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HEARING

BEFORE THE

COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH CONGRESS

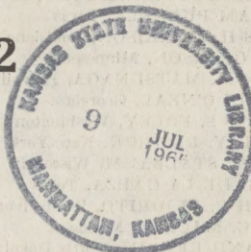
FIRST SESSION

ON

H.R. 5702

MARCH 25, 1965

Serial G



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HEARING

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NATIONAL COMMISSION ON FOOD MARKETING EXTENSION OF TIME TO FILE REPORT

THURSDAY, MARCH 25, 1965

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to notice, at 10:15 a.m., in room 1310, Longworth House Office Building, Washington, D.C., Hon. Harold D. Cooley (chairman) presiding.

Present: Representatives Cooley, Poage, Gathings, Abbitt, Purcell, Olson, Matsunaga, O'Neal, Resnick, Stalbaum, de la Garza, Vigorito, Mackie, Redlin, Bandstra, Greigg, Callan, Dague, Belcher, Teague of California, Quie, Mrs. May, Latta, Harvey of Indiana, Findley, Dole, and Walker.

Also present: Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; John J. Heimburger, general counsel; Robert C. Bruce, assistant counsel; and Francis M. LeMay, consultant.

The CHAIRMAN. The committee will be in order.

Without objection I will insert into the record at this point the bill I introduced, H.R. 5702, and a letter we received from the Secretary of Agriculture, Hon. Orville L. Freeman, endorsing the bill that is before us.

(The letter dated March 24, 1965, and H.R. 5702 follow:)

[H.R. 5702, 89th Cong., 1st sess.]

A BILL To extend for one year the date on which the National Commission on Food Marketing shall make a final report to the President and to the Congress and to provide necessary authorization of appropriations for such Commission

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 4(b) of Public Law 88-354, approved July 3, 1964 (78 Stat. 270), is amended by striking out the figures "1965," and inserting in lieu thereof the figures "1966".

(b) Section 7 of such Act (78 Stat. 272) is amended by striking out the figures "\$1,500,000," and inserting in lieu thereof the figures "\$2,500,000".

DEPARTMENT OF AGRICULTURE,
Washington, D.C., March 24, 1965.

Hon. HAROLD D. COOLEY,
Chairman, Committee on Agriculture,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: I am writing to endorse H.R. 5702, to extend the life of the National Commission on Food Marketing for 1 year and increase the total amount of funds authorized to be appropriated.

It is hardly necessary, and would be redundant, to name all the reasons why such legislation should be enacted. The seriousness and complexity of the marketing problems assigned for the Commission's attention, as spelled out in testimony on Senate Joint Resolution 71 a year ago; the promising start that has been made in the Commission's work to date; and the distinguished and

forceful membership of the Commission itself—all attest to the need to give the Commission the additional year that would enable it to complete its work.

For the same reasons, the Commission should be granted adequate funds for the purpose. I understand that a figure of \$2½ million has been proposed as appropriation authority for the Commission's entire life. Inasmuch as the strength of the Commission's inquiry lies in its searching out new information and spotlighting very difficult problems, it is highly desirable to provide for the total authorization requested.

I would appreciate your making this a part of the hearing record.

The Bureau of the Budget advises that there is no objection to the presentation of this report and that the enactment of this proposed legislation would be in accord with the President's program.

Sincerely yours,

ORVILLE L. FREEMAN, *Secretary.*

The CHAIRMAN. We are delighted to have with us Mrs. Sullivan who is here this morning to testify for this bill.

We will be glad to hear from you now.

STATEMENT OF HON. LEONOR K. SULLIVAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSOURI

Mrs. SULLIVAN. Thank you, Mr. Chairman and members of the committee.

As the senior House Member serving on the National Commission on Food Marketing, I have a very brief statement that I would like to make this morning to express my interest in this legislation and my appreciation for your prompt action in scheduling a hearing on the bill you introduced at the administration's request.

As you know, Mr. Chairman, since you handled the legislation last year which created this Commission, it is a bipartisan agency, consisting of five House Members, five Senators and five public members appointed by the President.

We have been given a very important and far-ranging assignment, and I can assure you that there is a real determination on the part of the members of the Commission to do this job conscientiously and well.

I am sure that we will have many disagreements within the Commission over details and policy recommendations but, from everything I have seen so far, I think that we can work together effectively and come up with a report that you will find worthwhile.

As you will recall, Mr. Chairman, the original idea was for a 2-year study. It was finally enacted as a 1-year investigation with a report due on July 1, 1965.

Frankly, we could never accomplish very much if that deadline remained. It is not because of anyone's fault or negligence but, after the legislation was enacted, President Johnson selected Judge Marvin Jones as Chairman and we gave the Chairman the responsibility of interviewing the many applicants for the job of Staff Director but, after several months, Judge Jones decided that he was not physically able to carry out the heavy responsibilities of the chairmanship and resigned. Then the President had to search for and find a qualified person to succeed Judge Jones and he finally did in the person of the former chief justice, Phil S. Gibson, of the California Supreme Court.

We all met for the first time under Judge Gibson last September before Congress adjourned and we all had to go home and campaign. He was anxious to get started as quickly as possible. And on his

recommendation, Dr. Brandow was unanimously appointed Executive Director taking office November 16.

Then the talent search began for the various experts needed for this work. Dr. Brandow is here this morning to discuss that aspect of it, how the staff was chosen, how the Commission's studies are being undertaken, the hearings which are scheduled, and so on.

When we returned to Washington for the new Congress we met on January 7 to organize the work and to set up our rules, and then we met on February 17 as a commission to agree on a program.

I am convinced that we are heading in the right direction, but it was not until February that most of the staff was placed on the payroll and assigned to areas of investigation.

If this Commission were to have to make its final report on July 1, it would only be a surface brush and that is not what this committee of the House expected when it recommended the enactment of the legislation establishing the Commission.

Representatives Purcell, Rosenthal, Cunningham, and Mrs. May will agree with me, I am sure, as House Members serving on this Commission, that we would not want to be associated with any superficial study which did not get to the heart of the problems which this Commission was assigned to investigate. Therefore, in view of the unusual circumstances which delayed the start of the work—the resignation of the first Chairman after several months, requiring a new Chairman to start from the very beginning again—we will need this extra time and the authorization for appropriations in the 1966 fiscal year in order to do the job that you have asked be done.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Mrs. Sullivan. Are there any questions?

Mr. POAGE. This means only \$1 million additional money, does it not?

Mrs. SULLIVAN. That is right.

Mr. POAGE. I think that it should be mentioned that at the time that this legislation was enacted it was recognized that you might need more than 1 year. I think all of us recognized that it might be impossible to do this work in 1 year. I supported it then and I support it now; but I would add, and I want to make this statement for the record, that we do expect something to be done as quickly as possible.

Frankly, I have been disappointed at the delay. I am not laying any blame on anyone. I know about the difficulties and the setbacks and the change in the organization that came about by reason of those changes. The point is that it happened. That does not mean that I am condemning anybody for it, but I think that rather than that being used as an excuse for further delay that the excusable delay which has taken place should be a spur to the membership and to the staff to move this thing more rapidly, rather than slower, because certainly we do not want this thing to become permanent. And I want to put everybody on warning that I am not going to vote to continue this as a permanent commission. I do not want anybody to get the idea that this thing is to be done year after year. I do not mean that you are suggesting that at all, but I think that it is well for us to understand right now that this is the last extension and that there is going to be a report at the end of next year, and I hope that you will file a report as the original legislation requires in July—I do

not mean a final report, but I think a report showing that something has been achieved and that we are moving somewhere.

Mrs. SULLIVAN. I appreciate the gentleman's concern on this but when you realize that the Executive Director had to go searching for the experts that were needed, and that most of them went on the payroll only this past February——

Mr. POAGE. I recognize that. I recognize the problems. I recognize that when you name somebody to head an organization, then you lose 2 or 3 months, and when he is out you have lost that much more time. And I recognize that you cannot get these things done by wishing for them.

