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ADMINISTRATION OF 1963 FISHERY
AMENDMENT TO PUBLIC LAW 480

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HEARING
BEFORE THE
SUBCOMMITTEE ON
FOREIGN AGRICULTURAL OPERATIONS
OF THE
COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES
EIGHTY-EIGHTH CONGRESS

SECOND SESSION

FEBRUARY 27, 1964

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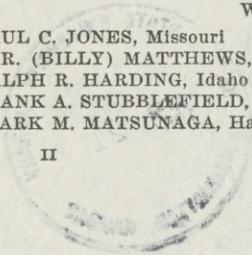
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CONTENTS

	Page
Statement of—	
Butler, Charles, Assistant Director for Industrial Research, Bureau of Commercial Fisheries, U.S. Department of the Interior.....	3
DeLucien, Ronald W., director, fishery products program, National Canners Association.....	14
Green, Ronald W., commissioner, Department of Sea and Shore Fisheries, State of Maine.....	10
McFadden, Verne, vice president, Maine Sardine Packers' Association.....	11
McIntire, Hon. Clifford G., a Representative in Congress from the State of Maine.....	8
Roberts, Richard H., Foreign Agricultural Service, U.S. Department of Agriculture.....	3
Tupper, Hon. Stanley R., a Representative in Congress from the State of Maine.....	1
Communications submitted to the subcommittee—	
Reed, Richard E., executive secretary, Maine Sardine Council, letter of March 3, 1964.....	30
Tarrant, Stanley G., president, Association of Pacific Fisheries, letter of February 26, 1964.....	16

CONTENTS

Page

1. The Industrial Revolution in England 1

2. The Industrial Revolution in France 1

3. The Industrial Revolution in America 1

4. The Industrial Revolution in Germany 1

5. The Industrial Revolution in Russia 1

6. The Industrial Revolution in Japan 1

7. The Industrial Revolution in China 1

8. The Industrial Revolution in India 1

9. The Industrial Revolution in Australia 1

10. The Industrial Revolution in New Zealand 1

11. The Industrial Revolution in South Africa 1

12. The Industrial Revolution in the West Indies 1

13. The Industrial Revolution in the Caribbean 1

14. The Industrial Revolution in the Pacific 1

15. The Industrial Revolution in the Middle East 1

16. The Industrial Revolution in the Balkans 1

17. The Industrial Revolution in the Mediterranean 1

18. The Industrial Revolution in the North Africa 1

19. The Industrial Revolution in the Sahara 1

20. The Industrial Revolution in the Nile Valley 1

ADMINISTRATION OF 1963 FISHERY AMENDMENT TO PUBLIC LAW 480

THURSDAY, FEBRUARY 27, 1964

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON FOREIGN AGRICULTURAL OPERATIONS
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to recess and subsequent postponement, at 10 a.m., in room 1310, Longworth House Office Building, Washington, D.C., Hon. W. R. Poage (chairman of the subcommittee) presiding.

Present: Representatives Poage, Jones of Missouri, Harding, Matsunaga, Dague, and McIntire.

Also present: Representative Duncan.

Hyde H. Murray, assistant clerk; John J. Heimburger, general counsel; and Robert Bruce, assistant counsel.

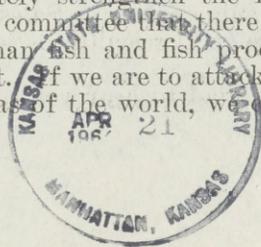
Mr. POAGE. The subcommittee will please come to order.

Our colleague, Congressman Stanley Tupper is with us, and I understand that you want to make a statement. We will be glad to hear from you now.

STATEMENT OF HON. STANLEY R. TUPPER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MAINE

Mr. TUPPER. Mr. Chairman and members of the subcommittee, I would like to associate myself with my colleague from the State of Maine, Congressman Cliff McIntire, in commending the provisions of section 401 of Public Law 88-205 to permit fishery products to be included in the food-for-peace program and distributed under Public Law 480, the Agricultural Trade and Development Act of 1954. It seems entirely appropriate, indeed just, that fishery products be treated in the same manner as surplus agricultural commodities.

The food-for-peace program should certainly utilize produce harvested from the sea to help provide stability to our domestic fishing industry, in the same way that excess products harvested from the land are utilized to help promote stability of U.S. agriculture. Inclusion of fishery products would definitely strengthen the food-for-peace program. I need not remind this committee that there is no product that is higher in protein value than fish and fish products, and no product more necessary to the diet. If we are to attack malnutrition and assuage hunger in many areas of the world, we certainly must utilize surplus fishery products.



Maine sardines are a good example of the many fishery products which could be advantageously used in this program; sardines are exceptionally nutritious, very inexpensive, easily shipped and distributed, and tasteful. The product may be stored for indefinite periods without danger of spoilage. At times, as you know, the Maine sardine industry faces problems of surplus; and in qualifying for the food-for-peace program, the outlook becomes much brighter for this industry. A great many people in the State of Maine depend directly and indirectly upon this resource for a livelihood.

As a former commissioner of sea and shore fisheries for the State of Maine and presently a member of the House Merchant Marine and Fisheries Committee, I am familiar with the many problems besetting the commercial fishing industry in my State and in the Nation. Implementation of Public Law 88-205, section 403, is one way the Congress can help this ailing industry.

Thank you.

Mr. POAGE. Thank you very much, Mr. Tupper. We are very glad to have had you with us. We will be glad to have you stay, if you can.

Mr. TUPPER. Thank you very much, Mr. Chairman, for hearing me, sir.

Mr. McINTIRE. May I join with the chairman in expressing appreciation to Congressman Tupper for presenting his testimony this morning on this very important matter.

Mr. TUPPER. Thank you.

Mr. McINTIRE. I would like also to present some testimony to the committee. However, we have listed as witnesses this morning three persons from my State of Maine who are here to present testimony in connection with this subject, and with the chairman's permission I would like it very much if we were to proceed with the department witnesses first, and then following that, I would appreciate the opportunity to present my statement and to introduce those officials from Maine and others who are here to present testimony to the subcommittee.

Mr. POAGE. We will be glad to follow that course. In fact, I think that it might expedite matters if we asked you, Mr. McIntire, to call the witnesses, if you care to do so. Why do you not just call the witnesses in the order in which you think that you would like to have them called?

Mr. McINTIRE. Mr. Chairman, the department witnesses are listed first, and I would suggest that they be heard first, and then following the testimony of Mr. Butler, the second witness, I will be happy to make my statement.

Mr. POAGE. That will be fine.

The next witness, therefore, is Mr. Richard H. Roberts, Deputy Assistant Administrator for Sales Programs, Development and Operations, Foreign Agricultural Service, U.S. Department of Agriculture.

We will be glad to hear you now, Mr. Roberts.

STATEMENT OF RICHARD H. ROBERTS, DEPUTY ASSISTANT ADMINISTRATOR FOR EXPORT PROGRAMS SALES AND OPERATIONS, FOREIGN AGRICULTURAL SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. ROBERTS. Mr. Chairman and members of the subcommittee, my name is Richard H. Roberts and I am Deputy Assistant Administrator of the Foreign Agricultural Service in the U.S. Department of Agriculture, in the area of sales and operation of export programs.

I do not have a prepared statement. I feel that the senior witness here is Mr. Butler from the Department of the Interior, and that the best that I can do is to assist him in responding to any questions about Public Law 480 operations that he would like to have my help on.

Mr. POAGE. We will call Mr. Butler now, then, and he can make any statement that he cares to make. And you can join him at the table.

Mr. ROBERTS. Thank you very much.

Mr. POAGE. We will be glad to hear from you now, Mr. Butler. Proceed.

STATEMENT OF CHARLES BUTLER, ASSISTANT DIRECTOR FOR INDUSTRIAL RESEARCH; ACCOMPANIED BY E. A. POWER, CHIEF, BRANCH OF STATISTICS; D. Y. ASKA, CHIEF, BRANCH OF MARKETING; AND RALPH CURTIS, LEGISLATIVE COUNSEL; ALL STAFF MEMBERS OF THE BUREAU OF COMMERCIAL FISHERIES, DEPARTMENT OF THE INTERIOR

Mr. BUTLER. I have with me several gentlemen that I would like to have sit with me.

Mr. POAGE. You may have them sit with you.

Mr. BUTLER. Mr. Chairman and members of the subcommittee, I am Assistant Director of Industrial Research and I am pinch-hitting for our Director, Mr. McKernan, who has a conflicting appointment in the Senate. He regrets that he is not able to be here today, because he has a great interest in this subject and is interested in our contributing to the overall objective of Public Law 480 and the food-for-peace program.

I appreciate the opportunity to meet and to testify before this committee and to give you a brief progress report on the activities of the Bureau of Commercial Fisheries of the Department of the Interior with respect to actions being taken to implement the amendment making fishery products eligible, within certain limits, under titles I and IV of Public Law 480. Under this amendment, fishery products can qualify under title IV immediately and under title I after January 1, 1965.

Inasmuch as fishery products did not become eligible until December 16, 1963, when President Johnson signed the Foreign Assistance Act of 1963 (Public Law 88-205), I can report only on our study of the problem during these past 2 months, and I am not in a position to make any recommendations at this time. Since this is a new program as far as we are concerned, our principal efforts thus far have been connected with—

(1) Studying the operational mechanics of Public Law 480 so that we can best advise the Secretary of the Interior with respect to his authority and responsibilities under this amendment. In addition, we have attempted to apprise the commercial fishing industry with respect to its opportunities and obligations. We have been working closely with representatives of the U.S. Department of Agriculture, particularly the Foreign Agricultural Service, with the food-for-peace program, and Agency for International Development. I would like to state that these meetings have been characterized by excellent cooperation, and we are most appreciative of the guidance and experience available from these representatives in the conduct of our study.

