

Mr. KIRWAN. I am not familiar with the cranberry business.

Mr. HAGEN. They have a marketing order on the fresh cranberries, but the culls have gone in the cans of cranberry juice, and that canned stuff is stealing the markets from the fresh fruit. In other words, the housewife doesn't want to take the cranberries and cook them, and a large part of the crop has gone into canned cranberries and cranberry products made from cull berries and that could happen to potatoes.

Mr. KIRWAN. Well, the way we see it, potatoes do have a place in the ease of preparing them; many families would never eat potatoes if they had to wait for the potato to be baked or put in and boiled, whereas now they merely open the can and serve it, and that has opened up the market for potatoes. We can't see that it has hurt the sales of the raw product. We have no objection to grading, as far as that is concerned; we merely say that the potatoes we use in the canning industry should not come under this bill.

Mr. HAGEN. Even this permissive language?

Mr. KIRWAN. That is right.

Mr. GRANT. Thank you very much.

STATEMENT OF A. E. MERCKER, EXECUTIVE DIRECTOR, NATIONAL POTATO COUNCIL

Mr. MERCKER. Mr. Chairman, my name is A. E. Mercker, executive director of the National Potato Council. I have a letter and a statement here from the Vermont Certified Seed and Potato Growers Association that they requested me to file. It is in opposition to the bill.

Mr. GRANT. Without objection, it will be received.

(The letter and statement referred to are as follows:)

VERMONT CERTIFIED SEED AND POTATO GROWERS ASSOCIATION,
Montpelier.

Mr. A. E. MERCKER,
Executive Director, National Potato Council,
Washington 4, D. C.

DEAR MR. MERCKER: I have been requested by Mr. Carleton J. Batten, president of the Vermont Certified Seed and Potato Growers Association, to send you the enclosed statement for presentation to the Subcommittee on Domestic Marketing of the House Agriculture Committee which is to meet on April 15 and April 16 in connection with the national potato grade labeling bill.

Inasmuch as Mr. Batten or any of the officers or members of the association cannot be present at these hearings we assume you will be willing to present the enclosed statement for us.

With thanks for your assistance in this matter, I am,

Very truly yours,

Mrs. ROSEMARY S. LANDRY,
Assistant Secretary-Treasurer.

STATEMENT BY THE VERMONT CERTIFIED SEED AND POTATO GROWERS ASSOCIATION

Mr. Chairman and members of the committee, the Vermont Certified Seed and Potato Growers Association, which represents about 95 percent of the commercial potato producers in Vermont, endorses the position taken by the Vermont Farm Bureau in opposing any provision of the national potato grade labeling bill which restricts the marketing of any grade of potatoes sold locally and is

opposed to the provision that provides for separate United States standards for processing. We feel that the present U. S. grades should not be changed at this time. The association feels we have enough inspection requirements if they are enforced.

It is the consensus of this association that the best overall policy would be to stand by the law of supply and demand with as little outside interference as possible.

Mr. McINTIRE. May I ask of Mr. Mercker, do you wish to supplement the statement of the National Potato Council by any further statement on your behalf as executive director of the association?

Mr. MERCKER. I would be glad to do it.

I would like to go into the process again, and I would submit some samples to the committee.

Mr. GRANT. Well, will you submit that statement within the next week or 10 days at the latest?

Mr. MERCKER. Yes, sir.

Mr. McINTIRE. Mr. Chairman, I would like also to indicate that in the communication I received from Congressman Auchincloss, of New Jersey, that he wanted to have as part of this record, that he is in support of this legislation, speaking on behalf of his constituents in the State of New Jersey.

Mr. GRANT. Yes.

STATEMENT OF REUBEN L. JOHNSON, JR., ASSISTANT COORDINATOR OF LEGISLATIVE SERVICES, NATIONAL FARMERS UNION

Mr. JOHNSON. I am Reuben Johnson, assistant coordinator of legislative services, National Farmers Union. Since we have been asked to save time and file a statement, I will be very happy to do that. But I would like the record to show that the National Farmers Union is in favor of this legislation. And our statement will be filed to indicate some of our views with respect to it.

Mr. GRANT. Very well.

(The statement of Reuben L. Johnson, assistant coordinator of legislative services, National Farmers Union, is as follows:)

STATEMENT OF REUBEN JOHNSON OF NATIONAL FARMERS UNION

Mr. Chairman and members of the subcommittee, I am Reuben Johnson, assistant coordinator of legislative services, National Farmers Union. It is my privilege to present the views of National Farmers Union on H. R. 4963 introduced by Congresswoman Knutson, of Minnesota, and H. R. 5137 introduced by Congressman McIntire, of Maine. We support these and other identical bills.

We are convinced, Mr. Chairman, that consumers do not want low grade or cull potatoes. Time after time, we have seen such potatoes left in the bins of retail grocery stores. These low-grade potatoes should never reach the retail market because they dull consumer appetite and reduce consumption.

Who is it that wants unclassified potatoes coming to market from the farm? Based on the reports we have from potato producers in Colorado and other areas, it is the middleman who, through various means including upgrading, are able to realize a greater profit on the short range.

Consumers will buy more potatoes, which both farmers and handlers seek, if grocery bins are filled with top-quality potatoes.

We believe, therefore, that the long-range interest of the middleman will be served by the uniform grading and labeling provided for in the bills before you.

The long-range interest of potato growers will most assuredly be served through the marketing of top-quality potatoes.

The legislation you are considering provides a uniform grading and labeling procedure which in no way interferes with the competitive aspect of potato

marketing. The legislation provides a greatly desired standard for potatoes which, in our opinion, will serve the interest of all potato handlers who play with the cards on top of the table. As some other witness indicated, the legislation provides "a more equitable starting point in the competitive race for the Nation's markets."

Mr. Chairman, we fully endorse section 12 to provide for a national potato committee made up of persons engaged in the production of potatoes. We are at a loss to understand the objection of the Department of Agriculture to this particular section since such an advisory group could be of great service to the Secretary of Agriculture in the administration of the legislation, and could serve the interests of all potato producers in acting as liaison between them and the Department of Agriculture.

National Farmers Union counts among its membership many farm families whose livelihood depends upon income from potatoes. We have chartered State organizations in most of the Northern and Western States where potatoes are grown in substantial amounts (Michigan, Wisconsin, Minnesota, North and South Dakota, Colorado, Nebraska, Utah, Oregon). Reports that we receive from these areas indicate that the legislation before you is widely supported at the producer level.

We appreciate the opportunity of presenting the views of National Farmers Union.

STATEMENT OF MATT TRIGGS, ASSISTANT LEGISLATIVE DIRECTOR, THE AMERICAN FARM BUREAU FEDERATION

Mr. TRIGGS. Matt Triggs, the American Farm Bureau Federation.

We are opposed to the enactment of the bill, for reasons which we have stated in considerable detail in our statement.

(The prepared statement of Matt Triggs is as follows:)

STATEMENT OF THE AMERICAN FARM BUREAU FEDERATION,¹ PRESENTED BY MATT TRIGGS, ASSISTANT LEGISLATIVE DIRECTOR, APRIL 15, 1957

The opportunity of presenting the views of the American Farm Bureau Federation with respect to the proposed National Potato Grade Labeling Act is appreciated.

At the time the proposed National Potato Marketing Act (which is generally similar to the proposed National Potato Grade Labeling Act being considered here today) was introduced in the 84th Congress, copies of the proposal were widely distributed by the American Farm Bureau Federation and were the basis of numerous discussions of potato growers in many producing areas.

As a result, when the proposed National Potato Grade Labeling Act was reviewed at a recent meeting of the AFBF fruit and vegetable advisory committee meeting it was not a new issue. The members of the advisory committee had, in most instances, heard the issue discussed at local and State meetings of the vegetable industry representatives, were familiar with the views of those they represented and had heard the pros and cons of the proposal.