Please understand that I am for the extension. I am not voting against the extension at all. I am not opposing it. I think that we should make it clear here now, because I do not want somebody to come up next year and say that by my upholding the extension of this that I favored a further extension. I am in favor of giving you this additional time, but I just want it understood now that this is not going to be a permanent agency of the Government.

Mrs. SULLIVAN. I believe you would be encouraged by the way they are digging into this now. The staff is completed and is arranging hearings and I am sure that Dr. Brandow will discuss the hearings that are set up for these future months. Progress is being made and it will continue to be made as they go along. We have a lot of ground to cover.

The CHAIRMAN. We realize, of course, that all of the members of the Commission have other duties, especially those who are Members of the Congress. You can only devote so much time to this work. How much time do you estimate will be devoted to the work of this Commission?

Mrs. SULLIVAN. We have adopted a requirement that when hearings are scheduled a definite number of Commission members must be present at the hearings. We realize that all of us cannot be at all of the hearings around the country, but there is a definite number that must be present in each instance. Of course, the whole Commission is invited to sit in. The first hearings are going to be in Cheyenne, Wyo., on the 1st to the 3d of April, and there is another hearing in Texas a little later in April. I think those on the Commission who are particularly interested in livestock and feedlot operations will make every effort to be at these hearings. The public members, by the way, have attended all of the meetings of the full Commission, and I feel they will make a real contribution along with the congressional members.

The CHAIRMAN. You will go to Cheyenne, Wyo.?

Mrs. SULLIVAN. I believe that is the first place.

The CHAIRMAN. Will all of them go there?

Mrs. SULLIVAN. That I cannot answer. I believe there will be a good representation, however.

Mr. PURCELL. The first hearings are to be on producer feedlot operations, and it was decided by the members and the staff that we would go into the production area of beef and then into selling to the packing operations, which would be a logical method to use.

Now, the second meeting will be on the 22d, 23d and 24th of April in Fort Worth, Tex., covering the same as Cheyenne, but this is a systematic plan to try to hear those who are involved in the particular various segments of agriculture. And I might just add to what Mrs.

Sullivan has already stated that the public members, I believe, have been to every one of our meetings. They have had long distances to travel and at a sacrifice of their time and effort and they have indicated, so far as I am concerned, a high degree of interest in this. And I look forward to a great deal of participation on their part in these hearings.

Mrs. MAY. Will you yield?

The CHAIRMAN. Yes, Mrs. May.

Mrs. MAY. Mr. Chairman, may I just comment as another member of the Commission? I think that Mrs. Sullivan has stated the whole problem very accurately, and while I do not want to belabor the point, I would recall to you that in the wording of the bill that this committee passed, it was decided that before any staff members were hired that this had to have the concurrence and the OK of all 15 members of this Commission. You can see what the logistics of this problem have been. I think that we would have been subject to criticism had we not gone slowly and carefully along with Judge Gibson to secure key people, after Dr. Brandow had set up a plan of operation, to work in each of the project fields.

I am sure that he will go into this plan of operation.

Time was involved here. The 10 congressional members were scattered all over the United States at campaign time. They had to be written to—they had to be called on the telephone—they had to be contacted for their endorsement of personnel. But had we moved too fast in this field and had accepted just anyone who came in and applied for one job or another, I think that you would have had the right to criticize as we would have been ignoring the letter of the law.

The Commission is now moving. We have a fine staff who are qualified in research work and they are of a high caliber. And now the pace has increased.

At one of our first meetings there was brought up in our general discussion the subject which is right to your point, Mr. Poage. We have no desire to remain a permanent commission as individual members. Five are Members of Congress and five are from the Senate and five from the outside who have various responsibilities of their own. They certainly do not want to make this a permanent commission, and have no desire to perpetuate themselves. I do not. I believe that Mrs. Sullivan will agree with me that this would be the answer of all of the members.

Mr. POAGE. I am offering no criticism, please understand me.

Mrs. MAY. I understand.

Mr. POAGE. I think we understand Government commissions, that when they are set up as temporary Government agencies that they sometimes continue. I just want notice to go out that next year—I want the word to go out—and I will support the continuation now—but I do not care how good the work is or anything of that kind, I think that there is no purpose in doing these things, unless they are done with some degree of dispatch. And that means no criticism as to what has happened so far—I am just putting everybody on notice that next time we are not, at least so far as I am concerned, going to continue it.

I applaud you for what you have done so far. I have no criticism of that, but I do not want to have somebody think that that means that I favor a continuation of the situation.

Mr. LATTA. I would like to ask a question which perhaps Mrs. Sullivan can answer, or maybe Mr. Purcell or Mrs. May.

You organized in February and you are now just getting underway. Why then do you need an additional \$1 million, raising your budget from \$1,500,000 to \$2,500,000?

Have you already used that amount of money?

Mrs. SULLIVAN. No, we have not. I don't think that much was appropriated, but Dr. Brandow can give the details on that. However, whatever we have will terminate July 1, so we need a new authorization for funds in the new fiscal year. As I said, the original authorization was supposed to be for 2 years and \$2.5 million, but it was cut back to one year.

Mr. LATTA. If you have not done anything so far, such as holding hearings, et cetera, and you have just gotten the staff together, what has happened to the \$1,500,000?

Mrs. SULLIVAN. Some of it is being used but it is not all used up. We will have to go to the Appropriations Committee, once this authorization is passed, to get the additional funds to be used in fiscal year 1966. Under present law, we are not able to obtain funds beyond July 1 of this year.

Mr. LATTA. Is it your considered judgment that you are going to need another \$1 million?

Mrs. SULLIVAN. I would say yes.

Mr. LATTA. To do this work?

Mrs. SULLIVAN. I would say yes, Mr. Latta. In the original concept of the Commission, a 2-year study was going to require that much money. Dr. Brandow will be able to tell you how the money will be allocated over the longer period.

The CHAIRMAN. Will you put into the record the names of all of the members of the Commission?

Mrs. SULLIVAN. I have the names of the Commission members right here. It consists of five Representatives, five Senators, and five public members. Here is the list.

NATIONAL COMMISSION ON FOOD MARKETING, WASHINGTON, D.C.

PUBLIC MEMBERS

Hon. Phil S. Gibson, Chairman, (retired chief justice, California State Supreme Court) Atherton, Calif.

Hon. William M. Batten,
J. C. Penney Co.,
New York, N.Y.

Hon. Fred J. Marshall,
Rural Route 2,
Grove City, Minn.

Hon. Elmer R. Kiehl,
School of Agriculture,
University of Missouri,
Columbia, Mo.
Hon. Albert K. Mitchell,
Tequesquite Ranch,
Albert, N. Mex.

SENATE MEMBERS

Hon. Warren G. Magnuson (Democrat,
Washington)
Hon. Gale W. McGee (Democrat,
Wyoming)
Hon. Philip A. Hart (Democrat,
Michigan)
Hon. Thruston B. Morton (Republican,
Kentucky)
Hon. Roman L. Hruska (Republican,
Nebraska)

HOUSE MEMBERS

Hon. Leonor K. Sullivan (Democrat,
Missouri)
Hon. Graham Purcell (Democrat,
Texas)
Hon. Benjamin S. Rosenthal
(Democrat, New York)
Hon. Glenn C. Cunningham
(Republican, Nebraska)
Hon. Catherine May (Republican,
Washington)

Dr. G. E. Brandow, Executive Director

The CHAIRMAN. I would also like to know how much time will be devoted to the work of the Commission by the members of the Commission. In other words, I know you are a busy woman—you will not have a chance to devote all of your time to this, as will be true of the other Members of Congress. Are the public members going to devote a substantial amount of their time to this work?

Mrs. SULLIVAN. They will not do the full-time work that the staff is doing, of course, but they will do the work that all of us Commission members are to do. Four of the five public members are going to be at the first public hearing in Cheyenne, Wyo., I understand.

Mr. MACKIE. I would like to ask Mrs. Sullivan a question. Has the Commission prepared a budget and, if so, are copies of it available?

Mrs. SULLIVAN. I have not seen the budget. Now, whether or not one has been prepared, I think you should ask Dr. Brandow who is the Executive Director. He can answer that.