(2) In addition to our contacts with the Government agencies, we have issued a preliminary progress report to the domestic commercial fishing industry through its trade associations advising them of the general operations of Public Law 480 and primarily title IV of that law since this title applies to fisheries products immediately. They would be able to determine whether their products could meet the basic criteria upon which the Secretary of the Interior will eventually determine eligibility for programing of any particular fishery products under Public Law 480.

The Secretary of the Interior has not made any determinations as to whether any fishery products meet the criteria for programing under title IV to date, but several fishing groups have indicated to us that they will be making commodity nominations under this program.

By way of background, I would like to explain some of the problems that presently face our domestic fishing industry. We are not now a major exporting nation as far as fishery products are concerned. The United States imported 1.2 billion pounds of edible fishery products in 1962 while exporting 57 million pounds. However, many of our traditional fisheries have been developed largely on the basis of export trade and up to World War II, we had a brisk trade with such important markets as the Philippines, Scandinavia, Central America, Western Europe, Africa, and Asian countries. Four principal factors have generally accounted for this loss in exports with a resulting loss of dollar income to the United States:

(1) In the postwar developmental processes many countries with previously undeveloped or underdeveloped fisheries expanded their fisheries as a means of obtaining U.S. dollars by exporting to this country, even sometimes at the sacrifice of food for their people.

(2) Our export trade pattern for many fishery products was upset during World War II when these products were diverted for relief feeding and wartime troop and civilian feeding throughout the world.

(3) As a result of the fishery development of certain foreign countries, their products came into direct competition with our previous export markets at prices far below those of our products. This competitive advantage was possible largely as a result of subsidies made available by the governments of those countries and lower production costs because of lower labor costs.

(4) As the living standards in the United States have improved, there has been a general upgrading of foods purchased by U.S. consumers. The result has been that processors of some of our traditional fisheries, who had specialized in the lower income market, such as

the California mackerel fishery and the Maine sardine fishery, were forced to limit their pack since their traditional customers no longer purchased the lower cost fishery products in large amount. This has caused economic difficulty in many strategic fishing communities at a time when other industries were booming and overall employment was rising rapidly.

Although it is clear that surplus of fishery products may occur from time to time, I do not wish to convey the impression that this country is faced with heavy and continued surplus stocks of fish. The highly seasonal nature of so many of our important fisheries does contribute to the uncertainty of the supply-demand ratio and as a result excessive stocks of certain fish products occur that are beyond the capacity of the processor to control or even anticipate.

For instance, the production of canned salmon in the Pacific Northwest and Alaska is compressed into a very short packing period. As a result, a salmon canner has only a few months to pack for a full year's market. Also, he gets only one chance to catch and process these fish and he is unable to predict his probable pack because of such factors as weather, the migration patterns of the fish, and international competition for the raw product. If his pack exceeds market demands, he is either forced to gamble on the following year's pack and demand, or suspend operations, which means a loss in employment and to the economy.

Another striking example is the situation facing the Maine sardine canning industry. Over the past several years its pack annually totaled slightly over 2 million cases and there were no particular inventory problems. However, because of an unpredictable failure of the fish to appear in 1961, the pack of Maine sardines amounted to only about one-third normal pack. Foreign producers quickly filled this market void. The following year, the Maine pack returned to normal, but the packers found that their previous markets were largely taken over by imports and the industry was unable immediately to regain its former shelf space in traditional markets. Despite an aggressive advertising and promotion program plus an industry-wide quality control program, the inventories did not move at previous rates. Normal landings continued in 1963 and the same supply-demand imbalance situation seemed imminent. As a result many canners slackened or suspended packing operations, causing widespread unemployment in local Maine communities where this industry represents the principal or only source of employment.

The California mackerel canners, the gulf shrimp canners, and the river herring packers of the mid-Atlantic also operated under reduced packing schedules this past year because of heavy landings and fast buildup of inventories.

These conditions are now under intensive study in the department, as to how they might fit into the Public Law 480 program. Until these studies are completed we are not in a position to say to what extent current stocks of fishery products could be utilized in this program.

Thank you.

Mr. POAGE. I am sure that I did not understand what you said, but I thought that you said that fishery products were used to great advantage or could be used to great advantage to improve the food-

for-peace program. I thought that was one of your earlier statements, was it not?

Mr. BUTLER. I do not believe that I referred to the food-for-peace program per se. I referred to Public Law 480, the overall program.

Mr. POAGE. The Public Law 480 program?

Mr. BUTLER. Yes.

Mr. POAGE. I understand that in conclusion you come to the conclusion that you do not know how they can be used, is that right?

Mr. BUTLER. At the moment we have not decided how they might fit into the program.

Mr. POAGE. How they would be of advantage to the Public Law 480 program—you do not know how?

Mr. BUTLER. It is so complicated that it has taken quite a while even with the help of the Department of Agriculture to determine that.

Mr. POAGE. The law does include that—the law says:

For the purposes of this title and title IV, the term "surplus agricultural commodity" shall include any domestically produced fishery product (not including fish flour until approved by the Food and Drug Administration) if the Secretary of the Interior had determined that such product is at the time of exportation in excess of domestic requirements, adequate carryover, and anticipated exports for dollars.

I want to know how as a practical matter you contemplate implementing the program. I guess that you do not know that that is the answer. But how, as a practical matter, would you do it—would you go out and buy the fish at the market price and then give them away? Would you establish some kind of price-support program? In other words, offer fishery products without any control over the production?

Mr. BUTLER. No, sir. As I understand the legislation as it applies to fishery products, first of all, fishery products are not price-support items.

Mr. POAGE. I know that they are not now, but if you go out and buy them and give them away, they will have to have support.

Mr. BUTLER. We have not anticipated doing this. Under title IV we are talking about sales for hard currencies on long-term loans, sir, not a giveaway program.

Mr. POAGE. Well, but you still would have to go out and buy them, would you not, in order to sell them? How would you get them for hard currencies?

Mr. BUTLER. As I understand the procedure, the Commodity Credit Corporation buys them, and then in turn the long-term loan repays the money to the United States.

Mr. POAGE. Somebody has to go out and buy the fish. You do not plan to use the Department of the Interior's funds to do it. You are for the Department of Agriculture spending its money doing this?

Mr. BUTLER. I do not believe this. What I understand is that the country that wants the product has to indicate its interest, then the arrangement is made between that country's broker and the broker owning it here representing the producer owning the property to sell the product for hard currency.

Mr. POAGE. To sell the product for hard currency, with a loan at 2 percent interest. Who carries that interest and the loan?

Mr. BUTLER. I understand that the Commodity Credit Corporation does.

Mr. POAGE. What is it?

Mr. BUTLER. I understand that the Commodity Credit Corporation does.

Mr. POAGE. It is still a subsidy.

Mr. BUTLER. Yes.

Mr. POAGE. It is just as much a subsidy as any of the rest of these other programs for these other products. I am saying, let us face it and do not say that it will come out here without costing anybody anything. It is bound to cost the taxpayers, is it not?

Mr. BUTLER. I am sure that this is right, sir.

Mr. POAGE. And you are willing to do that as long as the Department of Agriculture's money is spent, and not the money of the Department of the Interior. You would not favor letting the Department of the Interior put up the money, would you?

Mr. BUTLER. I do not know how the operation of the finances work. I think that Mr. Roberts can tell you.

Mr. POAGE. You do not know about the financial side. Is that not actually what we are trying to do here this morning, to talk about the financial side of this subject. These people are not sports fishermen. They are not out fishing just because they like to fish. They are out there to make a living, are they not?

Mr. BUTLER. That is correct.

Mr. POAGE. And that is the financial side of the subject.

Mr. BUTLER. That is correct.

Mr. POAGE. So we have to talk about the financial side as well as the other side, do we not?

Mr. BUTLER. I think, sir, that the financial side is already set up. We are just applying fish to the program, as I understand it.

Mr. POAGE. What I am getting at is this, that you are perfectly willing to have the Department of Agriculture spend its money, although the Department of the Interior has certain responsibilities to the fisheries—you want the control, but you do not want the obligation of it, is that it?

Mr. BUTLER. It could be interpreted that way. But that is not the way, I understand the way the legislation works out.

Mr. POAGE. Would you not have a good deal of complaint if the Department of Agriculture were to decide that since the Department of the Interior is involved in lands that the Department of the Interior should spend its money in support of wheat or the cotton crop—you would feel that was sort of unfair, would you not?

Mr. BUTLER. I think that is a fair statement. I think we would.

Mr. McINTIRE. Might I say at this point, that there is in the law a funding arrangement for the purchase of this product, is there not?

Mr. BUTLER. There is a provision in the law that says that we can use up to \$1 million—\$1.5 million Saltonstall-Kennedy funds for the purchase of surplus commodities for domestic relief purposes.

Mr. McINTIRE. Has there been a determination by the Department that this program of which you speak is something separate and apart, functioning exclusive of section 403(c)(1) of Public Law 88-205 and that the commodity would still be made available for distribution under a Public Law 480 agreement? Isn't it so that the actual expenditure of those funds would come under the Saltonstall-Kennedy program—has not there been this determination made by the Department?

Mr. BUTLER. As I said, our interpretation is that for purposes of the Saltonstall-Kennedy Act, the money could be used for the purchase of surplus fishery commodities for disposal to domestic relief channels.

Mr. McINTIRE. What is the Department's legal interpretation of that point as to whether or not the Saltonstall-Kennedy program funds could be used under Public Law 480—has there been a final determination on that point?

Mr. BUTLER. Under title I and IV, it would be my opinion that we could—that we would not qualify for the use of this fund for these purposes, since they are for long-term loans for cash and counter-parts in the case of title I. The Saltonstall-Kennedy program is primarily to help solve the long-term problems of the fishing industry through research and the development of tools which would improve the stability of the fishing industry to produce and to compete through research. And this has been a long-term objective. The moneys are assigned to this purpose now to the extent of the full amount of the annual appropriation.

Mr. McINTIRE. That aspect of the fund is also in the act and is being used now?