The advisory committee recommended to the board of directors of the American Farm Bureau Federation that the proposal be opposed.

The board subsequently considered and approved the recommendation of the fruit and vegetable advisory committee.

The purpose and objective of the proposed National Potato Grade Labeling Act is essentially comparable to many of the marketing agreement programs developed by growers under the authority of the Federal marketing agreement legislation.

In recent years there has been an increased interest in the development of State and Federal marketing agreement programs. We have every reason to believe there will be an increased use of this approach toward alleviating some of the problems of agricultural commodities to which this approach is applicable.

¹ Farm Bureau is a free, independent, nongovernmental, voluntary organization of farm and ranch families united for the purpose of analyzing their problems and formulating action to achieve educational improvement, economic opportunity, and social advancement, thereby promoting the national welfare. Farm Bureau is local, national, and international in its scope and influence, and is nonpartisan, nonsectarian, and nonsecter in character. Representing 1,600,000 farm families located in 48 States and Puerto Rico.

The American Farm Bureau Federation has historically supported Federal marketing-agreement legislation. We have maintained that growers should have the opportunity of developing and administering such programs under the authority of the act. Our board of directors has recently authorized the development of legislation to broaden the scope of the act in certain respects.

Furthermore, State and county farm bureaus and the American Farm Bureau have in many cases assisted in the process of getting growers together, to review the methods and procedures available to them under Federal marketing agreement legislation, to participate in growers' discussion as to the kind of a program they wanted to promote, and to aid them in getting such purpose implemented under a marketing-agreement program.

Our position in connection with the issue now before this committee is not, therefore, based upon any disagreement with the marketing-agreement concept—but, on the contrary, is founded upon the belief that there are significant differences between the proposed National Potato Grade Labeling Act and the approach used in the development of Federal marketing-agreement programs—and that these differences are important.

1. Experience has demonstrated that marketing agreement programs have functioned best where they cover a relatively small area of concentrated production, where marketing is mostly or entirely channeled through a relatively few points at which regulation may be established with a minimum of difficulty, and where the major consuming markets are some distance from the production area. Marketing agreement programs for local distribution have been comparatively unsuccessful. The imposition of marketing regulations involving compulsory inspection and labeling and minimum standards for local distribution involves many complex problems of administration and enforcement.

2. Marketing-agreement programs are commonly developed for a specific locality. It is physically possible to get the growers together at one meeting place, or at a relatively few meeting places, to discuss the purposes and objectives of a proposed marketing-agreement program. This tends to develop unity within the industry. Individuals who do not concur with the majority views are nevertheless consulted; their views are heard; they may influence in part the decisions that are made. Under these circumstances an individual producer, even though opposed to what is decided, participated in reaching such decision and is, therefore, inclined to go along with such majority position.

We believe that this approach is necessary to create a willingness to cooperate in the administration of and voluntary compliance with the program, without which few programs are successful.

This becomes manifestly impossible if a program is adopted on a national basis. Under such circumstances regulations which would be tolerable if decided upon by local farmers on a majority basis and if administered by a locally elected committee—become bureaucratic dictation from the outside affecting the freedom of operations of individuals.

3. Potato production, although heavily concentrated in some areas, is also widely dispersed. The application of the proposed program to scattered small-scale production would be difficult. We believe it would be virtually impossible to enforce the proposed legislation in extensive areas of the country. Much of the dispersed potato production in many areas does not move to market through systematized marketing channels, but on the contrary may be marketed through diffuse and constantly changing channels.

Let us suppose for a moment that a national election were held and the program was approved, but the potato growers in State A voted overwhelmingly against the proposal. To endeavor to impose the national program upon the potato growers in State A would represent a substantial and probably insuperable enforcement problem.

4. Marketing-agreement programs are flexible in administration. As conditions change, as the views of growers change, their provisions can be modified from year to year or even during a season or the program can be terminated by grower action. But the proposed act, if approved, could only be changed by legislative action, and only be terminated by the exercise of the discretionary authority of the Secretary to hold another referendum.

5. The proposed bill would permit a referendum, no matter how many times defeated, to be held again each year until it is finally approved. This might not represent the majority view, since many growers would tend to lose interest in the matter after it is once defeated.

6. The cost of providing inspection to scattered small-scale potato production would be high. If inspection is to be extended to high-cost areas this means

that cost of inspection for such growers will be very high; or if such costs are to be equalized, the inspection fee in other areas will have to be increased. Of course, the bill contains a provision that inspection would not be necessary in cases where the cost was unreasonably high. We believe this would be the case with respect to a substantial percentage of the potatoes marketed. Such exemptions would make the enforcement of the program in the hundreds and thousands of places in which potatoes are marketed impractical.

Even now we receive complaints with respect to the lack of availability of inspectors for fruit and vegetable inspection. If the inspection force must be dispersed to provide inspection of potato marketings, in numerous areas where inspection is not now provided, the availability of inspectors will be still further reduced.

7. The use of section 32 funds to enforce the program involves the creation of an undesirable precedent. These funds are dedicated to surplus removal purposes. If they are to be diverted to one other purpose, they may with equal logic be diverted to numerous other purposes. The fact that money would be used from section 32 sources does not change the fact such money is from the Federal Treasury. A substantial diversion of section 32 funds would increase the need for supplemental funds for surplus removal programs.

8. The purpose of the bill is to insure that the market shall be supplied with a better grade of potatoes. We submit that steady progress is being made toward accomplishing this objective at the present time—by a combination of existing potato marketing agreements and the ordinary operations of the free market process.

Today most consumers want and will buy only quality potatoes. Substantial premiums are paid by distributing concerns for quality potatoes. That the quality of potatoes being marketed has improved steadily in recent years for the reasons set forth above provides reasonable assurance of further progress in this respect.

A visit to any neighborhood supermarket will demonstrate that consumers have no difficulty in finding quality potatoes to purchase. If on occasion low quality potatoes are displayed for sale it is at a price only fractionally that of better quality produce.

9. Finally, we believe that the costs involved, both to growers and to taxpayers are disproportionate as compared to any conceivable benefit to potato growers or to the public.

Compulsory grade labeling programs have a place in our marketing picture. We recently appeared before this committee to support the textile identification bill. But compulsory grade labeling programs should be used primarily (1) where practical of administration and enforcement, (2) where clearcut benefits will be accomplished, and (3) where the protection of the consumer against fraudulent misrepresentations or against a public health problem is of primary importance. We do not believe the proposed National Potato Grade Labeling Act will meet these tests.

To be sure, the proposed program would only become effective if approved by two-thirds of the growers voting in a referendum. It can be argued that growers should have the opportunity to decide for themselves whether or not they favor the proposal. But there is a substantial consideration involved in this case that is not normally present.

The referendum in the case of potatoes would be unique in that the program might well be voted in by growers in marketing agreement areas against the wishes of growers not in marketing agreement areas.

Such growers in marketing agreement areas would not be voting for the imposition of restrictions on themselves, since they have already voluntarily imposed similar restrictions on themselves. They would in fact be voting that restrictions be imposed on other people in other areas. This is a good deal like saying to one person that, since he is subject to a certain tax and somebody else is not—that wouldn't he like to vote for the imposition of such tax on the other fellow.

For these reasons the American Farm Bureau Federation does not favor the enactment of the proposed National Potato Grade Labeling Act.

The opportunity of expressing these views to the committee is appreciated.

Mr. JOHNSON. I hope that the members of the committee will have an opportunity to read these reasons. And if any members of the committee wish to call on us for any questions with respect to why, and

discuss some of these reasons, we would be very happy to do so at your convenience.

Mr. McINTIRE. Could I ask Mr. Triggs, does your statement incorporate just the position of the fruit and vegetable branch, or does it indicate the extent to which there might have been some division as between representatives in the group?