Mr. FINDLEY. Mrs. Sullivan, can you give us an idea of how much of the \$1,500,000 has been obligated by contracts, et cetera?

Mrs. SULLIVAN. Again, I think that you can ask Dr. Brandow as to the number of staff members—that is, the experts who have been hired, plus secretaries and others. He can give you that, I am sure, very quickly, plus all other expenditures or planned expenditures.

Mr. FINDLEY. Do you feel that your Commission will be seriously handicapped if the expiration date of the authority were to be advanced to January 1 of next year instead of a full 1-year extension that is proposed here?

Mrs. SULLIVAN. I do. We feel that we should be able to do the kind of a job that we want to do, and that is expected of us. It is a big assignment, not only in getting the information but then later compiling this information into a readable report, so that we know what we have found, and why we think certain recommendations should be made. I think that we need an additional year.

Mrs. MAY. May I comment on that point, too?

This commission study is very much like bubble gum. The more you chew it, the larger it becomes.

We have been overwhelmed somewhat by the depth this study will require to make it meaningful. Requests from hundreds of organizations have been received that we should go into this area and we should go into that subject. We have seen the enormous task we have before us to do a meaningful study that has real validity in only a few of the many areas. And I agree with Mrs. Sullivan that we might as well drop the whole thing right now if we do not intend to do this right, because we could then come up only with half truths, which I am sure is not what this committee wants.

Mr. FINDLEY. Is it not possible that this is not large enough either in time or money, then?

Mrs. MAY. No. We know what has to be covered. We know the original purpose of this study. We have gone right to work, and we are going to get right into the thing. I do now know how we could have gotten enough of an expert staff together before to do this.

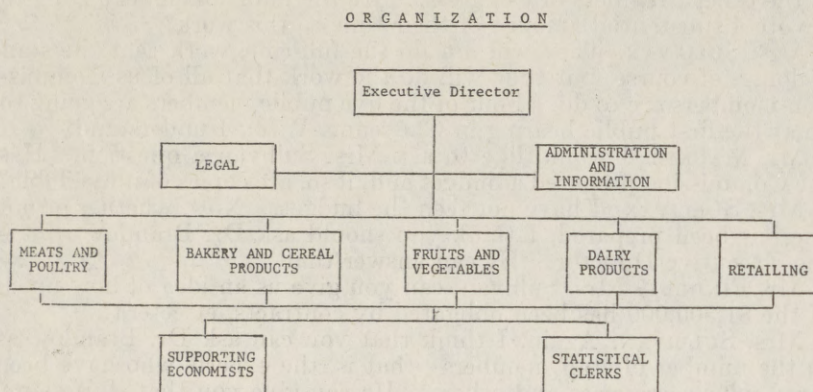
The CHAIRMAN. I should like to have a list of the staff members for the record, also.

Mrs. SULLIVAN. I am sure that can be done.

Mr. DOLE. And could we along with that have the salaries and are they fixed salaries?

The CHAIRMAN. Do you have that information?

Mrs. SULLIVAN. I am sure that the salaries are on a fixed basis, but I do not have the individual amounts. They can certainly be provided. (The principal staff chart follows:)



PRINCIPAL STAFF

Executive Director.....George E. Brandow
 Asst. to Exec. Dir.....Richard F. Ottman
 General Counsel.....James E. Corkey
 Project Leaders:
 Bakery and Cereal Products..H. Wayne Bitting

Project Leaders (continued):
 Dairy Products.....Linley E. Juers
 Fruits & Vegetables..Marshall R. Godwin
 Meats and Poultry.....Paul L. Farris
 Retailing.....Warren L. Sharfman

The CHAIRMAN. Someone asked a moment ago how the members of the Commission are paid.

Mrs. SULLIVAN. May I ask you to direct that question to Dr. Brandow? As Members of Congress, we are not paid, but he can tell you about the public members.

The CHAIRMAN. Very well.

Mrs. SULLIVAN. He is taking care of the technical details.

Mr. CALLAN. Would there be any merit in finding out how many Members of Congress might be scheduled at these hearings?

Mrs. SULLIVAN. It has been agreed upon in our meetings that there must be at least three Commission members at each one of the hearings.

Mr. CALLAN. How many Members of Congress must be at these meetings?

Mrs. SULLIVAN. That is going to depend upon when these hearings are held, and whether or not we can get away. I think there has been a great deal of interest shown by the Members of the House and of the Senate in attending the first hearings that are set up. So I do not think that we will have to be pressed to do it, if we can get there.

Mr. TEAGUE of California. I have just looked at the names of the public members of the Commission, and I am personally very favorably impressed with the list.

The CHAIRMAN. You said that there would always be three members present?

Mrs. SULLIVAN. That is the requirement that we set up when the Commission met and set up our rules, yes.

Mr. OLSON. I want to thank Mrs. Sullivan for her efforts in establishing the Commission and taking the time to come here today to ask for this extension. At least, speaking for myself, I am pleased with the membership of the Commission. I am very happy that my colleague Mr. Purcell and other Members of the House are members of the Commission.

One of the public members of the Commission is a friend of mine and my predecessor in Congress. He has expressed the same type of sentiment that you have expressed this morning, that of satisfaction. And, also, the sentiment of Mr. Poage that there was regret in the delay which I am sure is true of every member of the Commission, but he really feels that there is every reason to be enthusiastic about what the Commission has done and what it knows it must do in the time it has to do it. I believe that we have a very worthy commission and that it will present us with a fine report.

Mr. SULLIVAN. Thank you.

The CHAIRMAN. Thank you very much, Mrs. Sullivan. We appreciate your appearance.

Mrs. SULLIVAN. Thank you, Mr. Chairman. I appreciate your help. The Housing Subcommittee is beginning hearings this morning on the omnibus housing bill and as ranking member, I want to be present, even if a bit late, but I was very anxious to come here first and demonstrate my very strong interest in this legislation and my gratitude to this committee for initiating the legislation which established the National Commission on Food Marketing last year. Now if I may be excused—

The CHAIRMAN. Yes. Dr. George E. Brandow, executive director of the National Commission on Food Marketing is our next witness.

We will be glad to hear from you now.

**STATEMENT OF GEORGE E. BRANDOW, EXECUTIVE DIRECTOR;
ACCOMPANIED BY JAMES CORKEY, GENERAL COUNSEL; AND
RICHARD F. OTTMAN, ASSISTANT TO THE EXECUTIVE DIRECTOR,
NATIONAL COMMISSION ON FOOD MARKETING**

Mr. BRANDOW. Thank you, Mr. Chairman and members, I am George E. Brandow, executive director for the National Commission on Food Marketing and I have with me a couple of staff members, Mr. James Corkey, who is general counsel and Mr. Richard Ottman, who is assistant to the executive director.

I have a prepared statement which is slightly repetitive of the one given by Mrs. Sullivan, but I think that it will expedite matters if I just go ahead and read it as originally prepared.

Mr. Chairman, I wish to thank you for the privilege of appearing before the committee to testify in support of H.R. 5702—

To extend for one year the date on which the National Commission on Food Marketing shall make a final report to the President and to the Congress and to provide necessary authorization of appropriations for such Commission.

Justice Phil S. Gibson, Chairman of the Commission, has asked me to appear in behalf of the Commission and to express his regret that he could not be here today.

As most of you will recall, the Food Commission was established to study past and prospective changes in the marketing structure of the food industry and to appraise changes in statutes, public policy, or marketing organization required to maintain an efficient and competitive industry and a desired distribution of market power.

The Commission is bipartisan and consists of five Members of the Senate, five Members of the House of Representatives, and five public members appointed by the President. Two of the Commissioners are members of this committee. The Commission was directed to make its final report by July 1, 1965.

The Food Commission is increasingly impressed by the magnitude of its task as the work gets underway, but it believes that it can effectively discharge the duties assigned to it if sufficient time and resources are made available for the work. To accomplish this, extending the final reporting date to July 1, 1966, and increasing the authorization of funds to \$2,500,000, as provided in H.R. 5702, will be necessary.