Mr. BUTLER. Yes, the full amount is being used on research aspects.

Mr. McINTIRE. On the research project?

Mr. BUTLER. Yes.

Mr. McINTIRE. But under that act, no part has been used to purchase surplus commodities?

Mr. BUTLER. No surplus commodities. Over the years there have only been two times when fish were considered to be in sufficient surplus to buy them for disposal through relief channels, but not in recent times.

Mr. McINTIRE. Thank you.

Mr. POAGE. If there are no further questions we are very much obligated to the Department.

Mr. McIntire, our colleague, will now present a statement, and he will call his witnesses in such order as he desires.

We will be delighted to hear from you now, Mr. McIntire.

STATEMENT OF HON. CLIFFORD G. McINTIRE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MAINE

Mr. McINTIRE. Mr. Chairman and members of the subcommittee, I deeply appreciate the kindness of the chairman in arranging this opportunity so that some testimony might be taken in the hearings which the subcommittee is holding in connection with Public Law 480, testimony that relates to the amendment which was made to Public Law 480 in relation through Public Law 88-205 of the Foreign Assistance Act of 1963. This amendment came into this legislation with a relatively minimum amount of legislative history, other than statements on the Senate floor, because this was introduced in the other body. I, therefore, felt that it would be important, inasmuch as we are considering an extension of Public Law 480, that an opportunity be given to put into the legislative record some testimony in connection with this provision. In asking the chairman to give this phase consideration, I hoped that some legislative record would be developed and

that those interested in the provision might have some opportunity to testify. In this way the committee and the Congress would have some legislative record as to how this provision would be implemented now that it is a part of Public Law 480.

I will not necessarily read my statement, Mr. Chairman. I would like to file it for the record, if I may.

Mr. POAGE. Without objection, that may be done, as well as any other statements that witnesses may have, they may file them for the record and they may abbreviate them or present them as they like. The record will so appear.

Mr. McINTIRE. The statement which I will file for the record is a statement in support of the fishery products provision as we have referred to it, and also I wish to associate Congressman Bates of Massachusetts with this testimony. And as Congressman Tupper has already indicated, and as one of the two Representatives from the State of Maine and interested in this matter, I want further to say that Mr. Tupper and I are associating ourselves in this presentation this morning.

Mr. POAGE. Thank you, sir. You may proceed.

Mr. McINTIRE. Mr. Chairman, in the interest of time I would like to introduce to the committee the persons who are here from the State of Maine to express their interest in this matter.

First I would like to call on Mr. Ronald Green, who is the commissioner of sea and shore fisheries for the State of Maine. Mr. Green, if you will come forward, you may proceed with your statement, with the Chairman's permission.

Mr. POAGE. We will be glad to hear from you now.

(The statement of Hon. Clifford G. McIntire follows:)

STATEMENT OF HON. CLIFFORD G. McINTIRE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MAINE

Mr. Chairman, this is to establish for the record that I am highly pleased that fish products have—through Public Law 88-205—been made eligible to participate in the Agricultural Trade Development and Assistance Act of 1954, as amended. My interest in having this accomplished was evidenced by the fact that on February 21, 1963, I introduced H.R. 3965, legislation designed to attain this identical objective. Although no progress was made with respect to this separate legislation, the essence of this bill was incorporated into Public Law 88-205.

In effect, this adjustment in the law has a twofold purpose. In the first instance, it will make available to the people of friendly nations throughout the world a highly nutritious and reasonably priced food commodity. In the second instance, it can very well serve as a convenient vehicle to accommodate surpluses as they occur with fishery products, thereby lending stability to the price of these fishery products in the domestic marketplace.

It is interesting to note that under this newly enacted legislation, fish products would be eligible to participate under two titles of Public Law 480—title I, the commodity-for-foreign-currency title, and title IV, the long-term loan title. And as the law provides, the mechanics of title I will not be implemented until January 1, 1965.

I am hopeful, however, Mr. Chairman, that the administrative machinery of this new law will be quickly adjusted so as to permit the prompt participation of fish products in title IV functions. I am also hopeful that, in the interim, the stage will be properly set up so that fish products will be permitted to take part under title I operations right at the outset of 1965.

My interest in this inclusion of fish products in Public Law 480 has largely been centered in making Maine sardines eligible for participation in the food-for-peace program. I feel that this product is eminently equipped to take part in this program, for not only is it possessed of highly nutritious food value, but its

uniquely packaged form makes it a highly protected food unit that can be shipped into any climate in any part of the world.

There are, Mr. Chairman, many influences that play on the fishing industry to cause economic imbalances, and surplus situations are among these. And although we must immediately recognize that this new phase of law will not perform as a panacea for all of the negative influences that touch upon the fishing industry, nonetheless, there is every assurance that it can serve as a very valuable vehicle for coping with those price dislocations that result from surplus supply conditions.

As a further note, I would like to point out that the proper application of this newly enacted authority can very well contribute to an expansion of markets for fish products in foreign lands, thereby broadening the outlets for American-produced fish commodities. It is my understanding that the Department of the Interior already has formulated plans for exploring the market potential in various foreign areas, and it is my hope that these activities will be properly coordinated with efforts of the private industry toward the end of achieving optimum benefits.

I would like to state for the record of these hearings that the Maine sardine industry stands in solid support of this inclusion of fish products in the food-for-peace program. And this industry stands ready to cooperate with both Departments of Agriculture and Interior in the implementation of this program which, I feel confident, will prove to be a program that brings broad benefits to nutrition-hungry people of the world and to the fishing industry of the United States.

Mr. Chairman, I deeply appreciate having the opportunity of submitting this statement to the record of these proceedings. And I would like to say that just as I have a vivid interest in this matter of fish products under Public Law 480, so do other legislators from States where the fishing industry is an important part of the economy. In this regard, Mr. Chairman, I would like to say in closing that it is the desire of Congressman William H. Bates, of Massachusetts to be associated with my views and comments relating to the interest of the fishing industry in this new aspect of law where fish products have, through Public Law 88-205, been made eligible to participate in the Agricultural Trade Development and Assistance Act of 1954, as amended.

STATEMENT OF RONALD W. GREEN, COMMISSIONER, MAINE DEPARTMENT OF SEA AND SHORE FISHERIES, AUGUSTA, MAINE

Mr. GREEN. Mr. Chairman and gentlemen of the committee, my name is Ronald W. Green, commissioner of the Maine Department of Sea and Shore Fisheries, and I am appearing before you today as a spokesman for Maine's commercial fishing industry. In this capacity I would like to go on record as expressing the appreciation of the Maine industry for the inclusion of fisheries products in the Public Law 480 programs and to point out that this inclusion should prove most beneficial to our entire commercial fisheries—especially those segments which produce canned seafood products.

We believe that we have in Maine a product which is practically tailor-made for the food-for-peace program—our Maine sardines. These sardines are an excellent-tasting, nutritious, high-protein food. They are packed in compact, easy-to-handle cans which require no refrigeration or special handling and which have a long shelf life. The small herring which are processed into sardines are usually available in plentiful quantities. In fact, each year many millions of pounds of fish are not caught or processed simply because the domestic market cannot absorb such increased production. As a result, hundreds of thousands of cases of top-quality food are lost to a world where hunger is too often the rule rather than the exception.

In addition to Maine sardines, there are a number of other low-priced canned seafood products which have been produced in the State but which, because of a lack of markets, have either been dis-

continued or are currently manufactured in very limited quantities. Certainly, under the food-for-peace program there would seem to be very great possibilities for such high-protein items as canned mackerel, alewives and the larger sizes of herring; for canned fish flakes and fish cakes; and possibly even for such items as canned mussels.

In our opinion, the inclusion of such canned fisheries items as these in the Public Law 480 programs would serve a double-barreled purpose. On the one hand it would provide a much-needed stimulus to many segments of Maine's commercial fishing industry, and on the other it would mean inexpensive and nutritious food for many of the hungry millions in the underdeveloped countries of the world. Maine is fortunate to have the natural resources along its shores. Thanks to the food-for-peace program, the mechanism now exists so that these resources can be made available where they are needed most.

Certainly the food-for-peace program must be considered, along with such organizations as the Peace Corps, as among the most imaginative and humanitarian projects ever undertaken by any nation, and we in Maine feel privileged to be a part of it.

In conclusion, I would like to thank you people for making it possible for me to appear here today.

Mr. POAGE. We are very much obliged to you, Mr. Green.

Did you want, Mr. McIntire, to call all of your witnesses and then let us question them en bloc or do you prefer to have us question them separately?

Mr. McINTIRE. Mr. Chairman, I appreciate the suggestion. Mr. Richard Reed, who is the executive secretary of the Maine Sardine Council is here today, but he has indicated to me that he wishes his views to be associated with the testimony of Mr. Verne McFadden, who is vice president of the Maine Sardine Packers' Association. And with your permission, Mr. Chairman, I would like to call upon Mr. Verne McFadden to present his testimony at this time.

Mr. POAGE. We will be glad to have Mr. McFadden present his testimony.

Mr. McINTIRE. And may Mr. Green remain here and respond to any questions that may be asked?

Mr. POAGE. Yes.

Mr. McINTIRE. I am very happy to introduce to the subcommittee Mr. Verne McFadden, vice president of the Maine Sardine Association of McKinley, Maine. And may I say that Mr. McFadden is a packer and in his business association is affiliated as manager of a Maine sardine packing plant for the Underwood Co., but he is here today in his capacity as vice president of the Maine Sardine Packers' Association. I am very happy to present Mr. Verne McFadden.

Mr. POAGE. We are very glad to have you with us, Mr. McFadden. We will be glad to hear from you now.