Mr. JOHNSON. No, it does not. It merely sets forth the views developed by our fruit and vegetable advisory committee, which were generally approved by our board of directors, and as you will appreciate, it is not a unanimous view of our fruit and vegetable committee, but it is a strong majority.

Mr. GRANT. Mr. Zimmerman.

STATEMENT OF GORDON K. ZIMMERMAN, RESEARCH DIRECTOR, THE NATIONAL GRANGE

Mr. ZIMMERMAN. Mr. Chairman, my name is Gordon Zimmerman. We filed a statement with Mrs. Downey.

(The prepared statement of Mr. Zimmerman is as follows:)

STATEMENT OF GORDON K. ZIMMERMAN, RESEARCH DIRECTOR, THE NATIONAL GRANGE, APRIL 16, 1957

The National Grange supports the purpose of the potato grade labeling bills now before the committee.

It is generally recognized, we believe, that most potato growers have been experiencing serious economic difficulties in recent years. The situation is a familiar one. Very heavy supplies going to market, especially in the case of fall potatoes, have served to push prices downward. It has even been necessary, on more than one occasion, for the Government to initiate emergency buying programs.

Over the years the Grange has supported the use of marketing agreements by farmers to help improve their position in the market place. While we recognize that these agreements do not solve all marketing problems, their use has been generally constructive. We believe that the bills under consideration offer similar help.

It is the Grange position that producers of a commodity should be provided the opportunity, when there is a favorable expression by a reasonable majority, to impose on themselves such marketing conditions as are likely to be beneficial and not contrary to the public interest.

In the bills now under consideration, we believe one of the most important provisions is the referendum which would be authorized by section 2. This provides for a ballot of potato producers to determine whether they, themselves, are opposed or in favor of the restrictions of a National Potato Grade Labeling Act. None of the restrictions could be put into practice unless approved by two-thirds of the producers voting in the referendum.

The purpose of the proposed legislation is reasonable. In effect, it is self-help legislation. It is designed to protect growers from the marketing of their own substandard product. Cull potatoes moving to market have aggravated the surplus situation and reflected adversely on efforts to establish and maintain quality standards. They have had a depressing effect on price in the market place.

As long as this low-grade product is entered in competition with potatoes of quality, it is hard to see how the large majority of growers can look forward with hope to building up their markets and improving their income position.

Reliable inspection, certification, and labeling of Irish potatoes, in a way to improve the quality moving into food channels, should have a number of advantages:

(1) By eliminating the competition of low-quality potatoes, there should be an improvement in the price to growers.

(2) Potato buyers, and particularly the housewife, would get a better product.

(3) There would be added restraint on vague, misleading, and unscrupulous packaging.

(4) By providing a dependably graded product, properly marked, on a continuing basis, it would be fair to expect a gain in consumer good will and confidence in quality as represented.

(5) It is also fair to expect that growers would be encouraged to upgrade their quality standards, and take a greater interest in marketing their individual packs on a premium basis.

(6) Better quality moving off the farm, and constant quality standards in the market place, could bring the most important advantage of all—increased consumption.

We recognize that a National Grade Labeling Act would not be easy to administer, but neither should it present insurmountable difficulties. According to our information, somewhat more than 70 percent of all United States potato production is already being inspected in greater or lesser degree. Half of the total production is already subject to compulsory labeling under State laws.

In other words, a beginning has been made. We would not be starting from scratch.

The extension of the proposed quality requirements to nationwide application, however, should be approached with care. We believe that certain modifications in the present bills would provide for more practical administration of the program and more equitable treatment of growers.

One of our primary concerns is the avoidance of unnecessary and impractical rigidity in the program. We believe the Secretary of Agriculture should be given somewhat more latitude in administering the act than is now contemplated. We believe that a greater degree of flexibility in the provisions of the program would be beneficial not only as means of making it more desirable to growers voting a referendum, but in terms of successful operation in the event growers voted to put it into practice.

The varying conditions that exist in the marketing of seasonal varieties of potatoes should be recognized. The problems associated with winter and early spring potatoes, for example, are not altogether comparable with those of later crops of potatoes.

Not all growing areas have comparable opportunities or suitable facilities for economical handling of cull potatoes. In some sections, growers have ready access to established starch plants. In other sections, such facilities are not readily available and growers would be faced with serious losses on products restricted from market.

In the administration of a quality program, the Secretary should be granted authority to recognize such geographic variations and provide for such adjustments or modifications as may be appropriate and equitable.

We also believe a minimum marketing quantity should be established in the program. Sales of 5 hundredweight or under, for example, should be exempt from the provisions of the act. Such an exemption would have practical value for small growers customarily selling much of their crop directly to family consumers. It would not remove any substantial part of the total crop from the restrictions of the act and it should facilitate administration.

Mr. ZIMMERMAN. It is the position of the National Grange that it supports this legislation. We have one or two amendments we have proposed, I wouldn't call them of a minor nature, but we think they are constructive variations of what the bill now contains. We generally support the legislation.

Mr. GRANT. Thank you, sir. Your statement has been filed.

Mr. MERCKER. Mr. Chairman, I would like to add that the National Potato Council sponsors this legislation and favors its passage.

Mr. GRANT. Well, we certainly thank all you gentlemen for your aid in this hearing. I think we have heard a good many witnesses for 2 days.

The committee will stand adjourned.

(The following statements, letters, and telegrams were submitted to the subcommittee, as follows:)

STATEMENT OF SENATOR RICHARD L. NEUBERGER, OF OREGON

Mr. Chairman, I am extremely pleased to have this opportunity to go on record in support of a National Potato Grade Labeling Act, as provided by Congress-

man Al Ullman's bill, H. R. 5339, and similar bills introduced in the House by other Congressmen. It is my pleasure, too, to be a cosponsor with nearly a score of Senators of S. 1393, a similar bill, introduced by Senator Margaret Chase Smith of Maine. Because my home State of Oregon already has in force a law that provides, on a statewide basis, the features which H. R. 5339 would provide nationwide, I feel it is especially fitting and proper that my statement in favor of this measure should appear in your record. May I say that in the past few days I have had letters supporting the enactment of this legislation from Mr. Ben Davidson, administrator of the Oregon Potato Commission; Mr. Bryant Williams, chairman, Oregon-California Potato Committee; and Mr. Walt Jendrzewski, secretary, Klamath Potato Growers Association. Mr. Chairman, these gentlemen have observed the benefits and advantages that are attributable to the enactment of Oregon's potato grade labeling law. That law was summarized in the December 1955 issue of the Agriculture Bulletin, published by the Oregon State Department of Agriculture. I would like to ask unanimous consent, Mr. Chairman, to have that summary appear at this point in my remarks.

(Summary from Agriculture Bulletin follows:)

"POTATO PROVISIONS IN THE NEW OREGON LAW AND WHAT THEY REQUIRE OF
RETAILERS, DEALERS, HANDLERS, AND GROWERS

"Potato growers, retailers, dealers, and handlers all have well-defined responsibilities under Oregon's new potato law. The main provisions of this law, as they affect the movement and sale of potatoes from the field through any retail channel, have been briefed by Frank McKennon, chief of the State department of agriculture's division of plant industry. This division is responsible for enforcement.

"This law introduces a permit requirement in certain movements of potatoes within the State. Retailers are not concerned with the permit usage; growers and handlers and wholesale dealers are.

"The rights and responsibilities established in the law, as outlined by the plant official, are presented here.

"Dealers and handlers

"May buy unlabeled, ungraded, and uninspected potatoes from the producer at the field where grown.

"May move them within a 50-mile radius from the field where grown for livestock feed or for storage and grading without labeling, inspection, or a transportation permit.

"May move them to a processing plant under a permit without inspection or without labeling.

"May move them more than 50 miles from the field where grown for livestock feed or for storage and grading under a permit.

"Must label graded potatoes with the name and address or brand of the grower or packer, and with the grade and net weight.