A brief chronology of Commission activities to date may be helpful. The act establishing the Commission was approved on July 3, 1964, but action on appropriation of funds was not completed until October 7, 1964. Selection of an executive director required some time; I came on duty on November 16, 1964. It was late in January before a sufficient staff could be selected and assembled to begin to function. The Commission met on January 7, 1965, acted on staff appointments, and considered the broad outlines of its program. It has since met on February 17, to make its plans more specific and to transact other necessary business.

A broad program has been initiated to deal with a number of basic questions concerning competition and efficiency in the food industry. It will not be possible, however, for the Commission to reach conclusions and to develop recommendations by July 1, 1965, as originally provided. The food industry is the Nation's largest and one of the most complex. Any report prepared to meet the original deadline would be hasty, superficial, and possibly more harmful than helpful. Effort and money spent so far would be largely wasted.

Extension of the final reporting date to July 1, 1966, will allow sufficient time for the Commission to hold necessary hearings, to obtain data from other Government agencies, to complete staff studies of its own, and to prepare its final report.

The Commission has announced five hearings to be held in the next 10 weeks and will hold a number of others before its work is finished. Arrangements have been completed with the Federal Trade Commission to assemble data on concentration of business and on other aspects of the changing market structure of food retailing and food manufacturing. Special studies will be made for the Commission by the Department of Agriculture to show, in more detail than now available, the makeup of the costs and profits included in the price spread between the farmer and consumer.

Still other studies by Government agencies are being developed. I should like to emphasize in this connection that the work by other Government agencies will be in addition to their normal programs and will produce new information not otherwise available.

The Commission is fortunate that the censuses of manufactures and business covering the year 1963 can be drawn upon for essential,

up-to-date information about the food industry. The Commission's staff, through its own inquiries and by means of data obtained from food processors and retailers, will seek to discover how the industry actually operates, to ascertain why changes are taking place and where they may lead us, and to appraise regulatory activities of Government. By thus engaging the services of other agencies and combining them with its own efforts, the Commission expects to build the factual basis for its final report. An additional year beyond July 1, 1965, will be needed for this work.

The CHAIRMAN. Thank you very much, Dr. Brandow. Are you devoting your entire time to the work of the Commission?

Mr. BRANDOW. I am.

The CHAIRMAN. And you are on a fixed salary?

Mr. BRANDOW. That is right.

The CHAIRMAN. How are the other staff members to be paid—on a fixed salary or a per diem basis or how?

Mr. BRANDOW. All staff members are on a fixed salary basis.

The CHAIRMAN. How much are the members of the Commission to be paid—is that on the basis of a per diem?

Mr. BRANDOW. The members of the Commission who are Members of Congress get nothing for their services. Their travel expenses are reimbursed.

The public members of the Commission—the five members who are not Members from Congress—receive \$100 per diem when actually attending meetings or hearings.

The CHAIRMAN. Are the members of the Commission from the Congress paid \$16 per day for living in a hotel for a night and for their meals, or are they paid their actual expenses—are they on a per diem—on a fixed per diem?

Mr. BRANDOW. We pay them \$16 per day per diem.

The CHAIRMAN. Which they must use to pay for their hotel and food and living expenses and everything else?

Mr. BRANDOW. That is right.

The CHAIRMAN. Do you not think that is a bit too small?

Mr. BRANDOW. I do.

The CHAIRMAN. What can you do about it? I do not expect that Members of Congress should have to travel across the country, living in cheap hotels, and eating in cheap restaurants, and attempting to live on \$16 a day.

Mr. BRANDOW. That is right. We have felt that we should adhere to ordinary Government standards and to free ourselves of any accusation of using the Government's money wastefully. I fully agree that the \$16 a day is inadequate. It is inadequate to many of the people who have to live under it.

If it is this committee's desire, this would provide us with a good reason for changing this so as to compensate them for their actual expenses, which I would prefer to do, if there was an expression on this.

The CHAIRMAN. They cannot double up very well; that is, with both sexes on the Commission. [Laughter.]

Do you not think that you should do something about that? Or that the committee should do something about it? They cannot live in cheap hotels and eat in cheap restaurants.

Mr. BRANDOW. If we could reimburse them for their actual expenses, we would be very glad to do it, especially now that we have an expression from the Congress that this is the way that they would like to see it done.

The CHAIRMAN. I am sure that it is. They should be paid actual expenses.

Mr. BRANDOW. It is my intention to do that from now on.

The CHAIRMAN. Are there any questions?

Mr. ABBITT. I agree with the chairman. Is there any difference in the pay for the public members and the Members of Congress?

Mr. BRANDOW. There has not been and there will not be.

The CHAIRMAN. The Members of Congress are not paid

Mr. BRANDOW. The \$100 a day sort of salary is available only to the public members.

Mr. ABBITT. Then do you give the public members their actual expenses in addition?

Mr. BRANDOW. We give the public members the \$16 a day, too, but—well, I intend from now on—it is my understanding that reimbursement for actual expenses will apply to all Commissioners.

Mr. GATHINGS. Since your appointment in the fall I think your Commission has done very well to set up five hearing dates. You have only had your staff since February. Where will they be held and for what purpose?

Mr. BRANDOW. We have five hearings set up now that will be followed by a number of other hearings. Our efforts have been to identify certain problem areas and to have hearings in particular problem areas so that the hearings collectively will add up. But the individual hearings will be restricted to rather specific points.

We have announced three hearings dealing with the marketing of livestock and the pricing of livestock. And, also, with feedlot operations in the cattle industry.

The first of the three hearings will be at Cheyenne, Wyo., April 1, 2, and 3; the second one will be in Fort Worth, Tex., on April 22, 23, and 24. The third will be in Omaha, Nebr., June 3, 4, and 5. Then in addition we have announced hearings which will deal with the integration in the poultry industry in Atlanta, Ga., on May 13, 14, and 15.

The fifth hearing that has been announced deals with the retailing. It is addressed to the question, "What accounts for the increase in the retail food margin in the past decade?" It will be held here in Washington on May 5, 6, 7, and 8.

Mr. GATHINGS. How many men have been assigned to do this job, to set up these various meetings?

Mr. BRANDOW. On the staff?

Mr. GATHINGS. Yes. It is quite a big job to do.

Mr. BRANDOW. That is right. Typically, I would say that at least one of our attorneys, at least one of our subject-matter men and at least two field investigators would be involved in setting up these hearings.

On the first hearings we are setting up, since we are just getting our feet wet on this while we are in the learning process, we are putting more men on than that.

Mr. GATHINGS. What is the salary that you make?

Mr. BRANDOW. I am a GS-18, which is \$24,500.

Mr. GATHINGS. What are the other salaries of the top echelon members of the staff at this time?

Mr. BRANDOW. I would like to indicate that we are not under civil service, but we have used civil service categories as a guide.

Mr. GATHINGS. How much do they get?

Mr. BRANDOW. Our General Counsel receives \$22,195; our project leaders, of whom there are five, are at the equivalent of a GS-16 and they receive \$18,935, with the exception of one of these men who had previously worked for the Government at a GS-16, step 2, so that when he came with us we had to pay him what he had formerly been getting, and he gets \$19,590.

Now, these five project leaders head up the subject matter work in the main divisions of our staff.

Mrs. MAY. If you will yield?

Mr. GATHINGS. Yes, gladly.

Mrs. MAY. Will you give the work of each one of these, so that the committee will have an idea of the subject matter that they will handle?

Mr. BRANDOW. We have handled our staff work in this way: We have taken the food industry and divided it into five major parts. One of these is food retailing. And, naturally, this covers all kinds of food products. However, in the processing and distribution of food, prior to the retailing stage, we have broken this up into commodity groupings. One of the major commodity groupings is meat and poultry.

Now, a second major commodity grouping is dairy.

A third is fruits and vegetables.

And the fourth is bakery and cereal products.

Together with the retailing group these are the five major divisions of our work with the food industries.

Now, we call these projects. The reason we call them projects is to suggest that this is a temporary operation.