STATEMENT OF VERNE McFADDEN, VICE PRESIDENT, MAINE SARDINE PACKERS' ASSOCIATION

Mr. McFADDEN. Mr. Chairman and gentlemen of the committee, my name is Verne McFadden, actively engaged in the canning of sardines at McKinley, Maine, and I am here today as vice president of the Maine Sardine Packers' Association, pinchhitting for our presi-

dent, Mr. K. R. Trenholm, who is unable to be present. With me is Richard E. Reed, executive secretary of the Maine Sardine Council, as well as the association, who will be glad to assist me in answering any questions that you may have.

It is indeed a pleasure for us to have an opportunity to meet with you and we wish to publicly thank our Congressman Clifford G. McIntire for making such an arrangement.

Members of our association who represent virtually 100 percent of the Maine sardine production have instructed me to express their great interest in and appreciation of the inclusion of fishery products in the Public Law 480 programs. Through this we see a much-needed opportunity for expanded markets and encouragement for our Nation's fishing industry as well as the addition of a wide variety of nourishing, high-protein, healthful, modestly priced new products to the food-for-peace activities.

We have faith and belief in the humanitarian as well as other aspects of food for peace and certainly hope that the Congress sees fit to continue this form of assistance and cooperation with the food-short nations which are unable to produce or furnish proper and adequate nourishment to their millions of citizens.

Recently some members of our industry had an opportunity to hear an address by Food for Peace Director, Richard W. Reuter, at the National Canners Association convention in Dallas, Tex., and were deeply impressed with the facts he gave as well as his comprehensive elucidation of the purposes and goals for which this activity was established.

We can think of no better way to share our blessings of abundance with the less fortunate people of this earth.

Our industry considers itself most favored to have a fishery product which is so ideally suited for sale and distribution under this program. To our knowledge there are none better presently available.

In the clear cool waters off the coast of our State we are visited each year by great schools of firm, flavorful, succulent, little herring which furnish our raw material. On shore we have 29 modern and efficient canneries which process these fish as sardines in large volume with greater production possible if we had a ready marketplace for it.

This is a product that is usually in great abundance and which can be produced to sell at fair prices that can seldom be equaled by other foods of similar body building, health, and nutritive qualities. To quote our advertising agency, Maine sardines offer "more protein per penny."

Our can is designed for easy handling and transportation, long shelf life in every type of climate, and strong enough to withstand reasonably rough handling.

The contents are the meat and soft bones of the little herring with a variety of oils and sauces added to accentuate all of the flavor and goodness. A can of Maine sardines is a rewarding lunch in itself and certainly would be welcomed by anyone who is suffering from the pangs of hunger.

In his Dallas talk, Mr. Reuter stressed the concept that food for peace was not designed to set up a relief program for any industry but to sponsor a goal of long-term market development. This appears to us to be a very solid and sensible approach.

We can see in the program an opportunity for greater stabilization of our industry and a reversal of its declining fortunes through such market development.

Since 1951 the number of Maine sardine canneries has dwindled from 51 to the present 29 and a further decrease is indicated unless we can broaden our marketing base. As it stands now we are besieged by increasing imports which results in a continuous oversupply of sardines on the domestic market. Naturally this serves to depress prices, more often than not, to profitless levels, and therefore either additional plant closures or expanded markets appear to be the only answers to the dilemma.

Recently our council has launched an export market development program and is finding the going rather rough due to severe price competition by the foreign producers. Furthermore, many of the countries which need and would like to purchase large quantities of Maine sardines are stymied because of the lack of dollars.

We do not look upon food for peace as being a cure-all for the ills of our industry but do see it as an instrument of help to support our own development efforts. We envision a completely new and favorable outlook for the future of the Maine sardine industry, if our product creates a demand from those countries which are eligible and desirous of taking advantage of the transactions available to them under titles I and IV, and we see no reason why this should not happen.

The removal of sizable quantities of sardines from our industry's inventories from time to time would be of inestimable encouragement to our canners, fishermen, and workers and almost certainly provide a stimulant for the rebuilding of this segment of the fishing industry which has been in a continuous decline since World War II.

As we see it Maine sardines are one of the best examples of how food for peace can serve its twofold purpose of getting modestly priced protein and nourishment to the world's hungry and bolstering our domestic economy at the same time. Such an example seems to make our foreign aid efforts more realistic and logical.

Over the long term we visualize the establishing of permanent and profitable new export markets for Maine sardines, thereby helping to perpetuate a 95-year-old American industry long after the need for foreign aid has been eliminated.

As it stands now we are virtually 100 percent dependent upon the domestic market which is continuously plagued by supply-and-demand problems and have to control our pack rigidly and carefully with periodic times of unemployment, economic dislocation, and great distress.

Thirteen years ago our canners asked the Maine Legislature to impose a 25-cent-a-case tax upon them to finance an industry development program consisting of quality control and improvement, greater consumer demand through advertising and promotion as well as other activities. About \$7.5 million has been expended by our comparatively small industry on this project in its fight for survival which is clear evidence that we have never operated on the philosophy that Government handouts were our only salvation.

However, we look upon food for peace as something different—as an opportunity for America and for the safeguarding of its food-producing capacity.

In closing I wish to suggest that foreign participants in the food-for-peace activities will welcome this added selection of products which will be made available by our marine farmers. A bit of fish always goes well with a loaf of bread, glass of milk, or piece of cheese.

I thank you for your time and interest and hope that these few remarks have helped to impress you of the importance to the Maine sardine industry and the fishing industry in general that we rate the inclusion of fishery products under Public Law 480.

If there are any questions, we will be glad to answer them.

Thank you.

Mr. POAGE. Thank you very much, Mr. McFadden.

Now, are there others that you want to bring in at this time, Mr. McIntire?

Mr. McINTIRE. Well, in view of the fact that I think that the only remaining witness on the schedule this morning, Mr. Chairman, is Mr. De Lucien of the National Cannery Association; would it be perhaps appropriate for his testimony to be made, and this would finish the list of witnesses?

Mr. POAGE. I see no reason why he should not appear with the group. He has perhaps much the same viewpoint.

Mr. McINTIRE. I expect so, Mr. Chairman. And if it is your pleasure, Mr. Chairman, then I would be very happy if Mr. De Lucien presented his testimony, and then all of the witnesses would have been heard, and the presentation of those of us from Maine would be completed, and the committee could then proceed with questioning, if that is the pleasure of the chairman.

Mr. POAGE. We will be glad to have you come up, Mr. De Lucien, to the table and to present your statement.

STATEMENT OF RONALD W. DE LUCIEN, DIRECTOR, FISHERY PRODUCTS PROGRAM, NATIONAL CANNERS ASSOCIATION

Mr. DE LUCIEN. Thank you.

Mr. McINTIRE. Mr. De Lucien is the director of the fishery products program of the National Cannery Association and has been following this proposal with a great deal of interest, and I am sure that his testimony will add to the legislative record that we are attempting to put together today in relation to this amendment to Public Law 480.

Mr. POAGE. We will be glad to hear from you now.

Mr. DE LUCIEN. Mr. Chairman and members of the subcommittee, with your permission I would like to read a short statement that I have today and at the end of which I would request permission to read a telegram from the Association of Pacific Fisheries, an association representing the salmon industry, and to insert this in the record, with your permission.

Mr. POAGE. Without objection that may be done.

Mr. DE LUCIEN. Mr. Chairman and members of the committee, my name is Ronald W. De Lucien, director of the fishery products program of the National Cannery Association. The fishery products program as part of the national trade association representing commercially canned food processors represents substantially the entire production of canned fishery products. This statement on behalf of our fish canner members, is brief in order to conserve your time, but we

will attempt to indicate our interest and support for the extension of Public Law 480, as amended.

Although this matter is not an issue before your subcommittee we welcome the opportunity to express our support for the recent inclusion of domestically produced fishery products under titles I and IV of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480).

In the enactment of this amendment to Public Law 480, the food-for-peace program, we are encouraged by the fact that Congress has recognized that domestically produced fishery products will serve a useful function in fulfilling the objectives of this program. It is known that foreign governments have requested in the past that canned fishery products be made available under the food-for-peace program.

The director of the food-for-peace program, Richard W. Reuter, has in the past strongly endorsed the inclusion of high-protein fish products in the program. Also, Senator George McGovern, former director of the program, has also strongly endorsed this. Speaking for the proposal in the Senate, he said:

I believe, if we wish to strengthen our food-for-peace program—a program which enjoys the support, so far as I know, of every Senator—we could make a great contribution to the program, with little cost to the taxpayers, by including fish and fish products under the terms of the program.

We feel that the inclusion of U.S. fishery products in this program is a twofold accomplishment. As is well recognized, many countries wish to obtain protein foods such as fish. The United States has a good supply of these high-protein fishery products—such as sardines, both Maine and California types, mackerel and pink salmon, among others—which would be, we believe, available as a vital protein supplement, at relatively low cost, in the diets of many developing nations. The world's food program has been said to currently involve not an inadequacy of food but only an imbalance in its distribution. The inclusion of canned fish in the food-for-peace program will help to right the imbalance by delivering surplus fishery products when available to those in need.

Secondly, we view the recent law as a means to develop new markets for U.S. produced fishery products overseas. To the extent that overseas markets for U.S. fishery products may be developed on a long-term basis, the recent amendment will prove to be of great benefit to the entire domestic fisheries industry, including fishermen, processors, and distributors, in helping to stabilize the market for such products.

As an example, the California mackerel industry in 1963 was faced with a curtailment on the fish landed because of a limited market for the product in this country. The recent amendment, when put into effect, would help to alleviate, we believe, surplus conditions in this market and aid in bringing stability to the domestic industry.

We understand that the participation of domestically produced fishery products in the food-for-peace program will depend on findings to be made by the Secretary of the Interior and on the negotiation of international agreements which meet all of the basic requirements of Public Law 480. The initial participation may well be modest, however, we do hope that fishery products will be utilized when abundant supplies exist in the domestic market and the products are needed overseas.

Thank you.

MR. POAGE. Thank you, Mr. De Lucien.

MR. DE LUCIEN. I would like now to read a telegram that I have.