"Must label as culls in heavy black letters at least 2 inches high all potatoes which do not meet official grades.

"All labeling must be clearly legible and conspicuous.

"Must have official certificate showing inspection of graded and labeled potatoes transported in lots of 1 ton or more. Potatoes brought in from another State must enter under official inspection certificate of that State.

"Retailers

"May sell unlabeled potatoes in open containers or open bins if they were taken from lots which were labeled and inspected before being broken down into smaller lots or emptied into open bins. Inspection may occur at or prior to time of purchase by retailer.

"Should buy only properly labeled potatoes.

"If buying potatoes transported or sold in lots of 1 ton or more, should be sure they have been inspected.

"Must label all culls sold with boldface letters at least 2 inches high.

"Growers

"May sell potatoes to anyone from field where grown without labeling or inspection.

"May move potatoes from field where grown up to 50 miles away without label, inspection, or permit if they are going to a livestock feeder or for storage and grading. This may include stops in transit for storage purposes.

"May move potatoes more than 50 miles from the field for livestock feeding, storage, or grading under permit without inspection or labeling.

"May move potatoes to a processing plant without inspection or labeling if they obtain a permit from the department.

"If moved for purposes other than above outlined, growers must label potatoes with name, address, grade and net weight. If in lots of 1 ton or more, the potatoes must be inspected.

"Culls transported or sold must be labeled as such in boldface letters at least 2 inches high.

"Containers and labeling

"Certain requirements apply to used containers in which potatoes are transported or sold by growers, retailers, dealers and handlers—with exception of containers moving from the owner's fields to a warehouse for storage or grading and packing or to processing plants.

"All previous brands, grade marks, labels, names and addresses and other information must be removed or legibility destroyed before containers are used again. In case of sacks, they may be turned inside out if old markings do not appear.

"State law also prohibits false representation—verbal, written or printed—with respect to the origin, production and packing of potatoes.

"Permits

"The fees for potato permits required for transportation as outlined in this article are:

"Master or transportation permit, \$1.

"Single load permits, 20 cents each.

"The single load permits are needed for each load over the first one covered by the master permit.

"Persons requesting permits will receive 2 copies; the consignor retains 1, the other goes with the shipment for delivery to the consignee at destination.

"The consignor and consignee must hold permits for 1 year from issue date. The department may request them any time in the year.

"Responsibility to obtain permits rests upon the person transporting potatoes. Permits are available from the State department of agriculture or any of its field inspectors engaged in Federal-State shipping point certifications and inspections."

Oregon growers have consistently placed emphasis on the importance of supplying the consumer with the best possible product. This concern stands out in all the letters I receive and is evident by the wide acceptance which growers have given to the most exacting restrictions of this Oregon law. This is illustrated by these paragraphs from the letter of the administrator of the Oregon Potato Commission, Mr. Davidson:

"For the record, I will state that our four Oregon Associations, Central Oregon, Klamath, Malheur and Troutdale, have all, in proceeding records at various meetings held during the past 3 years, requested the Oregon Potato Commission and the National Potato Council to back the National Potato Grade Labeling Act. From my own standpoint of view, the fact that Oregon has had a compulsory grade labeling and inspection act for many years that has done much to develop the marketing quality of potatoes and to incorporate grades and standards for the marketing of these potatoes, is an outstanding achievement. In fact, the forerunner of the National Potato Labeling and Grade Act was developed from the Oregon statute that set up compulsory inspection and grade labeling in this State.

"We are vitally interested in the consumer, and even with grade labeling legislation that is in the active field of endeavor does not get Madam Housewife any too good a quality for her to select from.

"It is apparent that one State, or a half dozen production States, cannot carry the whole load for effective protection of the consumer. The fact that the consumer needs to be protected, in this case by the producer, makes it necessary, I think, that national legislation of this type be enacted. In any event, this proposal has been thoroughly endorsed by producers, country shippers, and terminal market operators for the past several years.

"The industry is now going so far as to modernize, or at least request the modernization of, the Federal grade standards that have been used for the last 30 years. In that period of time these standards have changed very little, and it is being requested by poll of the growers and dealers, as well as the public, to see if they are not in favor of redesigning the grades as they are now written.

If this is done, the grades will be tightened, so to speak, perhaps allowing less defects in grading, putting the minimum size to 2 inches or 4 ounces, for round or long type potatoes, as may be the case, cutting down on the in-transit damage, and perhaps setting up standards for potatoes for processors.

"Secretary of Agriculture, Ezra T. Benson, is in favor of such move, and if a revamping of the present standards and grades is made, it will tie in very advantageously with our proposed National Potato Grade Labeling Act."

Mr. Jendrzejewski is of the opinion that these restrictive measures, made operative by a Potato Grade Labeling Act, have not only benefited consumers but have helped everyone who has anything to do with the potato, from the grower, straight through to the consumer. His presentation of this and other thoughts pursuant to the proposed legislation is worthy of everyone's attention and I would like to ask unanimous consent, Mr. Chairman, to have Mr. Jendrzejewski's letter appear at this point in my report:

(Mr. Jendrzejewski's letter follows:)

KLAMATH POTATO GROWERS ASSOCIATION,
Klamath Falls, Oreg., April 3, 1957.

MR. RICHARD L. NEUBERGER,
United States Senate, Washington, D. C.

DEAR SENATOR NEUBERGER: Growers here were happy to know that you, Senator Morse, and Representative Ullman are supporting legislation for uniform potato grade labeling, over the Nation.

Senate bill 1393 has been discussed here considerably. Your cosponsorship of this bill was announced here at a grower meeting held when Al Mercker of the National Potato Council visited the western production area in March.

Klamath Potato Growers Association and the Oregon Potato Commission have been active supporters of the National Potato Council from its beginning and have been participants in developing the council's policies.

As you may know, we have had compulsory inspection of potatoes here in the Klamath Basin for many years. Oregon has a State law requiring labeling of containers to identify quality of potatoes contained, and the State maintains inspection service in all production areas. The service is financed by fees paid by shippers and deducted from grower settlements.

Here, in the basin, growers are unanimous in their belief that the potato industry here could not have developed without inspection of shipments. And are convinced that the industry would be seriously handicapped if inspection was discontinued. Growers are solidly behind this service. It has been good for them and good for consumers as well as for terminal market distributors and for retail stores.

Here, we feed cull potatoes to livestock. In fact, we go far beyond this by use of marketing agreement regulations which this season divert No. 1 potatoes under 2 inches in diameter and No. 2 potatoes under 6 ounces in weight from the table stock market.

Similar practices are employed in much of the western production area. The day is long past when consumers were satisfied with poorly graded potatoes.

Consumer packaging of washed and well-graded potatoes is here. There is quite a lot of size segregation such as 2 inches to 6 ounces or 6 to 12 ounces.

With the development of processing into frozen and dehydrated products the industry is faced with increasing competition for the table stock market. Processed products are replacing fresh stock in many instances.

The practice has developed of taking only the nicest tubers for shipment as fresh stock and processing the balance into fries, patties, instant mashed, or dehydrated products.

Section 3 (b) of S. 1393 which is designed to permit processing of field run potatoes is a concession to the processing development.

There are many growers who are of the opinion that potatoes diverted from fresh market channels by marketing agreement regulations should also be diverted from processing. They believe this because they are convinced that processed products are replacing use of fresh stock in increasing volume. They think that processors of products for food use, other than starch manufacturers, should pay a price for raw material equal to production cost of that raw material.

Growers feel that processors who acquire the lower quality portions of surplus crops at prices much below production costs and sell processed products in competition with well packed fresh stock must be considered scavengers.

So growers here are not enthusiastic about (b) of section 3 in S. 1393, but realize that this concession was needed to get support required to secure national-enabling legislation for labeling and inspection requirements which they believe to be very desirable.