The project leaders are the ones who are paid at the rate of a GS-16, step 1, as I have just replied to the question.

In two of these projects there is an assistant project leader, and the assistant project leaders are GS-15, step 1, and are paid \$16,460.

Within our legal staff, which is headed by the General Counsel, whose salary I have given to you, we have two Assistant General Counsels. The Assistant General Counsels are also paid at the rate applicable to a GS-16, step 1, which is \$18,935.

The Assistant to the Executive Director is also a GS-16, step 1, at \$18,935.

And those are the top staff positions we have.

Mr. GATHINGS. What is the breakdown now of the additional \$1 million that you seek authorization for from this committee, for the year 1966?

Mr. BRANDOW. I should indicate that in the appropriation for the Commission's work it was not \$1,500,000 but only \$700,000 for fiscal 1965 that was appropriated. We have available to us \$700,000.

Mr. GATHINGS. How does that work out? Does it look like you will be able to make it to July 1, 1965, on that \$700,000?

Mr. BRANDOW. This is ample funds for this year, that is right. It is ample funds.

Mr. GATHINGS. You are just getting underway, and it will require a lot of travel.

Mr. BRANDOW. It requires quite a bit of travel. One way in which we are getting much more work done than our staff could accomplish by itself is to farm out parts of the work. And some of this money is going to the Bureau of the Census for special tabulations that they will make for us.

Mr. GATHINGS. That is money well spent, no doubt about it.

Mr. BRANDOW. Other of it will go to the Federal Trade Commission to make special studies for us on market concentration.

Some of it will go to the Department of Agriculture for making special studies about the price spread between the producer and the consumer.

We also expect that there will be a need for certain kinds of work that private consulting firms may do for us, especially on the engineering aspects of why a firm has to be large instead of small—questions of that kind.

Mr. GATHINGS. What cooperation are you getting from the various segments of the food industry?

Mr. BRANDOW. Excellent so far.

Mr. GATHINGS. Does that apply to the big chains?

Mr. BRANDOW. We really have not gotten to the point where we are asking tough questions, but so far, on the questions that we have asked, we have received prompt and full cooperation. This looks pretty good, but we will know better a year from now.

Mr. GATHINGS. I am delighted to learn of the scope of your operation.

Mr. ABBITT. Will you yield there?

Mr. GATHINGS. Yes.

Mr. ABBITT. In view of just what you have said, Mr. Brandow, is not the sum of \$1,700,000 a little heavy for the fiscal year 1966? As I understood your answer to Mr. Gathings, you had \$700,000 which would take care of you for fiscal year 1965. And you want \$1,700,000 for fiscal year 1966.

Mr. BRANDOW. The final reporting date that would be provided for in H.R. 5702 is July 1, 1966. However, the original act provided that there would be a final period of 90 days beyond that for winding up the Commission's affairs. I would take that to mean paying the printing bills, getting the records ready for the Archives and house-keeping, things of that kind.

Now, we expect to ask for an appropriation of \$1,500,000 for fiscal year 1966 which, added to the \$700,000 appropriated for fiscal year 1965, makes a total of \$2,200,000. Then for fiscal year 1967, to take care of the expenses in this 90-day period, we expect to ask for an additional \$300,000 to take care of these housekeeping duties. This at least explains how the total authorization of \$2,500,000 was arrived at.

Mr. ABBITT. But the main thing is that you would not have too much of a staff to carry over.

Mr. BRANDOW. We would expect to have quite a few printing bills, because looking down the road, and considering the time that it takes the Government Printing Office to publish things that are not terribly vital and urgent, it may be that some of our publications

that provide background information will not be available by July 1, 1966. The final report must be.

I am not at all certain that that \$300,000 is a realistic figure. It was put in there when the Commission was first conceived and we have been working with the figure since. I think we will know a great deal better a year from now what that figure would need to be.

Mr. ABBITT. And the sum of \$250,000 would cover the staff?

Mr. BRANDOW. \$250,000? No, it would not. This is much too little.

Mr. ABBITT. Would it not?

Mr. BRANDOW. No, the staff that I reported to you individually is just our top staff.

Mr. ABBITT. Yes.

Mr. BRANDOW. We have a group of staff economists. We have about a dozen of those. And, in addition, we have an information officer. We also have an administrative specialist. We have secretaries.

In the Legal Division we have four field investigators who are not lawyers.

In total, including the secretaries, this amounts to about 40 persons.

Mr. ABBITT. What do you pay those people?

Mr. OTTMAN. We have not had a full monthly payroll as yet. We have had people coming on so fast. It changes from day to day. We have had six and eight people coming to work almost every week, so I cannot answer your question at this time.

Mr. STALBAUM. What do you anticipate that your total personnel complement will ultimately be?

Mr. BRANDOW. We think that the 40 we now have will not be very much increased. The Bureau of the Budget has given us a ceiling of 45 permanent personnel which we think is about right. We do think that, especially this summer, we may be able to get some university economists to join us temporarily to make some special studies, but these will be temporary personnel.

The great problem we have is getting our work done. We will seek every means of getting assistance such as farming out work to other Government agencies, employing private consulting firms where they can do a job for us, and getting other experts as they are available and as they are useful to us.

Mr. GATHINGS. I wondered about your square footage requirements. What about your space, your office space—your desks, your chairs, and typewriters and your adding machines—your equipment—what about that?

Mr. OTTMAN. We have about 5,800 square feet of space right now in the GSA Building at Seventh and D Streets SW.

Mr. GATHINGS. In the GSA Building?

Mr. OTTMAN. Yes. This we feel will be adequate for all of our staff needs.

Mr. GATHINGS. Is that a rented building—do you pay rent?

Mr. OTTMAN. No, sir; we do not pay rent. It is Government-owned space. We get it free, which is very fortunate for us.

Mr. GATHINGS. Is it adequate?

Mr. OTTMAN. It is adequate. We have also managed to borrow all of our furniture from GSA's stocks, so that we have not had big expenditures for furniture, et cetera.

Mr. GATHINGS. Did you get electric typewriters and the like?

Mr. OTTMAN. Those, I am sorry to say, we have had to buy—the typewriters and calculators we have had to buy. These are not available to borrow.

The CHAIRMAN. I would like to call your attention, Mr. Brandow, to a study that this committee has made on “Food Costs—Farm Prices” which was revised July 1964, and I would suggest that you read the last part of it. We are now in the process of bringing it up to date. I think it would be well worth your time to read it and that of the members of the Commission, too. It is a very comprehensive study—a very good study.

I want to read about two sentences from this report:

Retail food prices have increased 29 percent in the past 16 years. Prices received by farmers have declined 12 percent.

And over on page 4:

Consumers today pay more for a market basket of food from American farms than 16 years ago, and all the increase in retail prices—and more—goes to the middleman—none accrues to farmers.

Farmers producing more and better food products than ever before, are getting lower prices than 16 years ago even though their costs, too, are mounting steadily.

This is a broad and comprehensive study and a lot of work went into it. I would hope that every member of the Commission would read this. We will have copies available for them. You should have that. I am sure that you will want to go into it.

Mr. BRANDOW. We will be very glad to see that each Commission member gets a copy of it.

The CHAIRMAN. The committee will bring it up to date.

Are there any other questions?

Mr. STALBAUM. You have set up several task forces. I am assuming that you plan to have hearings in most or all of the areas for which you have task forces?

Mr. BRANDOW. Not in each area. We have not finally decided this. But we feel that we should hold hearings only where this is likely to be fruitful.

Now, if hearings recently have been held by other committees or the information is of the kind that is not best produced at a hearing, or more effectively done in some other way, we probably will not have hearings.

One of the problems is that as you begin to break the food industry down into all of the commodities and all of the producing areas, a commission of 15 members cannot attend all of those hearings. But we do intend to have hearings in most commodities.

Mr. STALBAUM. Dr. Juers, on your list as the head of the dairy section, is a good friend of mine. What is set up for that section?