MR. POAGE. Certainly.

MR. DE LUCIEN. It is from the Association of Pacific Fisheries, signed by Stanley G. Tarrant. This is an organization representing the salmon canning industry in Alaska, Oregon, and Washington.

(The telegram referred to follows:)

SEATTLE, WASH., February 26, 1964.

RONALD W. DE LUCIEN,
*Care of the National Cannery Association,
Washington, D.C.:*

Please present to Hon. Harold B. Cooley, chairman of the House Agricultural Committee, Washington, tomorrow morning, the following statement:

"This is to respectfully express our support for the inclusion of domestically produced fishery products under titles I and IV of the Agricultural Development and Assistance Act (Public Law 480). The Association of Pacific Fisheries, a trade association substantially representing the salmon canning industry of the States of Alaska, Oregon, and Washington view the inclusion of fishery products in this program for the first time as a vast opportunity to expand markets overseas for fishery products and assist in fulfilling the objectives of the food-for-peace program. Therefore we want to take this opportunity to express our appreciation and to acknowledge our recognition of this opportunity for the fishing industry. Mr. Ronald de Lucien is hereby authorized to make further verbal statements on behalf of the Association of Pacific Fisheries before your committee at the hearing February 27, 1964."

Respectfully yours,

STANLEY G. TARRANT,
President, Association of Pacific Fisheries.

MR. POAGE. Thank you.

MR. McINTIRE. I think it would be interesting for the record of this hearing to show that there is broad territorial interest, you might say, geographic interest in this amendment. The amendment in the other body was proposed by Senator Bartlett of Alaska, and associated with him, of course, were many other Senators; however, this proposal has rather broad geographic interest, and I wanted to inject that into the record at this time.

MR. POAGE. I think that the whole program has a wide interest. We are all concerned with it. I would like the record to show just what the witnesses feel about subsidies. I repeat that I am not trying to put anybody on the spot, to work anybody into a trap, because I believe in subsidies, but I want to find out your views, and I just wonder if the members of this panel would care to tell us how they feel about subsidizing gifts of food to other nations.

MR. McINTIRE. As a matter of protocol I suppose that I am supposed to respond first. I am on record, certainly, as having helped within this committee to write Public Law 480, and this puts me on record in a qualified sense, certainly, in relation to this point.

MR. POAGE. Of course, I am sure that our colleague is, but many others so often come here and they want help, but they so often say that they do not want any subsidy help. I just want to find out if some of those people who do not want help—who do not want Government dollars—believe in subsidies. I wonder if you would express yourself, Mr. McFadden?

MR. McFADDEN. Mr. Chairman and gentlemen, I think that I understand the question. All of the statements that we have made to you are true, and I believe that I am sure, speaking for myself—obviously

I cannot speak for the industry as a whole, the sardine industry, but I believe that we understand what subsidy is. And, personally, I have no quarrel with it. I realize that in this particular case that we are referring to—and this will also include many others—while we are here on this particular subject that to this subsidy, I believe that we can increase the market for sardines over the years. We have a quality product. We have spent considerable amounts of money developing our quality. The records will prove that over the last 4 years it has steadily been increased.

You asked the question, and, yes, I believe in subsidies.

Mr. JONES of Missouri. I have a question.

Mr. POAGE. I would like to get to the rest of them, first.

Mr. JONES of Missouri. It is with reference to one fact that he mentioned about subsidy. In one of the statements here something was said about the subsidizing by other countries of the fishing industry, and fishery products. As I have observed when I have gone to the market—and I like sardines and I eat a lot of sardines—I have observed that sardines imported are so much higher in price than the Maine sardines for instance. It is not the price that gives the competitive relationship, is it?

Mr. McFADDEN. I did not get the last part of your question, sir.

Mr. JONES of Missouri. Price is not the competitive factor in your business, is it, with the foreign product selling at a higher price?

Mr. McFADDEN. Maine sardines, historically—well, there are certain, I am sorry—I am not able to answer your question—I am more in the production end of it, but my observation would be, sir, that in certain areas you will find imported sardines and you will also find certain types of Maine sardines that are very near comparable in price to the imported sardines, that is, there may be one or two grams of special curing and sauces that are very high, but we have the difference between the key and the keyless pack. Our executive secretary, probably, could answer that question. He would have a broader knowledge of the industry as a whole. And if you would like a comment from him, I would appreciate it.

Mr. JONES of Missouri. You are familiar with how other countries and what other countries do subsidize sardines?

Mr. McFADDEN. No, sir, I am not.

Mr. JONES of Missouri. Does the gentleman, Mr. Green, know about the subsidization of other countries as it relates to sardines?

Mr. GREEN. Not to sardines in particular, but sardines would be a part of any of the fishery programs that are being carried on by any of these countries in which we find ourselves in Maine in competition with, and I do know that they do enjoy a heavily subsidized program, as far as their fishery interests are concerned.

Mr. JONES of Missouri. Well, let us take specifically Norway, do they enjoy a subsidy on their sardines?

Mr. GREEN. I cannot answer so far as the sales price is concerned, but I do know that they enjoy a subsidy so far as boat construction and plant modernization is concerned.

Mr. JONES of Missouri. If they are always a high price sardine product, it would appear that a subsidy is not necessary in their case. I cannot quite get the picture as to that. It was mentioned in one of the statements—I believe it was in Mr. McKernan's statement about

the subsidy, and I should have asked him, but I was not here at the time. But I am interested in the subject or the question of the subsidy abroad and this competition that presents itself because of this subsidy. I would like to have some information on that if anybody could lend any information on it. Do you know anything about that, Mr. McIntire?

Mr. McINTIRE. Mr. Butler of the Department of the Interior indicates that he would be happy to comment on that point, Mr. Jones.

Mr. JONES of Missouri. It seems to me that it ought to be in the record.

Mr. McINTIRE. May Mr. Butler make a brief comment to the point that Mr. Jones has raised?

Mr. POAGE. Yes, certainly.

Mr. BUTLER. Sir, our reference to subsidies abroad and the impact on the product was in a broad sense. I can give you several examples, particularly in the canned fish area. There are, as Mr. Green said, in many foreign countries subsidies in support of low rate interest, advances for construction of vessels, procurement of gear, salt allowance for the curing of the product—these are kinds of subsidies which, indirectly, buttress the economic situation, so that the canned fish can be competitive at a high or low price.

In the frozen fish field, for example, and also in the canned fish, there are combines which are semigovernmentally controlled, so that the price can be adjusted to meet competition in order to sell the products which are so important in the country. For example, in Norway and Iceland, they depend largely on the fishing industry for the principal part of their economy. They have to sell fishery products in order to—in order to do this, they take whatever measures seem feasible to them and necessary in order to make the fishery products competitive on the world market.

These are the kinds of subsidies that we are speaking of here.

At the time of sale there is not often a subsidy. You can recognize, that is, one that you can recognize, but in the total gamut attaching to the sale there are subsidies that we do have to combat.

Mr. JONES of Missouri. There are no direct subsidies, so far as you know?

Mr. BUTLER. There are some direct subsidies. There is assistance in the form of negotiating sales and things of this kind which I would call a direct subsidy. There is an allowance for the purchase of salt for the curing of the fish which I would call a direct subsidy. There are direct grants for the purchase of vessels which are direct subsidies, which then in turn are used for the fishing operation, but they start with the fish itself.

Mr. JONES of Missouri. Thank you. I am sorry that I interrupted.

Mr. POAGE. That is all right.

Mr. JONES of Missouri. I wanted to know how it affects the competition.

Mr. POAGE. Now if I may go back to my own question. Mr. Jones was talking about foreign products and the policy of foreign nations. I am talking about the policy of the United States.

I believe that I understood Mr. McIntire and McFadden to say that they believed in subsidies, that they did not think that it was something to be avoided just because it involved a subsidy, and that

they would find no fault with the Government assisting in the disposition of fishery products because it took some public money to move it. Is that your view, Mr. Green?

Mr. GREEN. I believe that your statement more or less answers your question, so far as I am concerned. We, in Maine, are an export State. We are in direct competition with these other countries that are marketing their products within this country. We do know that as Mr. Butler pointed out that the other countries are receiving heavy subsidies in one form or another.

I have always been a firm believer that we have the responsibility to our own industry and both the State and the Federal level to provide assistance to our domestic fishing industry.

Mr. POAGE. Mr. De Lucien, do you agree in a subsidy as such?

Mr. GREEN. Pardon me?

Mr. POAGE. I asked Mr. De Lucien if he agreed that there is nothing vicious in a subsidy as such?

Mr. DE LUCIEN. We, Mr. Chairman, certainly support the application of titles I and IV.

Mr. POAGE. I am not asking your opinion about that. What do you think about subsidies on wheat—do you think that is bad to subsidize the exportation of wheat?

Mr. DE LUCIEN. Well, I cannot speak for the association in this capacity, Mr. Chairman, and if you would concede to that and take a personal comment.

Mr. POAGE. All right.

Mr. DE LUCIEN. The subject of wheat subsidies, I think, has tended to help the wheat industry and to expand the shipment of wheat overseas which I understand approximates 80 percent of our total wheat production that does go overseas. It would seem that this program helps in the balance-of-payments problem and gives some stability to that industry.

Mr. POAGE. Are you opposed to it or are you for it?

Mr. DE LUCIEN. Well, in that context I would be in favor of it.

Mr. POAGE. You would be in favor of it, and then you would apply the same thing to cotton—you would apply approximately the same thing to feed grains?

Mr. DE LUCIEN. But the point I would like to make clear is, Mr. Chairman, that—

Mr. POAGE. I did not ask you to make a point. I just asked you about the point that I was making. I want you to talk about that.

Mr. DE LUCIEN. I do not mean to indicate that I am hedging, but you want me to further amplify?

Mr. POAGE. We can just take it that you are opposed to all subsidies—shall we put it that way?