There has not been opportunity to discuss S. 1591 with our growers. At a later date, I may be able to pass on to you their reaction to its proposal.

Very truly yours,

WALT JENDRZEJEWSKI, *Secretary.*

I would also like to quote, from Mr. Williams' letter, the following paragraphs which indicate the broad support of the growers and, in particular, the fact that they believe such legislation is one way for the potato growers to help themselves:

"It is the considered opinion of this committee that the provisions of this act will equalize the competitive position of the Nation's potato growers by establishing a uniform minimum grade requirement of U. S. No. 2 on all potatoes sold for fresh use. This requirement is low enough to prevent the growers in any production area from experiencing hardship through compliance. Proper grade labeling of all containers, and certification for grade and condition by an authorized and qualified inspection agency, on all lots of potatoes sold for fresh use will be worthy contributions to quality improvement.

"Quality improvement, under the provisions of this act, will directly benefit the consumer by preventing the sale of inferior grades of potatoes for fresh use.

"In general, this committee supports this proposed act because it will provide the instrument the potato industry needs to help itself. We earnestly solicit your assistance in the passage of this act by Congress."

A recent letter from a potato grower describes the situation now obtaining, in which a grower may get less than 2 cents per pound for his potatoes, whereas the consumer may pay 8 cents or more for them at the supermarket. I am not going to discuss at this time the disproportionate share of the consumer's expenditure that finally trickles through to the grower.

Let me make these observations. The Potato Grade Labeling Act is requested by the producers, the men who grow the potatoes. They have seen it work in States like Oregon. They do not support it as the panacea for all their problems. They do believe it will help to accomplish certain specific things. It will assure the consumer of a potato of even quality. It will eliminate from competition the potatoes of substandard quality, selling frequently in the retail market at or near the price of a top-grade product. The processors whose efforts provide the frozen french fries, potato chips, and other items which compete with the table supply, will no longer be able to meet that competition with the weighted advantage of culls and inferior grades.

It is worth noting, I think, that the only voice I have heard raised in opposition to this proposal comes from a potato-chip manufacturer.

Mr. Chairman, when growers and producers urge on us the enactment of measures that are good for the grower and, at the same time, good for the consumer and for which the expenditure adds no burden to the Federal budget, I am inclined to give it a trial. In a letter to me on August 11, 1956, Mr. True D. Morse, the Acting Secretary of Agriculture wrote:

"It is very difficult to find any program which would accomplish the objective and be adaptable to all producing areas and in all marketing seasons. Moreover, the potato industry will need to assume initiative and major responsibility for devising solutions. We are continuing to concentrate on this problem and will work with representatives of the industry to the end that sound action may be taken."

Mr. Chairman, doesn't it seem to you and your committee that the potato industry is showing the initiative and responsibility for solutions on which the Secretary was insisting? The Department must recognize that fact. By proper action on the bills here being considered, the Congress can show that it, too, recognizes this fact.

STATEMENT OF ERNEST L. NICOLAY, PRESIDENT OF NICOLAY-DANCEY, INC.

I am Ernest L. Nicolay, president of Nicolay-Dancey, Inc., a 30-year-old corporation engaged in the manufacturing of the New Era brand of potato chips. We operate 4 potato chip manufacturing plants: 2 in Detroit, Mich.; 1 in Wooster, Ohio; and 1 in Chicago, Ill. We process approximately a million

bushel of potatoes annually and do an annual sales volume in excess of \$11 million; about 600 people are employed in this operation.

We are opposed to the Potato Grade Labeling Act becoming a law as now constituted. Even though our industry is currently using 12 to 15 percent of all the potatoes going into food use and are the largest processors of potatoes, we were not consulted when this proposed law was being drawn. Consequently, it gives no consideration to the potato chip manufacturers' problems.

The potato chip manufacturer's potato problems are many and varied. His end product is semiperishable and so must be manufactured 52 weeks of the year. Consequently, he must have a potato supply 52 weeks of the year. This would seem simple enough except for the fact that the potatoes he uses in the wintertime particularly are very special. They have been especially selected, especially handled, and especially stored. The storages are special in the ordinary sense inasmuch as they have unusual facilities for heating and ventilating. The normal temperature that these storages are held at is above ordinary for potatoes. Under certain circumstances and in order to attain certain desired results, the temperature may be raised to a very high of 70°. All of this is necessitated by the very complex chemical makeup of the potato, a fact little known by the average layman and not fully appreciated by many, many growers. We, in the chip industry, do not fully understand what all takes place but we do know full well what we must contend with.

It has been established that the greatest cause of potato decay in storage is bruising at harvesttime. In order to minimize bruising, it is desirable to minimize handling. This is best accomplished by storing ungraded or field-run potatoes. Under this proposed law, such potatoes could not be transported beyond the local area unless graded, labeled, and inspected; a very costly and impractical requirement for the chipper.

Many progressive chippers and growers find it efficient and practical to transport potatoes from storages to factory in other than branded bags or labeled packages. We do not believe such effort to progress should be stifled or hamstrung by law.

During late-storage season, we frequently find that we have lots of potatoes that have been slow in reaching what we call proper condition (i. e., low-sugar high-starch content). They very likely would be carrying considerable sprouts and it would be near impossible to make a No. 2 grade. Our processing equipment is designed to handle such potatoes when need be. As our quality is determined by the end product, such potatoes would most likely be superior to U. S. No. 1 potatoes as determined by external qualities.

These are but a few of the handicaps I see for the industry if H. R. 5137 becomes a law as it is now drawn. I believe that the potato-chip industry will benefit the potato industry more if it has the freedom that is necessary to solve their potato problems without this restriction.

Because my position during the past 30 years has permitted me to observe the fortunes of the Middle West potato grower, I am going to express my opinion as to how I think this bill will affect him.

There are at present literally thousands of small farmers in this section that grow a small acreage of potatoes for commercial purposes. They have difficulty keeping up with modern methods. One of their greatest problems is meeting the market competition furnished by the faraway growers. Not because their potatoes are not as good or better, but because the shippers in the big producing area are using washers, waxes, etc., that give their potatoes better appearances and thus better trade acceptance. Eventually, these small growers will catch up. In the meantime, it is my considered opinion that the Congress should not burden them with any more regulations than they now have. Because these growers are not concentrated but rather are widely scattered, I believe the compulsory inspection feature of this bill will create an impossible situation for them to cope with. Why not keep it as it is? Give these little farmers a chance. Thank you.

STATEMENT OF THE NATIONAL POTATO CHIP INSTITUTE

The National Potato Chip Institute is an association of 200 potato chippers throughout the United States. Most of the members of this association are classified as small-business men, producing over 95 percent of the potato chips in the United States.

The potato chip industry has enjoyed a phenomenal growth during the past 25 years. It is estimated that in 1956, 44 million bushels of potatoes were used

in the production of chips. This represents between 12 and 15 percent of the total usage for human consumption. Potato chips have been the outstanding segment of the potato industry. Had it not been for the increased utilization of potatoes for chipping, the situation would have been far more dismal.

In spite of the fact that our industry is by far the largest consumer of processed potatoes, we were not consulted when this bill was being drawn. Consequently, it contains some features that are practically impossible for some of our members to conform to. The growers in the State of Maine appear to be the chief sponsors of this bill yet that State furnishes (according to their figures) only 1 out of 80 bags that our industry uses, while the national average for our usage is 1 out of 7. Other States sponsoring this bill may show better usage of their potatoes for chipping but none as good as the national average. We don't believe the potato chip manufacturer and his potato grower suppliers interests were duly considered when this bill was drawn.

We believe that unless there is a greater desire and wider cooperation among the potato growing industry this law, if enacted would be unenforceable. Since the request for such a marketing agreement has not been requested completely by the industry, we consider this a violation of the traditional procedure of establishing a market order.

