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MARKETING ORDERS FOR FRUITS AND VEGETABLES

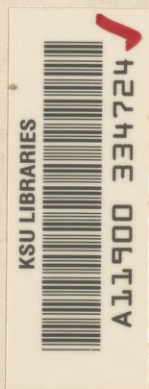
HEARING
BEFORE THE
SUBCOMMITTEE ON DOMESTIC MARKETING
AND CONSUMER RELATIONS
OF THE
COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES
EIGHTY-NINTH CONGRESS
FIRST SESSION
ON

H.R. 299, H.R. 445, H.R. 1061, H.R. 7599, H.R. 8020,
H.R. 8921, H.R. 9139, and H.R. 9418

JULY 20, 1965

Serial O

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MARKETING ORDERS FOR FRUITS AND VEGETABLES

TUESDAY, JULY 20, 1965

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

The subcommittee met, at 10:10 a.m., pursuant to notice, in room 1302, Longworth House Office Building, Washington, D.C., Hon. Spark M. Matsunaga (chairman of the subcommittee) presiding.

Present: Representatives Matsunaga (presiding), Hagen of California, Purcell, Foley, Greigg, and Mrs. May.

Also present: Representative Redlin.

Christine S. Gallagher, clerk.

Mr. MATSUNAGA (presiding). The meeting of the Subcommittee on Domestic Marketing and Consumer Relations will please come to order.

The Chair wishes to state at the outset that there was some confusion as to the date on which this hearing would be held. Some of the witnesses had been given the date of July 27, but it was decided to hold the hearing today since these witnesses had no objection.

We are here, therefore, for our first meeting of our subcommittee with a brandnew subcommittee chairman. So if we make any mistakes, I hope that you will excuse us.

We have today on the agenda 10 bills, H.R. 299 and H.R. 445 introduced by Mr. de la Garza, H.R. 4667 introduced by Mr. White of Idaho, H.R. 8020 introduced by Mr. Sisk, H.R. 4021 and H.R. 7599 introduced by Mr. Ullman, H.R. 9139 introduced by Mr. Tunney, H.R. 1061 introduced by Mr. McFall, H.R. 9418 introduced by Mr. Fascell, and H.R. 8921 introduced by Mr. Hagen of California.

These bills, together with the Department reports, will be made a part of the record at this point.

(H.R. 299 by Mr. de la Garza, H.R. 445 by Mr. de la Garza, H.R. 1061 by Mr. McFall, H.R. 4021 by Mr. Ullman, H.R. 4667 by Mr. White of Idaho, H.R. 7599 by Mr. Ullman, H.R. 8020 by Mr. Sisk, H.R. 8921 by Mr. Hagen of California, H.R. 9139 by Mr. Tunney, H.R. 9418 by Mr. Fascell, and the Department reports follow:)

[H. R. 299, 89th Cong., 1st sess.]

A BILL To amend the Agricultural Adjustment Act (of 1933), as amended, and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Agricultural Adjustment Act (of 1933), as amended, and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, is further amended by inserting in section 2(3) thereof "such container and pack requirements provided in section 8c(6) (H)," immediately after "establish and maintain".

[H. R. 445, 89th Cong., 1st sess.]

A BILL To amend the Agricultural Marketing Agreement Act of 1937 to permit marketing orders applicable to carrots, citrus fruits, and onions to provide for paid advertising

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the proviso at the end of section 8c(6)(I) of the Agricultural Adjustment Act (reenacted by the Agricultural Marketing Agreement Act of 1937) (7 U.S.C. 608c(6)(I)) is amended by inserting "or carrots, citrus fruits, and onions" immediately after "applicable to cherries".

[H. R. 1061, 89th Cong., 1st sess.]

A BILL To amend the Agricultural Marketing Agreement Act of 1937 to permit marketing orders applicable to Tokay grapes to provide for paid advertising

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the proviso at the end of section 8c(6)(I) of the Agricultural Adjustment Act (reenacted by the Agricultural Marketing Agreement Act of 1937) (7 U.S.C. 608c(6)(I)) is amended by inserting "or Tokay grapes" immediately after "applicable to cherries".

[H. R. 4021, 89th Cong., 1st sess.]

A BILL To amend the Agricultural Marketing Agreement Act of 1937 to permit the issuance of marketing orders for onions for canning or freezing

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That clause (A) of paragraph (2) of section 8c of the Agricultural Adjustment Act (reenacted by the Agricultural Marketing Agreement Act of 1937), as amended (7 U.S.C. 608c(2)(A)), is amended by inserting "and onions" immediately after "(not including vegetables, other than asparagus)".