Mr. DE LUCIEN. Could you define the word "subsidy" for me, sir? That is a broad term and it is used today with many meanings.

Mr. POAGE. Where the Government pays money to move a commodity from private hands to other private hands.

Mr. DE LUCIEN. In relation to the fish canning industry?

Mr. POAGE. I did not ask you one word about the fish canning industry this time, Mr. De Lucien. And I think that you have made it quite plain. I do not mean to embarrass you. I just want to see whether you agree with me or not. Obviously you do not agree with

me. You are under no obligation to do so. I do not see any purpose in prolonging the record.

Now, let me ask these gentlemen who say they do favor subsidies, do you favor subsidies where there is no control over the production of a commodity? There is control in the case of wheat. I asked about wheat here a moment ago. There is certainly a control over the production of wheat. And the reason is that the Government does not want to pay out too much subsidy. Do you favor subsidizing unlimited production? I am not asking about fisheries, but as a general proposition, do you favor a subsidy on unlimited production?

Mr. McFADDEN. Are you asking me, sir?

Mr. POAGE. Yes.

Mr. McFADDEN. I would like to know more. I would say "No" I would not be against it. I would say I would not favor unlimited subsidies. There are so many things that might be in that particular thing.

Mr. POAGE. I know that that is true of such a question.

Mr. McFADDEN. I am willing to answer, however.

Mr. POAGE. Again trying to be fair with you, I will tell you that I do not—I do not favor subsidies—subsidizing unlimited production, whether it be on wheat or on cotton or on rice or any of the rest of these commodities—I do not favor that—I am just asking whether you favor subsidy on unlimited production.

Mr. McFADDEN. I think that I answered that way just before that I do not, unless there is some particular situation for a certain definite purpose.

Mr. POAGE. Some temporary proposition?

Mr. McFADDEN. Yes.

Mr. POAGE. I think we can all agree upon that, but as a fixed proposition, Mr. Green, what do you think about that?

Mr. GREEN. I feel that that question posed to any person would have to be answered in the negative. I do not think that any of us could ever agree that we would favor subsidy on unlimited production.

Mr. POAGE. You answered exactly as I would. I find no fault with that. It brings us down to the practical proposition of just how far, just what should we do about this matter. That seems to me to be the real question. I do not think that we can answer it until we understand these other things. There are a great many people who tell us that the Government ought not to inject itself into agriculture or into the production of any kind—that it ought not to help the producers at all. They say that they do not want any help, but our industry here needs it. I am not talking about your industry. I am talking about industry in general. I am not trying to criticize you gentlemen, but just what would you do—how far would you go—would you have the Government buy these commodities, process these commodities, ship these commodities at Government expense, deliver these commodities at Government expense, and on sardines would you deliver them over into the Congo—would you do that—do you think it is necessary, Mr. Green—do you think that we should deliver crackers to go with them?

Mr. GREEN. Cheese that is being shipped—cheese is being shipped right at the present time.

Mr. POAGE. I want to know how far should we go. How much should we do to give this stuff away.

Mr. GREEN. I think we tried to make it clear—at least I did—being a country boy, I may not have made myself quite clear on this, but my testimony here today was merely to point out—and I tried to make myself clear—that in the event that you did find yourself with a surplus and there was a need for high-protein product, and this program we really believe in, or I do, I believe that it contributes more to the underprivileged countries than does ready cash, and at the same time it can help the domestic industry here. I feel whenever there is a surplus and a product that is needed in another country, that fishery products could be incorporated into the present program, and that seems to be working quite well.

Mr. POAGE. This goes to the point that I am trying to get at. And I think, frankly, that I do not know my own views on—how far should we go in the way of processing and delivering surplus foods to needy people abroad? Most people will agree, I think, that when we have a surplus of a commodity here at home and if there are people who are hungry, no matter where they are, that it is just the right thing for us to give them the food that we have. We are not taking it away from anybody at home. We generally agree that it is perfectly proper and that we should give them the food. How much further should we go? I do not know. When I open a can of sardines, the actual sardines, how much would be the value of the sardines in that can—how much does the fisherman get—he would not get 5 cents for the sardines in the can, would he? What about that, Mr. McFadden?

Mr. McFADDEN. The fish in 100 cans of sardines are not too far away, probably from 7 to 11 cents, depending upon different years and different sizes.

Mr. POAGE. Let me see if we can get an answer to this. We would not have more than one-half pound of sardines in a can, would they?

Mr. JONES of Missouri. No, not that much.

Mr. POAGE. Not that much, a fourth of a pound? Would it have a fourth of a pound of sardines in the can, and if he got 7 cents a can for those hardines, that would be 28 cents a pound for the sardines. Would the fisherman get 28 cents a pound for the sardines when he brings them in?

Mr. McFADDEN. I am sorry—just to give you a little picture, we speak in terms of bushels when we buy fish from the fisherman. There will be roughly in a pack, depending on the size of the fish, about 70, maybe 110 cans per bushel. So that you would have somewhere from 75 to 100—it would average probably 100 cans to a bushel. So you would be paying \$1 or \$1.25 for a bushel of fish, which would give you roughly 100 cans.

Mr. POAGE. It would be just over a cent per can?

Mr. McFADDEN. That is correct, sir.

Mr. POAGE. And when I pay 35 cents for that can, there is a great deal of that price that does not go to the fisherman.

Mr. McFADDEN. You have, of course, the oil that is in the can, you have the can, the cover, and in the key cans the key that goes on it, and the extra cost of scoring the cover, and then you have the packaging, and the carton on the outside. There is a tremendous amount of hand labor in this. It is about all hand labor.

Mr. POAGE. That is exactly the point I am trying to make, that we are delivering a product which has a great deal of cost in it that does not go to the producer. It is not only true of your product, but it is true of other products. Again, I am not offering any criticism, but it is a fact that when we have processed these food products, we have packaged them and shipped them, that we have a great deal more of cost in many of them than that which goes to the producer, whether he be a farmer or a fisherman. Actually, what we are sending abroad then is not merely wheat, it is not merely fish, it is not merely meat or cheese—it is something that involves a great deal of cost to the American taxpayers.

Now, then, what I am asking is, how much additional cost should we put on these gifts of food when we send them abroad? As a boy, I lived in the country, in west Texas, and we did not have very much fruit, but we had a neighbor about 2 miles away who had a real nice orchard and some years he made quite a crop. We could go over there and get peaches from that neighbor. He would give them to us. But the neighbor expected us to come and pick them. He expected us to carry a sack over there to carry them home in. He would give us the peaches, but he expected us to pick them. And we thought that he was a right generous neighbor. And he thought so, too. We did not ask him to pick the peaches, to can them, to put sirup in the can on them and to send them to us packed. We did not ask that. We thought that we were being well-treated when they let us come and get the fruit.

Is it necessary for us to provide all of these additions to the food we give away?

Mr. McFADDEN. Sir, I think that we agree that most of it is hand labor in our particular industry. I would like to call on Mr. Reed. As you notice in our statement we have done some work ourselves in trying to do some export business, and I think perhaps Mr. Reed may have some better ideas. Frankly, I am sort of down on this—I am in the production end of the business, and when you get involved in some of these other things I will be perfectly frank that I do not know too much of what I am talking about there, sir.

Mr. McINTIRE. May we call on Mr. Richard Reed, executive secretary of the Sardine Council?

Mr. POAGE. Yes.

Mr. REED. What is the specific question?

Mr. POAGE. I would like to have your judgment on how far we should go when we give food to needy people abroad—how far do you think we should go? We give them wheat, but there are those who say that we should mill it and give them flour, because they have to make bread out of it. And there are those who say, “do not give them just bread, you must toast it.” And there are those who say that, “the toast is not much good until you put butter on it.” And there are those who say, “I like jam on my toast along with the butter, and you must put a little jam on the toast.”

Now, in order to give away a bushel of wheat we then have a good many dollars tied up in the additions. The same thing is true in your fishing industry. I think that your sardine is probably in that category, that it is true even there to a greater degree than in relation to wheat. But the principle is the same. I am asking how far should we go in preparing these foods before we give them away.

Mr. REED. I really do not know how to answer you. I think this thing all ties in. Do you believe in foreign aid? I do not know—it is a big subject. Is it not a part of foreign aid?

Mr. POAGE. Yes. I understand that is what you want. That is exactly what you are here for, to tell us that you want to encourage foreign aid.

Mr. REED. We do.

Mr. POAGE. But I am asking how far do you want us to go with this foreign aid?

Mr. REED. I really do not know. I cannot make any specific statement as to sardines or fish. I do think that when we have surpluses of a good high-protein food, if they need protein, if we want to help these countries with food, that fish products should be in the program. I think it is up to the Congress to decide how far they want to go with foreign aid.

Mr. POAGE. I take it that some of you gentlemen live in the country. I have lived 30 miles from a railroad. We were a long ways from any volume of water, but sometimes the folks would go down to the river 10 miles away and fish, and they might come by our house and leave us two or three catfish. It was up to us then to clean those fish—to fillet them. Now I suppose that if you apply the philosophy of some as they have it to foreign aid, that we should have said that the neighbors should clean those fish, fillet them, and that they ought to put cornmeal on them, because we always put cornmeal on our catfish and that they ought to bring the grease, because somebody has to furnish the grease and that we should not be called on to cook the catfish ourselves. You have got to have some grease to cook them in. And then you have to have wood for the stove to cook. And if you would be a good neighbor, it would seem to me that you would cut the wood. You would have to do that. And then you would have to carry it in and build the fire.

And then somehow they would find that it was hard on the women folks to stand over the hot stove and cook those fish. And it would look like the neighbors ought to come in and cook them.

And then it is not just right to put the catfish on the table alone. You would just like to have something else with it. I like hushpuppies with my catfish and it looks like they should have brought them along, too.

What I am saying is, is it our obligation to do all that for people all over the world, just to give them fish?

Mr. REED. Mr. De Lucien will answer that.