Mr. BRANDOW. At the moment we have not definitely decided to have any hearings there. Mr. Juers, who is our project leader, is making arrangements with the Department of Agriculture to obtain data from the Statistical Reporting service and from the dairy section of the AMS and sources such as that to show what is happening to the number of firms in the dairy business, the extent to which business is becoming increasingly concentrated in the hands of the larger firms, et cetera. He is interviewing people in the dairy business, whether

they are cooperative or private businesses, to find out what they think the problems are.

I had something else in mind that escapes me at the moment.

But, in general, Mr. Juers' task is to see to it that by the time the final report is due, he has produced for the Commission a factual description of the organization of the dairy industry, how it operates and the nature of the competition in this industry. Now, he will have in addition to what he can do, the work to be done by other Government agencies.

Furthermore, the work that will be done by the Department of Agriculture will include a good deal more detailed work than has ever been done before on the marketing margin or the spread between the producer and the consumer.

The CHAIRMAN. Do you intend to file separate reports or will you wait until July 1966 before we have any report from you at all?

What I had in mind is this, to have a complete study of the problems in the poultry industry, for instance, why do you not file the report individually when it is finished, so that the committee will have the benefit of the work, rather than to have to wait to have it all wrapped up in one package?

Mr. BRANDOW. We do intend to publish so-called technical studies and these will be publications that present the facts as we develop them in certain areas.

We had intended to postpone the publication of these technical reports until we could set forth all of our factual findings with regard to a particular problem. I do feel that if our work is to be finished by July 1, 1966—and I fully agree that it must be—that if we are to get out conclusive reports by that date, that this is going to tax us severely. I do think that if the life of the Commission is extended beyond July 1, 1965, that we should give the Congress and the President an interim report as to where we stand as of that date.

The CHAIRMAN. We have a subcommittee which deals with the poultry problems, but it seems to me that that is one field that you should move into immediately.

Mr. BRANDOW. We do have a hearing set up in early May and we will publish the report of that hearing.

The CHAIRMAN. We look forward to receiving that. But I think that you should have somebody work on that. You should have something on that problem right away.

Mr. FINDLEY. When you accepted the assignment as Executive Director, did you feel it would be possible to do the job within the money that was then provided?

Mr. BRANDOW. I did not even consider whether the money was there. I thought that this was an opportunity to do some definitive work in an extremely important area. I thought that Congress would see to it that enough time and money were made available for the job that we probably would get into July 1, 1966, to do the work that we needed to do. I am fully aware that a great many things are not going to be covered by this Commission in that span of time, but I do think that the main outlines of what is important can be developed by then.

Mr. FINDLEY. Even if we provide \$2,500,000 and extend the time to July 1966, you still do not feel that it will be a complete job?

Mr. BRANDOW. That is an adequate amount of money for that amount of time. I fully agree with Mr. Poage who was making the point that this should not be a permanent effort. On the other hand, as the person primarily responsible for the work, I am acutely aware that this is an industry the retail sales value of which is \$60 billion, and this is an enormous industry to try to encompass. So I am confident that we will not cover everything about the food industry.

Mr. FINDLEY. Is it not possible that the cost will be lower than you anticipate? The reason I am asking that is that the Department of Agriculture has a section of economic research service that has been working year in and year out on the spread between the price that the farmer gets and the price that the consumer pays. I have in my hand the latest publication of that service. I may be wrong, but I believe that something like \$400,000 is spent annually on this study.

Is it your opinion that the work that your Commission will do will be to serve mainly as clearinghouse rather than as a factfinding study?

Mr. BRANDOW. It is quite true that most of the information that the Commission will bring to bear on this has already been developed in one way or another. If this Commission had to start from a complete lack of knowledge about the food industry it could get practically no place. That is, in the year and a half. But we are drawing on all of the studies such as the one to which you refer, the studies of this committee and the House and the Senate committees on small business that made relevant studies, the Federal Trade Commission which has made studies and universities which have made studies. We are well aware of all of these. We are going to draw on all of them. And what we expect to do here is to focus all of that work on the charge given to this Commission, to try to update it, to fill in the gaps. It is this updating and filling in of the gaps that the commission will be largely spending money for.

Mr. FINDLEY. As I recall, Mr. Gathings' subcommittee had a study on cost price spread for agriculture—and I cannot recall, but I believe it had an appropriation of around \$50,000, although that may be on the high side. That is quite in contrast with the expenditures that we are talking about here.

Mr. BRANDOW. Well, let me say two things about this:

The price spread is only a part of what this Commission has to do. The past work on the price spread, let us say with regard to a commodity such as beef, has been pretty much of this character: The farm price is this, the retail price is this, and the total spread is the difference between the two.

In the more recent publications to which you refer this total spread has been split down into two portions. One, between the farm and the wholesale price, and the other portion taking it from the wholesale price to the consumer price.

But what we want to know—and I think what many members of the public and of the Congress would like to know—what is this total price spread spent for? How much is spent for labor, how much for containers, how much for promotion, how much for transportation, how much of it represents profit? And it is that kind of work that has not been done in the past, except in a very aggregated manner applying to all commodities. We would like to have this done for the principal farm products.

Mr. FINDLEY. I presume that you will get the benefit of the work of the Economic Research Service.

Mr. BRANDOW. As I understand it the Commission's law does state that other agencies of Government are to supply the Commission with information. I take this to mean information that they have available. And all of these agencies are glad to do this.

Furthermore, they are making reasonable efforts to supply information that takes extra work, but in a study such as I described as to the price spread, this is work that the Department of Agriculture has not done and would not intend to do. If they do it for us, they will have to divert people from other work or take on people temporarily in order to do this. And in this instance we will reimburse them for it. They would not be able to do this if we did not pay.

Mr. FINDLEY. Thank you.

Mr. CALLAN. Does the Commission have subpoena powers to subpoena records?

The CHAIRMAN. Can they subpoena the records?

Mr. CALLAN. Yes.

Mr. BRANDOW. We have the subpoena power.

Mr. DOLE. As I understand it, the record will include the names of the employees and their salaries as of now. And when that list is complete, may we have that made a part of the record?

The CHAIRMAN. Will you provide that for the record?

Mr. BRANDOW. We will provide it for the record.

(The information follows:)

NATIONAL COMMISSION ON FOOD MARKETING, WASHINGTON, D.C.

Staff member	Entrance on duty date	Position	Per annum salary
George E. Brandow	Nov. 16, 1964	Executive Director	\$24,500
James E. Corkey	Jan. 18, 1965	General Counsel	22,195
Linley E. Juers	Mar. 1, 1965	Project leader	19,590
Richard F. Ottman	Nov. 23, 1964	Assistant to the Executive Director	18,935
Ronald D. Raitt	Mar. 1, 1965	Assistant General Counsel	18,935
Thomas A. Sterner	do	do	18,935
H. Wayne Bitting	Jan. 25, 1965	Project leader	18,935
Paul L. Farris	Feb. 1, 1965	do	18,935
Marshall R. Godwin	Mar. 1, 1965	do	18,935
Warren L. Sharfman	Jan. 11, 1965	do	18,935
Fred B. Burke	Mar. 8, 1965	Field investigator	17,600
Donald E. Farris	Feb. 1, 1965	Assistant project leader	16,460
Daniel I. Padberg	do	do	16,460
George L. Bickel	Mar. 1, 1965	Field investigator	16,460
John J. Mitchell	Mar. 29, 1965	do	16,460
Louis W. Stern	Jan. 18, 1965	Economist	15,150
Lindon U. Cockroft	Jan. 11, 1965	do	12,495
Ruth K. Holstein	Feb. 15, 1965	Information officer	12,495
Thomas J. Hogan	Apr. 5, 1965	Economist	12,075
Jerome M. Stein ¹	Jan. 11, 1965	do	11,315
Ralph A. Freund, Jr.	do	do	10,250
Robert R. Miller	Feb. 15, 1965	do	10,250
Arthur J. Cordell	June 1965	do	10,250
Richard S. Magleby	do	do	10,250
Alexander J. Basso	Feb. 8, 1965	do	9,535
Lynn M. Daft	Jan. 28, 1965	do	9,535
Joseph N. Uhl	do	do	9,535
Allan S. Johnson	Feb. 1, 1965	do	8,650
Rhoda W. Gorman	Nov. 1, 1964	Administrative officer	8,650
Pennie Paynich	Nov. 16, 1964	Secretary	8,650
Mardell D. Halgerson ²	Nov. 2, 1964	do	8,650
Helen L. Kelly	Jan. 18, 1965	do	8,440
Inez H. Jarvis	Jan. 4, 1965	do	8,170
Sally B. Johnson	Jan. 25, 1965	do	7,050
Alice W. Bartimus	Feb. 1, 1965	do	7,050
Kitty B. Celorier	Mar. 8, 1965	do	7,050
Lillian H. Cottmeyer	Feb. 8, 1965	do	6,650
Carolee Bush	Jan. 18, 1965	do	6,450
Judy C. Mighell	Feb. 1, 1965	do	6,050
Bernice M. Powell	Dec. 14, 1964	Typist-receptionist	5,990
Ernestine L. Gibson	Mar. 15, 1965	Stenographer-typist	5,690
Lee Stubbs	Nov. 17, 1964	Messenger-clerk	4,800

¹ On reimbursable detail from U.S. Department of Agriculture.² Secretary to the chairman in San Francisco office.