It is sometimes implied and wrongly assumed that the potato chipping industry can or does utilize inferior grades or below a U. S. No. 1 potato. This is not true.

The potato chipper uses a specially selected potato in which internal quality is first consideration with external quality second. The cases in which culls or throw-outs are used are very exceptional. Potatoes when purchased nearly always will make a U. S. No. 1 grade.

Prior to chipping, potatoes must be conditioned to produce a quality product. To condition potatoes, they are held at a temperature of 70° from 2 to 6 weeks. At the duration of that period the external appearance of the potato is greatly altered, sometimes including sprouts. At this stage they could never qualify as a U. S. graded potato. Under the provisions of this act such potatoes could not be moved in intrastate or interstate commerce.

The act as proposed considers only the exterior factors of potatoes. Potato-chip producers must determine standards of quality in potatoes after they have been peeled.

A factor responsible for the increased economic production and consumption of potato chips has been technological and mechanical improvements in production. The most recent development is the use of large pallet boxes and industrial lift trucks in the handling of potatoes from field to storage. The advantages are lower labor costs for both the grower and the chipper and the reduction of the handling of potatoes to a minimum, reducing skinning and bruising.

The present provisions of the bill would create undue hardships upon the potato chipper by the fact that the act would be violated if he took possession of the potatoes in the field and transported them to his storage centers. The potatoes would have to be graded according to this law if the chipper transported those potatoes from his storage, which may be located in the area of production, to the processing plant in another section, or across a State line.

We can see other violations develop in exempting the retailer or in bypassing the regulation when no quality control regulates potato imports. Compulsory grading and labeling will seriously hamper our recently inaugurated 4-H potato research program with the farm youth of the country. The compulsion aspect of the law would seriously dampen interest and curtail participation in this activity.

The potato-chip industry in the past 25 years has progressed from a hand manufacturing, kettle-cooking, garage or basement operation. During the same period we raised our utilization of potatoes for chips from 2½ million bushels to 44 million bushels. This tremendous growth resulted not from Government regulation but from individual decisions. We have never asked for anything except freedom to operate and build business.

UNITED STATES SENATE,
COMMITTEE ON FOREIGN RELATIONS,
April 16, 1957.

HON. GEORGE M. GRANT,
*Chairman, Domestic Marketing Subcommittee, Committee on Agriculture,
Washington, D. C.*

DEAR REPRESENTATIVE GRANT: This morning you and the members of your subcommittee in your consideration of H. R. 5339 and H. R. 5274, introduced by my able and conscientious friends, Representative Al Ullman of the Second Congressional District of Oregon, and Representative Charles Porter of the Fourth Congressional District, will have the opportunity of hearing in detail from two fine Oregonians, Mr. Merrill R. Webb, secretary-treasurer of the Western States Potato Growers Association from Redmond, Oreg., and Mr. Lowell Kenyon. The latter, although he may spend part of his time in Tule Lake, Calif., has such an excellent grasp of the problems of the Klamath Basin, and such a detailed knowledge and practical understanding of the intertwined agricultural relationships between the Klamath netted gem potato and alsike clover that Klamath County and Oregon are proud to claim him as their own.

The legislation that is before you comes highly recommended by the administrator of the Oregon Potato Commission, Mr. Ben Davidson, who speaks as an official of the State government. We in Oregon have had similar legislation on a statewide basis, because we feel that such legislation is in the best interests of the producer of potatoes and the consumer, and thus is in the public interest. It provides a method and technique of inspection which, when combined with the marketing practices to be testified to before you, insures that the ultimate consumer has a better product presented to him for his table.

The National Potato Grade Labeling Acts, H. R. 5339 introduced by Representative Ullman, and H. R. 5274 introduced by Representative Porter, are legislative proposals which because of their merits deserve favorable consideration.

With kindest regards,
Sincerely,

WAYNE MORSE.

AMERICAN HOME ECONOMICS ASSOCIATION,
Washington, D. C., April 16, 1957.

HON. GEORGE M. GRANT,
*Chairman, Domestic Marketing Subcommittee of the House Agriculture
Committee, House Office Building, Washington, D. C.*

DEAR MR. GRANT: The American Home Economics Association urges your committee to give favorable consideration to H. R. 5137, the bill now being heard before your committee, which authorizes the National Potato Grade Labeling Act, and provides for quality requirements, inspection, certification, and labeling of Irish potatoes.

For over 20 years, the association through its legislative program has supported legislation to protect the economic interests of the family as a consumer of goods and services through the establishment of standards of quality and identity, provisions for informative labeling and informative advertising, prohibition of fraudulent practices and sale of harmful goods and services.

The consumer interests committee of the association works in behalf of the consumer. The members of the committee develop and prepare information which assists the consumer to function more effectively on the market. The Association's program of work also emphasizes intelligent choice making in consumer goods and services as vital to the family and to the community.

We believe the provisions in H. R. 5137 requiring the grading, inspection, certification, and labeling of Irish potatoes an advantage to the consumer, and urge the committee to give this legislation their wholehearted support.

We ask that this statement be included in the record.

Very truly yours,

BEULAH V. GILLASPIE, *President.*

WHITSON FOOD PRODUCTS Co.,
Denton, Tex., April 11, 1957.

Congressman GEORGE M. GRANT,
House Office Building, Washington, D. C.

DEAR SIR: I am writing you with reference to the proposed legislation on the mandatory inspection, grading, and labeling of white potatoes. The part

that I am particularly interested in is the part that pertains to canning potatoes.

I would like to call your attention to the fact that the potatoes that are used for canning are a very small potato and do not know that it would come under any grade at all. The farmer usually throws these potatoes away unless there is a canner nearby who can buy these extra small potatoes and use them in his canning operation. Certainly the housewife is not interested in buying a small potato of this type in the grocery store and taking it home and peeling it and spend her time fooling with such a small potato.

This is why the canners have been able to buy these small potatoes from the farmers. The mass production of the canning industry has made these potatoes available in cans in a liquid form to the housewife. This is just one of the many conveniences that the canning industry is making available to the modern housewife.

I certainly would appreciate your support in having potatoes for canning completely exempt from the proposed law.

As I stated before, the small potato that the canning industry uses for canning is just an extra cash crop for the farmer that he has been throwing away and when these prices get too high it is not profitable for the canning industry to handle them or for the housewife to buy.

Sincerely yours,

W. D. WHITSON, *Sales Manager.*

BERWICK, PA., *April 12, 1957.*

HON. HAROLD D. COOLEY,

*Chairman of Agriculture Committee,
House of Representatives, Washington, D. C.:*

We strongly urge that you vote against bill H. R. 5137, the National Potato Grade Labeling Act. Letter outlining our position follows.

EARL V. WISE, SR.,
Wise Potato Chip Co.

WISE POTATO CHIP CO.,
Berwick, Pa., April 12, 1957.

Re H. R. 5137, National Potato Labeling Act.

HON. HAROLD D. COOLEY,

*Chairman of Agriculture Committee,
House of Representatives, Washington, D. C.*

MY DEAR MR. COOLEY: This is to confirm our wire to you under date of April 12, 1957, as follows:

We feel that this legislation would become cumbersome to the producer and the purchaser and impossible to enforce, since it would require inspection of every truck or carload of potatoes shipped. An inspection force could not possibly cover thousands of small producers. It would tend to put small producers out of business and would be of benefit only to a few large producers and large producing areas.

It would place the potato industry and processors in the hands of the Secretary of Agriculture, since certain sections give the Secretary the power to disregard all provisions of the act.

Passing of this legislation would ultimately raise the cost of potatoes to the consumers.

We feel that passage of this bill would be harmful to the entire potato-chip industry as well as the potato industry. The potato-chip industry uses approximately 15 percent of the entire potato production.