Mr. DE LUCIEN. Mr. Chairman, your point is well taken and we are sympathetic to your point. I certainly understand that.

With your permission I think our position might be well summed up if you would permit me to read an excerpt from a letter from Senator Bartlett of Alaska to the House Committee of Foreign Affairs. It was addressed to Mr. Boyd Crawford, staff administrator. Mr. Bartlett said, and I quote,

as indicated in the Senate Foreign Relations Committee report the amendment—that is, the inclusion of fishery products in the food-for-peace program—would put fish on the same basis as frozen beef, canned pork, and a variety of meats and fruits that are currently under this program. This is not a subsidy program under which the Government would purchase surplus fish products. The Government would only make long-term loans to foreign importers interested in pur-

chasing surplus fish products from a private producer in the United States. This is under title IV. Or the Government would accept foreign currencies in payment for surplus fish products sold by a private producer in the United States under title I. It is anticipated that will help the fishery industry to dispose of the surpluses and help develop markets through the U.S. fishery products.

That is the end of the quote. And I think that this is pertinent as indicating our feeling and understanding as to the inclusion of fishery products under the Public Law 480 program.

Mr. POAGE. I think that is a very good explanation—

Mr. DE LUCIEN. Thank you, sir.

Mr. POAGE (continuing). Of the attitude of about three-fourths of those who come before this committee.

Do you think there is any subsidy in REA loans, loans to electric cooperatives? I realize that you may not be familiar with these loans in the State of Maine.

Mr. McFADDEN. I think there is.

Mr. POAGE. I think there is, too, and I am for it. But for anybody to tell me that there is no subsidy when you are putting this money out seems to me that is incorrect. I do not care whether it is in Texas or from some other State, whether he is a Member of Congress or not, and if he is, it does not make it true. It is a subsidy just the same. I am not opposed to that sort of thing. I am for REA loans. I am for them. But I know that it is a subsidy. And I do not hesitate to say so. I know it is a subsidy. You are bound to know that, too.

The very thing that you are proposing here is a Government subsidy. I am not saying that it is wrong, but I am saying, let us call it by its name, instead of coming here and telling this subcommittee, "Now, we do not want any Government help—we just want the Government to give us something, one-half of what it is costing the Government—we do not want the Government to help us—we just want the Government to take the taxpayers' money and to spend it and let us hold onto a good part of it." And when we do, I think that we just are not being frank. We ought to state the facts.

Your industry and my industry and most of the rest of us are in the same shape, my friends—they want something for nothing and they want the U.S. Government to bail us out without costing the taxpayers money. It cannot do otherwise. I am not opposed to bailing out. But I just want to know about it and I just resent people trying to pull the wool over my eyes telling me that everybody else has got their hands in the public pocketbook but that they do not want to do that—they just want the Government to help them but they do not want to admit that they ever got any help from the Government.

Yes, Mr. McIntire?

Mr. McINTIRE. Mr. Chairman, I do not think there is any reservation on the part of those of us interested in this.

Mr. POAGE. I am not charging any.

Mr. McINTIRE. I am sorry.

Mr. POAGE. You agree that the statement fails to face the facts, would you not?

Mr. McINTIRE. The facts are quite obvious, I think, within the framework of Public Law 480 that there is subsidy there—there is not any question about that.

Mr. POAGE. Certainly we are not attacking it—we were just trying to recognize what it is.

Mr. McINTIRE. Coming back, if I might comment to the point which you have well developed, Mr. Chairman, as to how far one should go, I think that the record of operations under Public Law 480 is very clear. Certainly, we go to that point where the commodity involved is in a physical position which permits it to be transported and used abroad. And, of course, the language in the amendment which recently was put on Public Law 480 by the Congress refers to domestically produced fishery products.

Now, I think that the same rule would apply, that the point of activity here in relation to the legislation that the Congress has already enacted, would be a product in a condition which would permit its handling and delivery abroad in a usable condition. In the case of sardines, as is the interest of our group from Maine, this certainly is not a case of delivered fresh fish off the boat—this is a processed product that is put into a can and made deliverable almost anywhere. For an indefinite period of time this commodity is virtually imperishable under reasonable conditions of handling.

I think it is very obvious that this is the point in which interest is and has been expressed so far as this particular commodity is concerned; that is the extent to which the program accepts or takes into its function a commodity in that condition, so that it can be delivered. It is of course, processed and this means that any activity here would be at the volume wholesale prices prevailing in the market at the time of the function under this law, at whatever price level that might be. This would be, undoubtedly, an activity in which the manufacturer would offer his commodity at a negotiated price and the price certainly would relate to a point of preparation where it could be handled and delivered abroad in a usable condition—but beyond that it would be appropriate to say that the intention is not to pay for services beyond the same type of delivery as is normally made with commodities under Public Law 480.

With wheat this is in a dry transportable, deliverable condition as grain, pretty largely. With cheese, so far as butter oil is concerned, there is a conversion at the cost of the American taxpayer to put it in an acceptable condition for delivery, particularly in India.

And by the same token other commodities have different characteristics.

The point I wish to make here, Mr. Chairman, in response to your very appropriate inquiry is that I do not think that there is any question but what the idea is that these products are, in fact, packaged—they are, in fact, put in a deliverable condition, but interested parties have no idea of extending services beyond that point of packaged convenience.

Mr. POAGE. Thank you, Mr. McIntire.

Mr. JONES of Missouri. There is one question that I want to ask. As to Public Law 480, most of it has been confined, or I should say the major portion of it has been confined to those products which, while in surplus, have been accumulated under a restrictive program, where the producer has tried to bring his production in line with demand and has taken a great reduction in the acreage involved and has tried to curtail the production, but even under those circumstances

we still have accumulated surpluses. Would your industry want to accept any kind of controls; and, if so, what type of control would be applicable?

Mr. McINTIRE. May I respond briefly to your point, Mr. Jones?

Mr. JONES of Missouri. Yes.

Mr. McINTIRE. Certainly, so far as my thinking is concerned in connection with this provision I am thinking somewhat in the context of section 32 in which some commodities do move through the authority of Public Law 480. In those instances it is used, when there is a rather clear definable surplus situation, so determined executively, and it is my thought that such a general rule would prevail in the use of this amendment. It would be used on a finding of a current surplus situation in a particular fishery product item. And on this finding then authorities move in for an alleviation of this surplus. In many of those commodity interests, Mr. Jones, which operate under Public Law 480, there are no production controls.

My thought in the implementation of this provision is that it would be on a rather intermittent and not a continuous basis, and for that reason it would avoid the basic problems associated with a perpetual surplus.

This is the principle which is set forth in the Saltonstall-Kennedy Act which is already on the books which, too, relates its funding to section 32. And my thought in this amendment is that it would come within that framework, not as a continuous program, but as a useful vehicle available when there has developed some surplus situation.

Mr. JONES of Missouri. I just want to make this comment. I have been very much disturbed and have come to the point where I am opposed to the use of section 32 funds to the extent that they have been used to bail out commodities in areas where the representatives from those areas have consistently opposed other programs where the producers have been willing to make reductions. I am afraid, particularly at this point, that we have spent millions of dollars when they have an overproduction in the citrus industry and nothing has irritated me more than the fact that we had taken over a part of the citrus crop, in the form of frozen juices, then they had a disaster, and then we permitted them to take their product back, and they raised the price. Whereas I formerly was buying, say, two cans of frozen juice for 35 cents, now it is costing me 35 cents a can.

I am getting tired of helping people who are unwilling to extend their cooperation to what I think is a more realistic program, where the producer is willing to accept controls in order to participate in a surplus distribution program.

Thank you, Mr. Chairman.

Mr. POAGE. Thank you, Mr. Jones.

Mr. HARDING. I think that the problem of how far we go has been thoroughly discussed. I would like to ask a question about when we go. You know last night the President signed a tax cut of approximately \$11.5 billion. And in the past few days there has been a lot of speeches on the floor of the Congress about cutting spending.

Are you in favor of cutting spending?

Mr. McFADDEN. I would say that would be too broad a statement. I think that there are certain areas that will have to stand on their own. I am not prepared to say.

Mr. HARDING. I want to ask, then, Are you in favor in cutting back Federal expenditures, to try and bring into being a balanced budget? Realizing our Federal Government would cut all but those necessary expenses to limit expenses to the amount of our tax income?

Mr. McFADDEN. I do not think in answering broadly a question which is as broad as that—I am not in favor. I do not think I would be in favor of cutting back spending at the expense of some program that has been built up and which is coming almost to the end, where it might be self-supporting, or it might mean something better would be coming from it. I do not think that I would be in favor of that. I think that in certain areas that would have to be decided on its own merits or something of that sort.

Mr. HARDING. You think that if there are meritorious programs, it is quite all right for the Federal Government to operate in those?

Mr. McFADDEN. I would think so, yes. We may operate at a deficit, and we try to do what we can. Perhaps we spend more money sometimes than we should for certain things, but we hope that at the end of the third year or so we will get out of debt, and get that straightened out and do something else. That may not be a good answer, but that is the way I feel.

Mr. HARDING. I think that you have been very frank in your answer. I would like to ask our colleague, Mr. McIntire, the same question. I think that you are very much in favor of a balanced budget; is that not correct?

Mr. McINTIRE. Yes, sir.

Mr. HARDING. Would you consider this program, if the Secretary of the Interior presented such a new program—and there has been a lot of criticism of some new programs—a valid Federal expenditure? Of if the Secretary of the Interior should find that we should enter into this type of Public Law 480 program for commercial fisheries, and if the Secretary of the Interior today made that finding, would you consider him a spender?

Mr. McINTIRE. Mr. Harding, it seems to me that we have this problem, each of us as Members of the House, and I do favor bringing our expenditures within the framework of our income; however, we are not in a static situation, and we are going to continue public expenditures in very broad areas. Some of them we can, I think, effectively cut back. Some of them are by the forces that prevail today going to be expanded, and we are not going to stay static as regards new programs. These things are coming up every day. And each of us must sort them out and put them into their priority position.