[H. R. 4667, 89th Cong., 1st sess.]

A BILL To amend the Agricultural Marketing Agreement Act of 1937 to permit the issuance of marketing orders for onions for canning or freezing

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That clause (A) of paragraph (2) of section 8 of the Agricultural Adjustment Act (reenacted by the Agricultural Marketing Agreement Act of 1937), as amended (7 U.S.C. 608c(2)(A)), is amended by inserting "and onions" immediately after "(not including vegetables, other than asparagus)".

[H. R. 7599, 89th Cong., 1st sess.]

A BILL To amend the Agricultural Marketing Agreement Act of 1937 to permit marketing orders applicable to pears to provide for paid advertising

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the proviso at the end of section 8c(6)(I) of the Agricultural Adjustment Act (reenacted by the Agricultural Marketing Agreement Act of 1937) (7 U.S.C. 608c(6)(I)) is amended by inserting "or pears" immediately after "applicable to cherries".

[H. R. 8020, 89th Cong., 1st sess.]

A BILL To amend section 8c(6)(I) of the Agricultural Marketing Agreement Act of 1937, as amended, to authorize provision for marketing promotion and paid advertising under marketing orders for plums or nectarines

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Agricultural Adjustment Act of 1933, as amended, and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, is further amended by inserting in section 8c(6)(I) thereof " , plums or nectarines" immediately after the word "cherries".

[H.R. 8921, 89th Cong., 1st sess.]

A BILL To amend section 8c(6)(I) of the Agricultural Marketing Agreement Act of 1937, as amended, to authorize provision for marketing promotion and paid advertising under marketing orders for plums or nectarines

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Agricultural Adjustment Act of 1933, as amended, and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, is further amended by inserting in section 8c(6)(I) thereof “, plums or nectarines” immediately after the word “cherries”.

[H.R. 9139, 89th Cong., 1st sess.]

A BILL To amend the Agricultural Marketing Agreement Act of 1937 to permit marketing orders applicable to dates to provide for paid advertising

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the proviso at the end of section 8c(6)(I) of the Agricultural Adjustment Act (reenacted by the Agricultural Marketing Agreement Act of 1937) (7 U.S.C. 608c(6)(I)) is amended by inserting “or dates” immediately after “applicable to cherries”.

[H.R. 9418, 89th Cong., 1st sess.]

A BILL To amend the Agricultural Marketing Agreement Act of 1937 to permit marketing orders applicable to celery, sweet corn, limes, or avocados to provide for paid advertising

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the proviso at the end of section 8c(6)(I) of the Agricultural Adjustment Act (reenacted by the Agricultural Marketing Agreement Act of 1937) (7 U.S.C. 608c(6)(I)) is amended by inserting a comma and the following: “celery, sweet corn, limes, or avocados” immediately after “applicable to cherries”.

DEPARTMENT OF AGRICULTURE,
Washington, D.C. March 15, 1965.

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

DEAR MR. CHAIRMAN: This is in reply to your request of January 12, 1965, for a report on H.R. 445, a bill to amend the Agricultural Marketing Agreement Act of 1937, as amended, to permit marketing orders applicable to carrots, citrus fruits, and onions to provide for any form of marketing promotion including paid advertising.

The Department recommends that this bill be passed. However, to avoid possible ministerial interpretation, it also recommends that the proposed amendatory insertion in section 8c(6)(I) be revised to read as follows: “, carrots, citrus fruits, or onions”.

The act does not authorize advertising of commodities except for cherries under marketing agreement and order programs. There is one marketing order program in effect for cherries, those grown in designated counties in the State of Washington, but it does not include provisions for advertising. Therefore, the Department has not had any experience in the operation of an advertising program under marketing agreements and orders. However, if the growers of the commodities specified believe that advertising will benefit them, thereby tending to meet the objectives of the act, such authority should be added to the act.

Fruit and vegetable industries have expressed growing interest in advertising programs in recent years. Some are now conducting programs under State marketing orders, commissions, or similar authorities established by State legislation. Voluntary efforts have shown that financing an advertising program is difficult without the help of State legislation or similar mediums such as under a Federal marketing order. Growers and handlers believe that advertising authority under the Federal statute will not only provide a means to finance such programs but will also increase interest among producers in other benefits which may be derived from Federal marketing agreements and orders. The commodities listed in H.R. 445 would serve in providing experience now lacking in the operation of Federal marketing agreements and orders.