Section 4-5 would prohibit us from purchasing potatoes in outlying areas, as these potatoes must be placed in heated storages. These storages are necessary to condition the potatoes before processing them into potato chips. Potatoes stored for several weeks may not meet the United States standards mentioned in this bill, due to shriveling, sprouts, and short weight, as in many instances a 100-pound bag of potatoes will lose as much as 10 pounds during the period stored.

Since only certain varieties of potatoes can be used for potato chips we are forced to contract for potatoes 1 year in advance. These varieties would not be in existence were it not for contracts from processors.

Since we purchase only the potatoes needed to meet our requirements, and not for resale, I feel we, as manufacturers of potato chips, should be exempt from this bill.

We strongly urge you to vote against the bill for the reasons outlined above.
Sincerely yours,

EARL V. WISE, Sr., *President.*

LORD-MOTT CO., INC.,
Baltimore, Md., April 15, 1957.

HON. GEORGE M. GRANT,
*Congressman From the State of Maryland,
Congressional Office Building, Washington, D. C.*

DEAR CONGRESSMAN GRANT: Legislation to authorize mandatory inspection, grading, and labeling of white potatoes and to prohibit the marketing of potatoes that do not meet the standards of U. S. No. 2 will be subject of hearings by the Domestic Marketing Subcommittees on Agriculture on April 15 and 16, Monday and Tuesday.

A list of the House bills that will be subject of the hearing follows:

- H. R. 4532 by Mr. Wainwright, of New York
- H. R. 4963 by Mrs. Knutson, of Minnesota
- H. R. 5133 by Mr. Krueger, of North Dakota
- H. R. 5137 by Mr. McIntire, of Maine
- H. R. 5274 by Mr. Porter, of Oregon
- H. R. 5339 by Mr. Ullman, of Oregon
- H. R. 5449 by Mr. Auchincloss, of New Jersey
- H. R. 5764 by Mr. Engle, of California
- H. R. 5934 by Mr. Hagen, of California
- H. R. 6409 by Mr. Bennett, of Michigan

We believe a suitable sample text is presented in H. R. 6409 by Mr. Bennett, of Michigan. We are sure you have readily available a copy of this bill. Your attention is particularly directed to section 3, section 5, and section 7 (c).

Section 3 says that you may not use any potatoes for processing or manufacturing into a food product unless 85 percent are U. S. No. 2 grade or better. However, the Secretary may suspend this requirement if he determines that there is not a sufficient supply to meet normal market needs.

Section 5 requires that all potatoes you buy must be inspected and that the cost of the inspection must be borne by the person making request for the inspection.

Section 7 (c), gives the Secretary of Agriculture discretion to suspend the prohibition against the use of potatoes that do not grade U. S. No. 2, if the potatoes are to be used for canning (in a liquid medium). He may suspend the prohibition however, as to size—all quality requirements of the grade would remain in effect.

The proposed legislation would not become effective unless approved by two-thirds of the potato growers voting in a national referendum held by the Secretary of Agriculture.

A National Potato Advisory Committee would be appointed to advise the Secretary as to the administration of the measure.

There is no need to give the Secretary of Agriculture any discretionary authority over the supply of potatoes for canning but that potatoes for canning should be completely exempt from the legislation. The canning industry provides potato growers a market for potatoes that are not desirable on account of size for fresh market. There is no justification for burdening canners with the uncertainty of the results of grower referendums, what advisory committees might recommend or the decision of the Secretary of Agriculture as to whether or not canners should be permitted to buy No. 3 or No. 4 potatoes.

We are unalterably opposed to this legislation which concerns canning potatoes and we respectfully request your support in seeing that potatoes for canning are completely exempt from the proposed law. We would like also to inform you that canning demands freshly dug potatoes and that the industry is unable to use large potatoes, artificial influences on the price of the small potato could very quickly destroy that market entirely for the grower as well as for the canner.

Thanking you for all of your kindness and favors in the past, we remain,
Very truly yours,

GEORGE S. CLARK, *Sales Manager.*

MARVIN BERRY Co.,
Edison, Calif., April 22, 1957.

Hon. GEORGE M. GRANT,
House Office Building, Washington, D. C.

MY DEAR MR. GRANT: We are one of the largest potato growers and shippers in the State of California and we wish to file with you our protest against all of the national potato grade labeling bills now before your committee.

We have many reasons for being opposed to this and our main No. 1 reason is that there are so many rules and regulations that we are now operating under that we do not know whether we are coming or going. Also, a national law could not possibly fit all sections of these United States as what is good for one section is not always good for the other part, and we are dealing in a commodity that is 100 percent dependent upon the acts of God as to the weather.

Will you please file our protest against this act.

Sincerely yours,

MARVIN BERRY.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., April 23, 1957.

Hon. HAROLD D. COOLEY,
Chairman, Committee on Agriculture,
House of Representatives, Washington, D. C.

DEAR MR. CHAIRMAN: I am enclosing herewith two telegrams from constituents opposing the so-called potato grading legislation currently under consideration by your committee.

As you probably recall I have had considerable experience in matters relating to the production, handling and distribution of potatoes. From what I have seen of the measure now pending it could have serious effects upon growers of early potatoes. I am very much disturbed to observe that this kind of legislation is being sponsored by the National Potato Council and is represented as in the interest of potato growers generally. It seems most unfortunate that the Congress is asked to enact legislation favoring producers of late potatoes at the expense of producers of the more perishable early potatoes. When the National Potato Council or any other organization promotes cleavage among the people it is supposed to represent, it does a disservice.

I feel that I must voice strong opposition to this type of legislation and hope that your committee will not favorably report it.

Sincerely yours,

PORTER HARDY, JR.

NORFOLK, VA., April 16, 1957.

Hon. PORTER HARDY,
House of Representatives, Washington, D. C.:

We and our associates opposed any changes in the rules and regulations now in effect with respect to grading of potatoes and respectfully request your opposition before the committee on Senate bills 1315, 1393, H. R. 4963, 5108, 5133, 5137, 5274, 5339, 5449, 5764, 5934.

BATTAGLIA PRODUCE SHIPPERS.

NORFOLK, VA., April 16, 1957.

Hon. PORTER HARDY, JR.,
House of Representatives, Washington, D. C.:

Regarding bills now before committee, Senate bills 1315, 1393, H. R. 4963, 5108, 5133, 5137, 5274, 5339, 5449, 5764, 5934, we and our many associated potato growers are strongly opposed to any changes and want the present rules and regulations to remain in effect.

FARMERS POTATO DISTRIBUTING CO.

NEW BRUNSWICK, N. J., April 16, 1957.

CHAIRMAN, HOUSE COMMITTEE ON AGRICULTURE,
House Office Building, Washington, D. C.:

The executive committee of the New Jersey State Potato Association has gone on record favoring the passage of the National Potato Grade Labeling Act be-

cause it would (1) remove the undesirable poor quality potatoes below No. 2 grade from the market; (2) require growers and shippers to label potatoes correctly and prevent misbranding; (3) reduce recurring costly surpluses. We believe these changes are highly desirable to help stabilize a chronically sick industry.

JOHN C. CAMPBELL,
Secretary, New Jersey State Potato Association.

COLUMBUS, OHIO, April 11, 1957.

Congressman GEORGE M. GRANT,
Chairman, Subcommittee on Domestic Marketing, House Agriculture Committee, House Office Building, Washington, D. C.:

Ohio is represented in the National Potato Council, but is vigorously opposed to the national potato grade labeling bill. Preparing written report for official record and would like time for verbal testimony. Either R. E. Weingart, president, Ohio Potato Growers Association or myself will testify April 15 or 16.

V. E. EUGENE KEIRNS,
Manager, Ohio Potato Growers Association.

ELIZABETH CITY, N. C., April 15, 1957.