Mr. DOLE. As a matter of information, as to the question of staff, is that your responsibility, to select the staff?

Mr. BRANDOW. All of the top staff positions were acted upon by the full Commission. I made recommendations and they approved them. That action was taken by the full Commission.

The Commission then delegated to me the authority provided under the law for the selection of the other staff members. So I have been doing that since.

Mr. RESNICK. Of particular interest to me, Dr. Brandow, is the role that the feed grain companies are playing in the production of poultry and eggs and now in milk, I understand. Will the Commission delve into this area in great detail?

Mr. BRANDOW. Yes; it will. And especially in the poultry industry. The poultry industry is an outstanding example of a kind of vertical integration where the impetus for the integration does not come from the retail side but has come from the feed manufacturers' side. And this is highly significant as a possible portent of things to come. We shall look at that quite carefully.

Mr. RESNICK. I understand, also, that the chains are involved, for example, Food Fair, that packs and sells meat, and Safeway has its

own egg farms now, so that the impetus is now coming from the retail side as well.

I just wondered if those were to be covered.

Mr. BRANDOW. There are commodities, notably bread, where there has been a good deal of backward integration by the retailers. This has spread to some other commodity lines. Quite interestingly, the impetus for integration comes from two sources here. The feed manufacturers in the poultry industry is one good example of the other kind.

Mr. RESNICK. And you are aware that the Packers Division of the Department of Agriculture has some investigations going on in this area?

Mr. BRANDOW. Yes, we are, and that should be very valuable to us.

Mr. RESNICK. Thank you. Would you tell me just where the poultry hearings will be held?

Mr. BRANDOW. The first one that we have announced is in Atlanta, Ga.

Mr. RESNICK. Thank you.

The CHAIRMAN. We have four more witnesses.

Mr. MACKIE. I have a question.

The CHAIRMAN. Very well.

Mr. MACKIE. I would like to get back to my original question on the budget. I assume that you have a budget prepared as to how the \$2,500,000 will be expended. Could we have a copy of that?

Mr. BRANDOW. For the record?

Mr. MACKIE. Yes.

Mr. BRANDOW. We will be glad to submit it.

Mr. OTTMAN. Is that for the 1965 and 1966 budget?

Mr. MACKIE. Yes, the total budget for the expenditure of the \$2,500,000.

Mr. BRANDOW. Right. We will supply it.

(The information referred to follows:)

National Commission on Food Marketing current operating plan

[In thousands of dollars]

	Fiscal year 1965 (9 months)	Fiscal year 1966 (12 months)	Fiscal year 1967 (3 months)
Personnel compensation and benefits (maximum 45 permanent positions).....	251	675	96
Hearings:			
1965: 6, at \$12,000.....	72		
1966: 13, at \$12,000.....		156	
Meetings:			
1965: 5, at \$2,000.....	10		
1966:			
4, at \$2,000.....		14	
2, at \$3,000.....			3
1967: 1, at \$3,000.....			
Contract, commercial.....	100	175	
Contracts, Federal agencies:			
Department of Agriculture.....	75	110	8
Federal Trade Commission.....	50	85	
Department of Commerce-Census.....	50	70	
General Services Administration.....	15	25	10
Equipment, supplies, and printing, etc.....	77	190	183
Total.....	700	1,500	300

The CHAIRMAN. Thank you very much, Mr. Brandow.

Our next witness is Mr. Harry L. Graham, legislative representative of the National Grange.

We will be glad to hear from you now, Mr. Graham.

STATEMENT OF HARRY L. GRAHAM, LEGISLATIVE REPRESENTATIVE, THE NATIONAL GRANGE

Mr. GRAHAM. Mr. Chairman and members of the committee, in our testimony before the Senate Finance Committee a year ago concerning beef imports, the National Grange suggested a high-level commission which would study the problems which were helping to create an acute marketing situation in the beef industry. When legislation was proposed we supported it and were pleased when the Commission was established by the Congress with the approval of the President and its composition was of such distinguished Members of the House, the Senate, and the public at large.

Since that time we have, along with many other people, had occasion to talk to the distinguished Director of the Commission, Dr. George Brandow. We are impressed by his intelligence, his grasp of the situation, his apparent desire to conform to the purposes for which the Commission was created, and we have also been impressed by the staff that he has been able to assemble to accomplish the purposes for which the commission was formed.

All of us understood last year that this Commission could not possibly do more than just become fairly well organized by the end of the first fiscal year in which it was engaged. We would have preferred that the Commission be set up on a longer term basis at that time but, since it was not, we are prepared to support the extension of the time and the appropriation of adequate amounts of money so that they can properly complete their assigned tasks.

At its 98th annual session in Atlantic City last fall, the National Grange adopted the following resolution:

The Grange has long been concerned with and, at its 94th annual session 4 years ago, urged the Congress to make or cause to be made, an early and exhaustive investigation of the trade practices involved affecting the price spread between producer and consumer. We, therefore, commend the enactment of the legislation establishing the National Commission on Food Marketing to study and appraise the marketing structure of the food industry, and urge that adequate time and money be made available so that the study may be beneficial and that the information, findings, and conclusions developed by the Commission in its investigation be published and made available to the maximum extent authorized by law.

This is from the 1964 "Proceedings of the National Grange," page 130.

We would say to this committee at this time something like we did last year and tell you that we believe the prime function of this committee should not become a witch hunt against profits. Where there are no profits, then there can be no income for farmers. We believe that in the highly competitive food industry, that we shall be embarking on a fruitless journey if we spend too much time in the Commission in the determining of all of the costs that go into the final marketing of a food product. This is information that should be of some interest and perhaps of some benefit to the public but this

again in our judgment is a rather incidental byproduct of the total program of the Commission.

We have been, however, greatly concerned by repeated stories and some evidence of the concentration of economic power in the hands of a few people with regard to the food industry and especially in regard to the purchasing programs of the major distributors of the food which is produced on American farms and consumed by the American public. We are concerned with the development of interlocking directorates. We are concerned with the monopolistic effects of vertical integration. We have reason to believe that there has been substantial blacklisting of producers by some purchasers and in some industries. We seriously question the right of food distributors to own any substantial amount of the productive capacities that are necessary for the production of food. We are apprehensive about the use of the "Yellow Sheet" to determine beef prices and the ability to "spot market" to set egg prices.

The National Grange has for many years believed that the competitive market system is essential to the pricing and distribution of our food and fiber and the products of labor and industry. The long history of the valiant and successful fight which the National Grange has waged for the preservation of the competitive market, and for its freedom from the influences of monopolistic control, is relatively well known to good students of American economic history. What a lot of the public does not understand is that the kind of regulations which the Grange has supported in the past has not limited competition but has, on the contrary, enhanced it.