Similar legislation was introduced in the 88th Congress for authorization to provide paid advertising for Tokay grapes (H.R. 11464). The Department forwarded a favorable report on H.R. 11464 to the Committee on Agriculture, July 31, 1964; however, no final action was taken on this particular bill.

Marketing agreement and order programs are now in effect for citrus grown in all three of the major production areas; for onions grown in south Texas and in Idaho-eastern Oregon; and for carrots grown in south Texas. Any additional cost to the Department that may result from the enactment of this proposed legislation would be absorbed within existing appropriations with respect to these programs. However, any new programs that might result by the enactment of this proposed legislation would entail an estimated annual cost of \$25,000 for each new marketing order.

The Bureau of the Budget advises that there is no objection from the standpoint of the Administration's program to the presentation of this report.

Sincerely yours,

(S) CHARLES MURPHY,
Acting Secretary.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., April 22, 1965.

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

DEAR MR. CHAIRMAN: This is in reply to your request of January 12, 1965, for a report on H.R. 299, a bill to amend the Agricultural Marketing Agreement Act of 1937, as amended.

The Department recommends that this proposal be passed. H.R. 299 would, by amending section 602(3) of the act, authorize container and pack regulations when prices exceed parity.

Authority for container and pack regulations under marketing orders section 608c(6)(H), was added to the act in 1954. This authority has been well received by many industries operating under marketing orders, and provisions for such regulations have been incorporated in several of our fruit and vegetable marketing orders. Some of these industries, including Texas carrots and Texas citrus fruits, have been unable to initiate or continue container and pack regulations in above parity situations. These industries are unable to see any logical reason why pack and container regulations should not be continued when prices are above parity. We agree with them. Such regulations largely are aimed at assuring adequate and nondeceptive containers, packed in desired arrangements for the commodity regulated so as to receive a favorable reception in marketing channels, and we believe that they are in the public interest at all price levels.

Section 602(3) was added to the act in 1947 and provides for such minimum standards of quality and maturity and such grading and inspection requirement as will effectuate such orderly marketing as will be in the public interest when prices exceed parity. This has been a very desirable addition to the act and has provided for added flexibility in the operation of marketing orders. In addition to the amendment to this section proposed by H.R. 299, we recommend that the authority contained in this section to regulate in above parity situations be extended to the initiation or continuation of marketing research and development projects. Here, again, we know of no logical reason for discontinuing marketing research and development projects when prices are above parity. Such projects are aimed at making improvements in marketing and this objective is a worthwhile one at all price levels. Our recommendation for this added authority could be accomplished by inserting "such marketing research and development projects provided in section 8c(6)(I)," after section 8c(6)(H) in line 8 of H.R. 299. The bill would then read as follows:

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Agricultural Adjustment Act of (1933), as amended, and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, is further amended by inserting in section 2(3) thereof 'such container and pack requirements provided in section 8c(6)(H), such marketing research and development projects provided in section 8c(6)(I),' immediately after 'establish and maintain'."

The authority for research and development projects was also added to the act in 1954. More and more interest is being expressed in these projects as time goes on. Because of the nature of most commodities covered by marketing orders, and the trends in marketing practices, experience shows that some projects should extend over two or more marketing seasons. It is possible that

during one of these seasons prices will be above parity. The freezes in the past few years, for example, have created such a situation in the case of citrus fruits.

Passage of the proposed legislation should not involve any additional costs. Most fruit and vegetable marketing orders now contain authority for minimum standards, container and pack regulations, also for research and development projects.

The Bureau of the Budget advises there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

ORVILLE L. FREEMAN, *Secretary.*

DEPARTMENT OF AGRICULTURE,
Washington, D.C., June 21, 1965.

HON. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House of Representatives.*

DEAR MR. CHAIRMAN: This is in reply to your request of May 17, 1965, for a report on H.R. 8020, a bill to amend section 8c(6)(I) of the Agricultural Marketing Agreement Act of 1937, as amended, to permit marketing orders applicable to plums and nectarines to provide for any form of marketing promotion including paid advertising.

This Department favors enactment of H.R. 8020.