Representative HERBERT C. BONNER,
Washington, D. C.:

We as a potato shipper of North Carolina urge you to use your influence in defeating the passage of the following: S. 1393, S. 1315, H. R. 4963, 5137, 5108, 5449, 5934, 5133, 5274, 5339, 5764. These bills pertain to marketing of potatoes and it is our very strong opinion that these bills would be grossly unfair and unjust to all States coming under the heading of new or early potato-growing States.

We are against compulsory inspection or marketing agreements under Federal jurisdiction which could come about should these bills be passed favorably.

We cannot urge you too strongly to help us preserve our potato industry in our State.

ROBERTS BROS.,
Gregory, N. C.

SPRINGDALE, ARK., April 15, 1957.

GEORGE M. GRANT,
Chairman, Subcommittee on Domestic Marketing, Committee on Agriculture, Washington, D. C.

I want to protest canning potatoes No. 3's and No. 4's coming under H. R. 6409. They should be exempt from the bill because the canning industry provides potato growers a market for potatoes that are not desirable for the fresh market due to the size. These small potatoes which we call creamers have a place in the economic condition of our country and the main thing about these small potatoes is that they have to be processed within 48 to 60 hours from the time they are harvested in order to pack a quality potato. If these potatoes were placed under the jurisdiction of the Secretary of Agriculture by the time the canners could get them released the farmers would loose their entire crop.

JOE M. STEELE, *Steele Canning Co.*

CURRITUCK, N. C., April 16, 1957.

Representative HERBERT C. BONNER,
Washington, D. C.:

Request your assistance in defeating the following legislations, S. 1393, S. 1315, H. R. 4963, 5137, 5108, 5449, 5934, 5133, 5274, 5339, 5764, since passage of same in the present form could work hardship on potato-producing areas of North Carolina.

CURRITUCK EXCHANGE.

ELIZABETH CITY, N. C., April 16, 1957.

HON. HERBERT C. BONNER,
House Office Building, Washington, D. C.:

We, an organization made up of over 100 potato growers, urge you to use your influence to prevent any of the following Senate bills S. 1393, S. 1315 or House of Representatives bills H. R. 4963, 5137, 5108, 5449, 5934, 5133, 5274, 5339, 5764, from becoming legislation. We feel that any of these bills could do great harm not only to our State but to all early potato growing States.

ROBERT MARKHAM,
Weeksville Vegetable Growers Association,
Weeksville, N. C.

SLATINGTON, PA., April 16, 1957.

UNITED STATES HOUSE OF REPRESENTATIVES,
Agricultural Committee, Washington, D. C.:

A public meeting sponsored by the Pennsylvania Potato Institute held at the Lehigh Valley Auditorium, Allentown, Pa., April 12 with approximately 200 persons present, 69 votes were cast, 24 in favor and 45 opposed to the present National Grade and Labeling Act, Senate bill No. 1393, House bill No. 5934. The Pennsylvania Potato Institute as a result of this poll goes on record as opposing the proposed legislation and respectfully requests recognition of the wishes of its membership.

ROY T. WOTRING, Jr.,
Secretary, Pennsylvania Potato Institute.

VEGETABLE GROWERS ASSOCIATION OF AMERICA,
Washington, D. C., May 9, 1957.

HON. GEORGE M. GRANT
House Office Building, Washington, D. C.

DEAR MR. GRANT: I am a member of the Ohio Vegetable & Potato Growers Association, proprietor of 2 farms, 1 in Wayne County and 1 in Cuyahoga.

You have under consideration a proposed act of Congress to compel all producers of potatoes to grade, label, and offer for sale to consumers only U. S. 1 and U. S. 2 grade potatoes as a Federal law. By this act, Congress will strengthen the growth of power in a central government and diversely weaken State and local government. This is serious but not the sorriest part of this particular act.

This act will give advantage in the market place to growers in Maine, California, Colorado, Utah, Minnesota, and Oregon, where climate and soils are most beneficial for the production of high quality potatoes. It will do this by Federal force and the use of tax funds partially supplied by growers in the States which are by acts of nature not so favored.

It will enrich these particular growers and impoverish those in the State of Ohio where the consumer now decides what a fair price for quality is, at the retail level, where brands of potatoes from all areas are well displayed, well marked, and naturally competitive on the basis of economic equality. This is all controlled now by adequate Federal pure food, grade, transportation and fair trade laws, the administration and enforcement of which is a cost to the taxpayer.

Ohio producers have seen their sales of celery, head lettuce, carrots and canning crops disappear under the competition of the western grower on the basis of consumer selection of quality and without Federal Government interference. We have not quibbled over these acts of natural supply and demand, by economical determination.

We did not call on Congress to spend tax dollars in any way to prevent the natural from happening. We do not believe potatoes in Ohio or any other State are any different than other foods in this respect.

The total taxes on our farm are now greater than the income to the owner. This reminds us of our early American history in which the Boston Tea Party played a dramatic role. In my experience, which predates the enactment of the "emergency" income tax law for 1913, I have yet to see where governmental planning, control and interference has benefited anyone on the land, or for that part the consumer in the market place.

You have a great responsibility to perform as American legislators to preserve the free competitive forces of our Nation which are alone the strength of our people for survival.

A true unbiased analysis of the total testimony before you now, submitted by both sides, reveals the present trend of producers and distributors to correct the potato problem by private means of reasonable service to the consumer under the identification conditions of the proposed act. Given as much time as that required to put this proposed legislation into effect, these private activities will resolve the problem with reason and equality.

Respectfully yours,

WALTER F. PRETZER.

BADGER VEGETABLE GROWERS COOPERATIVE,
Racine, Wis., May 11, 1957.

Congressman GEORGE M. GRANT,
*Chairman, Marketing Subcommittee of House Committee on Agriculture,
House Office Building, Washington, D. C.*

DEAR SIR: On behalf of this organization, and speaking personally, I request your wholehearted oppositon to the proposed National Potato Grade Labeling Act. The title is deceiving, the purpose selfish, and the very act of its administration would be a severe limitation upon our rights of self-determination.

Respectfully yours,

GUILBERT PIPER, *President.*

NEW HAMPSHIRE FARM BUREAU FEDERATION,
Concord, N. H., May 13, 1957.

Congressman GEORGE M. GRANT,
*Chairman, Domestic Marketing Subcommittee of the House Committee
on Agriculture, House Office Building, Washington, D. C.*

DEAR CONGRESSMAN GRANT: We are taking this occasion to write you briefly relative to the thoughts of our potato growers on the National Potato Grade Labeling Act.

Last summer the Farm Bureau held a field day and meeting in the northern part of our State where the bulk of our potatoes in New Hampshire are grown. This meeting was attended by some of the growers from the southern part of the State and there was a discussion of the general proposal for a National Potato Grade Labeling Act.

It was the general opinion of the potato growers at this meeting that such legislation was not desirable.

I have been reading the testimony presented to your committee by Mr. Matt Triggs of the American Farm Bureau Federation, and it is apparent that the thinking of our growers is in concurrence on practically all points and maybe all points presented by Mr. Triggs. I am sure that you and your committee members have studied Mr. Triggs' report and presentation quite carefully and, if so, you have a fine presentation of the thoughts of the potato growers who attended our summer meeting. I am confident that they represent, quite well, the thinking of most potato growers in New Hampshire, and we would hope that the action of your subcommittee would be to not recommend the National Potato Grade Labeling Act.

Very truly yours,

ALFRED L. FRENCH, *Managing Director.*

PORTLAND, OREG., *April 9, 1957.*

HON. RICHARD NEUBERGER,
*United States Senator from Oregon,
Washington, D. C.:*

Vigorously opposed to National Grade Labeling Act. Greater use of State laws in State and Federal marketing agreements would accomplish purpose. In my opinion this is a matter which requires no legislation but merely enforcement of existing State and Federal laws.

C. A. DOBLER,
General Manager, Bluebell Potato Chip Co.

(Whereupon, at 5:05 p. m., the subcommittee adjourned, subject to the call of the Chair.)

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