Competition can be removed from the market in two ways: First, by the Government becoming the market, as in socialism; and, secondly, by monopolistic practices on the part of those who are in a position to control the market. We demonstrated long ago that neither position is acceptable to the Grange nor can it be to the American people. We have also proven that Government regulation can be used to increase competition which is precisely what happens when monopolies are curtailed or properly regulated in the public interest.

The National Grange, in recommending the continuation of this Commission, with adequate powers and resources to determine if there has been a concentration of economic power in few enough hands that they can unilaterally or in collusion significantly influence the market prices of agricultural products, does so with the hope that the Commission will come up with an adequate evaluation of existing legislation and its enforcement as a means of controlling the manipulation of the market, in order to preserve the competitive influences on the market.

We do not believe, as we testified before two of the subcommittees of this committee of the House yesterday, that all of the income that is needed by American farmers can be derived from the marketplace alone, due to the dual economic structure of our American economy. We believe there are times when it is necessary to supplement this income from the marketplace as we have done in the wheat certificates, and just as labor has done with minimum wage-and-hour legislation. But we also believe that where the market is the only source of revenue as it is in the commodities over which the Govern-

ment has no controls, and under which it places no supports, then this market should remain as freely competitive as it is possible to make it.

We are, therefore, not suggesting an attack on the free enterprise system; but we are suggesting that a more vigorous attempt should be made to protect it from its own excesses—from the undisciplined exploitation of the “weak” by the “strong.” This has been the position and program of the Grange for almost a century and the wisdom of our position is demonstrated by the fact that the American modified capitalistic system which has resulted from the application of this concept to American economic development has become the greatest producer of goods and services in world history, and under this system, wealth has been more widely distributed and the production of goods and services has been more readily available to all people than ever before in all the history of the world.

Senator George Aiken, the distinguished senior Senator from Vermont, stated what we are trying to say very eloquently when he said on the floor of the Senate on January 22 of 1964:

Our farmers deserve an income and standard of living fully comparable to that employed by that of people in other lines of business. While they are still at the mercy of the weather, there is no reason why they should be at the mercy of price manipulators—national or international. Free enterprise should not be construed as licensing the few to exploit the many.

What the Grange desires is precisely what it did in 1874 when it adopted its declaration of purposes.

We desire a proper equality, equity, and fairness; protection for the weak; restraint upon the strong; in short, justly distributed burdens and justly distributed power. These are American ideas, the very essence of American independence, and to advocate the contrary is unworthy of the sons and daughters of an American republic.

The CHAIRMAN. Thank you very much, Mr. Graham. If there are no questions of Mr. Graham, we will go to our next witness who is Mr. Naden, executive vice president, National Council of Farmer Cooperatives.

STATEMENT OF KENNETH D. NADEN, EXECUTIVE VICE PRESIDENT, NATIONAL COUNCIL OF FARMER COOPERATIVES

Mr. NADEN. Mr. Chairman and Members of the committee, I am Kenneth D. Naden, executive vice president, National Council of Farmer Cooperatives. The national council is a nationwide federation of farmers' business associations engaged in the marketing of agricultural commodities or purchasing of farm production supplies or both, and of State cooperative councils. The membership includes a large number of the major federated and regional cooperatives of the country. The organizations making up the council are owned and controlled by the farmers as the off-farm departments of their overall farm business operations.

We appreciate the opportunity to present our views to the Agriculture Committee today because of the significance the Commission's findings and conclusions have to the future form of the agricultural segment of our economy.

The members of the National Council of Farmer Cooperatives have long been interested in the structure of markets for farm products and farm production supplies and in the overall organization of

the food production and marketing industry as they relate to farm income. This interest is keen and meaningful because cooperatives are engaged in a longrun program to change the structure and organization of these markets so that farmers can earn more income from farm business operations through the market system. It is this interest which led us in 1964 to support the bill, House Joint Resolution 977, which proposed the creation of the National Commission on Food Marketing. This interest also leads us to advocate affirmative action on the bill H.R. 5702 which is before us.

At its recent annual meeting in January in Seattle, Wash., the official delegates of the national council unanimously approved the following statement—part of a longer policy statement entitled “Research in Market Organization and Structure”:

The national council strongly supports the purposes of the National Commission on Food Marketing in studying the changing structure of the marketing system and in appraising and recommending changes in statutes or public policy (1) in the organization of farming and of food assembly, processing, and distribution and (2) in the interrelationships between segments of the food industry which would be appropriate to achieve a desired distribution of economic power as well as desired levels of efficiency.

In testimony before this committee on May 7, 1964, we supported the provision for a 2-year life of the Commission. We believed then and believe now that a period of 2 years is the absolute minimum time that a competent staff could be expected to examine this subject with reasonable thoroughness and present adequate material to permit the Commission to reach conclusions. The assignment given the Commission is exceedingly broad but that is necessary and desirable.

Persons experienced in the economics of food production and marketing recognize that an important key to the successful execution of the Commission's assignment would be finding and directing competent personnel to do the work. Such professional personnel are rare because the field of market structure, despite its far-reaching significance, has not until recently received much detailed attention. In spite of this scarcity and the difficulty of hiring persons for a short assignment, a staff of the highest caliber has been assembled and a program of work has been outlined which if diligently pursued gives a good prospect of achieving the objectives set out in the law. Under these circumstances the opportunity seems better now than it has ever been to take a comprehensive look at our whole food production and marketing system to find out where it is heading and whether or not that is where we want it to go.

For these reasons we recommend that this committee approve H.R. 5702 as being in the public interest.

We appreciate the opportunity to appear before you today.

The CHAIRMAN. Thank you very much for your fine statement.

If there are no questions of Mr. Naden we will hear our next witness, Mr. Angus MacDonald, of the National Farmers Union.

STATEMENT OF ANGUS MACDONALD, NATIONAL FARMERS UNION

Mr. MACDONALD. Mr. Chairman and members of the committee, I will only take a couple of minutes. I have no prepared statement.

I call attention to our testimony submitted last May 6, 1964, in which we recommended approval of the eminent chairman's resolution. I see no need to reiterate the facts which we set forth at that

time. We did not, anticipate the delays which have been outlined, through no one's fault, this morning. Therefore, we think it very necessary that the chairman's resolution be approved, that the time be extended and the money be made available.

Thank you.

The CHAIRMAN. Thank you very much.

Our next witness will be Mr. Arnold Mayer, legislative representative of the Amalgamated Meat Cutters & Butcher Workmen, AFL-CIO.

**STATEMENT OF ARNOLD MAYER, LEGISLATIVE REPRESENTATIVE,
AMALGAMATED MEAT CUTTERS & BUTCHER WORKMEN
(AFL-CIO)**

Mr. MAYER. Mr. Chairman and members of the committee, my name is Arnold Mayer. I am the legislative representative of the Amalgamated Meat Cutters & Butcher Workmen, AFL-CIO.

The American Amalgamated Meat Cutters is a labor union with about 375,000 members who work throughout the food industry.

I will speak very briefly and extemporaneously, if I may.

We strongly support the resolution which is before you. We urge the continuation of the National Food Marketing Commission. We believe that its continuation is necessary.

Last year we appeared before you with rather long extensive testimony and we said that our support of the Commission is not based on any preconception of what conclusions are likely to emerge after 2 years of study by the Commission. It is based rather on our realization that the complex and rapidly shifting relationships in the food industry are matters of deep concern to the consumers, to the farmers, to labor, and to management.

We all need to know the consequences of the changes which have been taking place in the industry's whole structure and function.

We also stated that this industry employed something like 12 million, that the food industry, I mean, employs of the Nation's 68.8 million civilians. This is an important part of employment in our Nation's economy; and, therefore, this industry is extremely vital.

The statement that we made last year still bears true today. We still strongly believe that the Commission should be continued and should have adequate funds.

We intend to testify before the Commission in several of its hearings.

We will especially testify on the matter of labor costs.

Mr. Chairman, thank you very much for this opportunity to appear. We urge that this Commission be continued and that adequate funds be made available as proposed in the bill which is before you.

The CHAIRMAN. Thank you.

The committee will now go into executive session.

(Whereupon, at 11:35 a.m. the committee proceeded into executive session.)