The advertising of commodities under marketing agreement and order programs has not been authorized except for cherries. The one program that we have for cherries, those grown in certain counties in the State of Washington, does not include provisions for advertising. Thus, the Department has not had any experience in the operation of an advertising program under a marketing agreement and order. However, agricultural producers have continued to expand the use of advertising and trade promotion in the marketing of their crops. There is scarcely a State in which the producers of some commodity have not set up, under State legislation, a program to promote their commodity in the marketplace. Some States have established commissions for this purpose while others have used State marketing orders. However, the principal feature of each is a compulsory assessment on producers, handlers, or both to provide funds to finance the programs.

The trend has definitely been in the direction of more and more commodity advertising and promotion in agriculture. We anticipate further efforts will be made by fruit and vegetable industries to obtain the means of financing the advertising and promotion of these commodities so as to maintain or advance their position in the marketplace. The Agricultural Marketing Agreement Act could provide the facility for this purpose. We believe any fruit or vegetable commodity group which actively supports the development of a promotion program by this means should be given the opportunity to do so.

It is estimated that the enactment of the proposed amendment would result in additional administrative costs of approximately \$25,000 per year for each additional marketing order that is issued. However, the major portion of the U.S. production of plums and nectarines for fresh market is in California and it may be that only the California industries will desire to take advantage of the authority that would be provided by the amendment. We now have marketing agreement programs for California plums and nectarines and any additional costs to the Department that may result from the amendment with respect to such programs would be absorbed within existing appropriations.

The Bureau of the Budget advises that there is no objection, from the standpoint of the administration's program, to the presentation of this report.

Sincerely yours,

ORVILLE L. FREEMAN, *Secretary.*

DEPARTMENT OF AGRICULTURE,
Washington, D.C., July 13, 1965.

HON. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House of Representatives.*

DEAR MR. CHAIRMAN: This is in reply to your request of June 8, 1965, for a report on H.R. 7599, a bill to amend the Agricultural Marketing Agreement Act of 1937, as amended, to permit marketing orders for pears to include provisions for paid advertising.

This Department recommends that the bill be passed.

The act currently does not authorize advertising of commodities, other than cherries, under marketing agreement and order programs. There is one existing marketing order program for cherries, which covers sweet cherries grown in certain counties in the State of Washington, but it does not include provisions for advertising. Thus, the Department has not had any experience in the operation of an advertising program under a marketing agreement and order. However, we believe that any fruit and vegetable commodity group which desires to develop a promotion program by this means, and is willing to undertake the necessary work to obtain industry approval of the program, should be given the opportunity to do so.

Agricultural producers have continued to expand the use of advertising and trade promotion in the marketing of their crops. There is scarcely a State in which the producers of some commodity have not set up, under State legislation, a program to promote their commodity in the marketplace. Some have established commissions for this purpose while others have used State marketing orders. However, the principal feature of each is a compulsory assessment of producers, handlers, or both to provide funds to finance the program.

The trend is definitely in the direction of more and more advertising and promotion in agriculture. We anticipate further efforts will be made by fruit and vegetable industries to obtain the means of financing the advertising and promotion of these commodities so as to maintain or advance their position in the marketplace. The Agricultural Marketing Agreement Act could provide the facility for this purpose. We believe any fruit and vegetable commodity group which actively supports the development of a promotion program by this means should be given the opportunity to do so.

Marketing agreement and order programs are now in effect for Bartlett pears grown in California and for winter pears grown in the three Pacific-coast States. Any additional administrative costs to the Department that may result from the proposed amendment with respect to these programs would be absorbed within existing appropriations. However, any new programs that may result from the enactment of the amendment would result in an estimated cost of about \$25,000 for each additional marketing order that is issued.

The Bureau of the Budget advises that there is no objection, from the standpoint of the administration's program, to the presentation of this report.

Sincerely yours,

ORVILLE S. FREEMAN.

Mr. MATSUNAGA. As our first witness we have our colleague from California, Mr. Sisk, who introduced H.R. 8020.

We will be glad to hear from you now.

STATEMENT OF HON. B. F. SISK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. SISK. Thank you, Mr. Chairman. I appreciate this opportunity to appear first this morning, since I understand that there is a little problem before my own committee this morning at 10:30.

H.R. 8020, Mr. Chairman, I believe is about the fourth or fifth bill that we have introduced this year due to some changes from the initial bill. We finally have it. The others are somewhat outdated, due, as I say, to some minor changes.

Mr. Chairman, I introduced H.R. 8020 which amends the Agricultural Marketing Agreement Act of 1937 as amended, to authorize marketing promotion and paid advertising under Federal marketing orders for plums and nectarines. As you may know, the only industry presently under a Federal marketing order which is now so authorized is the cherry industry.