As to this program that we have had witnesses this morning testify about, I think that the funding of this program is an area we should consider. I say this because the language did not come into this act by any action of this committee. It came in by the action of the Congress—it came in by the action of the Senate and the support of the conference reports and because it is in this act, and because the jurisdiction of this act comes within the framework of this committee, I have been interested in gathering some testimony to build a legislative record in relation to this provision. And I say very frankly, I think where this is now in the jurisdiction of this committee, we might well look at how this is to be funded, making our recommendations as to just how it is to be funded. And if it might be a reasonable

proposal to do the funding through the Saltonstall-Kennedy Act by way of an amendment that provides a basis for incorporation in the Food for Peace program, then I throw this out as a proposition which I think our committee can examine. And we as a committee should determine whether or not this should be funded through the Commodity Credit Corporation or through the vehicles of the Saltonstall-Kennedy Act. There may be some committee jurisdiction involved here. These are not new problems, but I say very frankly that I think we ought to examine this, because I do not feel the legislative record is too explicit as to some of the details of how this amendment, which is now a part of the law, is to be handled. If it were incorporated, Mr. Harding, within the framework of section 32 and the Saltonstall-Kennedy provision, then this comes within the framework of the funding mechanism which, of course, is expenditure; I will grant you that. And to the extent to which this would be funding of the authority to purchase these commodities or funding for purchase of these commodities for export, it would be, in fact, a new provision in that act. And I will be frank to say that I do not think that we are acting in our best national interests, if we do not move forward vigorously in the attainment of worthy and necessary programs. This means we are not going to stand pat against new proposals. Each of us must frame those into our position in relation to the overall objective of the concept of a balanced budget.

Mr. HARDING. In other words, what the gentleman is saying, and I think that I would agree with him, is that we have a need for necessary new programs.

Mr. McINTIRE. We do, indeed.

Mr. HARDING. And each one should be judged on its merits?

Mr. McINTIRE. Yes, sir.

Mr. HARDING. And we should never attack any program, whether it be Public Law 480 subsidies to commercial fisheries, Federal aid to education, medical care for the aged, or any other proposed Federal program on the basis that we cannot afford it—we should instead look at each program on the basis of its merits?

Mr. McINTIRE. And each of us, individually, Mr. Harding, I think has to evaluate the priority of that proposal within the framework of his own philosophy as to how far one goes.

Mr. HARDING. I appreciate your answer. I would like to put this same question to Mr. De Lucien. How do you feel about the demands on Congress to cut back Federal spending—are you in sympathy with that?

Mr. DE LUCIEN. In answer to your question, Congressman Harding, I do believe in a balanced budget with respect to expenditures as they relate to income. Certainly, I think all of us philosophically believe in that, but realistically, in extension of your remarks and Congressman McIntire's remarks, we have to weigh each new program on its own merits, and fit it into a concept of a balance budget. And that I think is a logical approach to spending and income and fiscal responsibility.

Mr. HARDING. Then you would accept the reality that we are going to have new programs, even at a time when we are attempting to cut back our Federal budget?

Mr. DE LUCIEN. I would expect such a dynamic society.

Mr. HARDING. The final question that I want to ask of you, Mr. De Lucien, is do you think that this program has enough merit to justify it when we are operating at a deficit in our Federal budget? If the Secretary of the Interior should find that it is in the national interest and an effort should be made to make contracts to utilize the commercial fishery products in Public Law 480 programs—Do you think that is a matter of urgency or do you think this is one of the programs that can wait until we do have a balanced budget before we go into a new program requiring new financing?

Mr. DE LUCIEN. I think the answer should be that fishery products could be included in the existing mechanism of Public Law 480 activity, in that we—and I refer to my statement—indicated that we envisage a modest participation under title I and title IV to alleviate certain conditions of over-stocked domestic fishery products. At the same time I think that we would have an opportunity to develop overseas markets within the framework of Public Law 480 activities as well as establish markets through which we can, through private channels, follow up.

Mr. HARDING. The gentleman from Texas has very ably brought out that this proposal, as well as much of our food-for-peace program under Public Law 480 legislation is a subsidy. Any time that our Government makes long-term loans without interest we are certainly making a subsidy. You, as businessmen know, because you use a reserve for bad debts in your accounts receivable—that sales do not necessarily mean profits. Many of the underdeveloped countries of the world will never repay us for some of these foreign-aid programs. We might just as well write them off now as the subsidies they actually are. You talk about a modest program. When you say a modest program, what do you mean as the cost to the taxpayers? Are you talking about a million dollars annually or \$5 million annually—what is your interpretation of a modest program?

Mr. DE LUCIEN. I would have to defer to the agencies that would implement this program as to what their position would be within the framework of the executive branch of the Government. However, I will cite an example—we have the production of canned mackerel in southern California and, admittedly, the domestic market for this product is limited. However, we do have a carryover of this domestically produced product on hand. For example, we had a production in 1962 of 1.2 million cases. We had at the beginning of January 1, 1963, a carryover estimated in excess of 200,000 cases. If some of those cases in excess of domestic supply could go into overseas markets, this would help the domestic mackerel industry considerably.

Mr. HARDING. I think that this focuses our attention on the need for such a program.

May I conclude, Mr. Chairman by saying I want to compliment the witnesses who appeared here today. I think very frankly, after the Farm Bureau, the United States Chamber of Commerce and the C.E.D. that appeared last year, that this has been most refreshing to have a group of liberal, progressive businessmen come in and testify before this committee. [Laughter.]

Mr. DE LUCIEN. Well, will that stay in the record?

Mr. POAGE. Mr. Matsunaga?

Mr. MATSUNAGA. After that statement I do not believe that anything that I would say would be necessary. [Laughter.]

Mr. POAGE. Do you have anything further, Mr. McIntire?

Mr. McINTIRE. I would only say, Mr. Chairman, that my colleague, Mr. Harding, can well make his own comments on designating the political spectrum of any individual witness. I will, however, reserve my own opinion on this and also let my own record speak out for my position in political philosophy.

Thank you very much.

Mr. POAGE. The Chair would like to say that we do appreciate all of your contributions. When we asked you questions, we were not trying to embarrass you. I hope that is your thought, too. I recognize that I have a bad reputation in that respect, but I do not know of any other way to get the information, except to put out the questions. We do appreciate you coming here and giving us your testimony. It is a subject matter on which I am certain that I do not have too much knowledge and I am sure that the committee does not, either. We are not well versed on fisheries. We have to have you folks come here to tell us. And you should appreciate your Congressmen bringing you down here to acquaint us with this subject. After all, he is a long way from home now. Your conditions are quite different from those that many of the rest of us have. You are more on the order of the situation that Mr. Matsunaga—we do not know so much about his conditions so far away. We do not know so much about Senator Bartlett's State, for that matter. We do appreciate very much your being here.

Mr. McINTIRE. May I express our appreciation to you and the members of the subcommittee? And may I again restate my purpose in asking for time today to make the presentation on this provision in Public Law 480. I am one who feels rather deeply about the importance of a legislative record, and in the consideration of Public Law 480 which we are now studying toward the end of extension we were afforded the opportunity of developing a legislative record regarding this fishery products proposition or provision which is now in the law. I want to express my appreciation to the witnesses for the contribution they have made, and to the members of the subcommittee.

Thank you very kindly.

Mr. POAGE. Thank you very much.

The subcommittee will stand in recess until 10 o'clock tomorrow morning at which time representatives of the State Department will be present.

Thank you.

(Whereupon, at 12 noon, the subcommittee was in recess, to reconvene at 10 a.m., Friday, February 28, 1964.)

(The following letter was later submitted to the subcommittee:)

MAINE SARDINE COUNCIL,
Augusta, Maine, March 3, 1964.

Congressman W. R. POAGE,
Chairman, Subcommittee Foreign Agriculture Operations,
House Agriculture Committee, Washington, D.C.

DEAR CONGRESSMAN POAGE: During the hearing before your subcommittee on the inclusion of fishery products under Public Law 480 which was held on February 27, a couple of pertinent questions came up which we believe should have somewhat more detailed replies than our group was prepared to give at the time.

It is for this purpose that I write and it would be appreciated if this letter could be included in the record of the hearing.

One member asked in effect why if foreign sardine producers were subsidized by their governments, as mentioned in the statement read by the Bureau of Commercial Fisheries spokesman, it was necessary for him to pay 35 cents a can for the imported product.

There are some imported brands that retail from 35 cents to \$1 a can but the sales volume that they generate is infinitesimal as compared with the overall domestic sardine market. These are brands that have been established over a long period of years and retain a following of connoisseurs who are mostly in the upper income brackets. Because of this following the producers and the trade are able to charge the very high prices with a resulting high profit margin.

We do not believe that anyone expects or feels that they should be able to sell such expensive specialty items under the food-for-peace program and I am certain that our industry has no such ambitions.

The bulk of the sardines sold in the United States are those from Maine and California and the lower priced imported varieties. Our industry's products have an average retail price of about 12 cents a can and a wholesale price of about 9 cents with the latter figuring out to less than 40 cents a pound for good solid protein. The California type retails for even less on a per-pound basis while there are plenty of imported brands on sale at from 12 cents to 16 cents retail.

It is our lower priced can without key or wrapper that we see as an ideal, modestly priced item for food-for-peace. If purchased at the going wholesale price you may be sure that our canners, because of the inexorable laws of supply, demand, and competition will be making a very slim profit.

Another question dealt with the amount of money that would be involved by the inclusion of fishery products. We would expect that the Secretary of the Interior would be able to give you a good estimate on this in the very near future but it would seem to us that it would be an extremely small percentage as compared with the agricultural products operations.

We believe that our statement read by Mr. McFadden adequately covers other phases of the matter so far as our industry is involved.

Sincerely,

RICHARD E. REED, *Executive Secretary.*

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