I might depart from my prepared statement very briefly to state that it is my understanding that Mr. de la Garza of Texas and also my good friend Congressman Ullman of Oregon have prepared, and I believe in their bills taken some other commodities. I wish to say, as far as I am personally concerned I am in support of granting this

authority to use marketing promotion and paid advertising in any commodity under a national marketing order. In fact, for a great many years I have agitated for general legislation which would permit this, subject of course, to the particular group and their desires as to whether or not they wished to use some type of checkoff system for promotion and advertising and I say this to indicate to the subcommittee that I leave it up to the subcommittee's good judgment and wisdom. I have no particular pride of authorship in the bills which I have introduced. I simply am indicating that it seems to me that on this whole program of national Federal marketing orders that this is an opportunity that people should have the right to use if they desire to do so; and, therefore, that in the final analysis, probably, general legislation in this field would be good. I say again that this is up to the wisdom of the subcommittee.

This legislation was introduced at the official request of the administrative boards of both industries. In my opinion, specialty crops need to strive for enlargement of their markets, and I wish to commend the aggressive efforts of the plum and nectarine groups in asking for this opportunity to engage in promotional and advertising programs.

In the past 10 years, the plum crop in California has increased approximately twice, while nectarines have increased by more than five times the output in 1955. The nectarine industry has been capable of handling this growth, but the plum group has had some serious marketing problems. Prices being received for plums in eastern markets today do not return the cost of packing and transportation in most instances. Consequently, the plum growers have been forced to ask the USDA for a surplus removal program.

In conclusion, I feel it is essential that you permit plums and nectarines to initiate industrywide promotional programs before the next marketing season in order to increase consumption, and thus alleviate the present marketing problem. A point that should be taken into consideration is that these programs would be supported by the payment of assessments, and therefore, would not involve the expenditure of Federal funds. I also want to make clear that the enactment of this bill would provide an authorization only, and it would then be up to the persons engaged in each industry to decide whether or not they want to assess themselves for the program.

With your permission, Mr. Chairman, I would like to introduce several telegrams and, I believe, one or two letters from industry people who will substantiate my presentation and, I am sure, give you more specific details. These people were not able to be present today due to the cost of transportation and the pressure of work. It is noteworthy that as far as I know there is no opposition to this legislation. And, I believe, the U.S. Department of Agriculture has submitted a favorable report.

I recognize that the members of this subcommittee are experts in this field and I ask only that you weigh the evidence presented.

Thank you for your kind attention.

I might say additionally that probably had I urged it there would have been several people here from California to testify, because this is of substantial importance to them and their absence here should in nowise indicate their lack of interest and concern about this problem, but it was felt that unless there were substantial questions raised that the 6,000-mile trip not be necessary for them to make.

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

Mr. MATSUNAGA. The telegrams and letters to which you have referred, unless there is objection, will be made a part of the record at this point.

(The telegrams and letters follow:)

DINUBA, CALIF., July 17, 1965.

Congressman B. F. SISK,
Committee on Agriculture, Subcommittee on Domestic Marketing and Consumer Relations, House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: My name is Leroy Giannini. I am a grower and shipper of plums and nectarines. I am also the chairman of the Nectarine Administrative Committee, which is the body administering the Federal order which regulates the quality of all California nectarines.

Your committee is now being asked to consider H.R. 8020, which will make it possible under Federal marketing orders for growers to promote and advertise nectarines and plums. Both industry commodities are united in their position on H.R. 8020 and have unanimously passed resolutions approving the passage of this legislation.

We are extremely hopeful that you will look upon this request with favor. We are at present suffering one of the most disastrous marketing seasons in history and we think promotion and the stimulation of interest in our plums and nectarines is one long range of avenue with which we can improve our position in the marketplace.

Thanking you in advance, I am,

LEROY G. GIANNINI,
*President, Giannini Packing Corp.,
Chairman of the Nectarine Administrative Committee.*

REEDLEY, CALIF., July 17, 1965.

Congressman B. F. SISK,
Rayburn House Office Building, Washington, D.C.:
(Attention Subcommittee on Domestic Marketing and Consumer Relations,
Hon. Matsunaga, chairman, regarding Sisk bill, H.R. 8020.)

In view of demoralizing situations concerning all California plums and nectarines, our firm strongly feels the Sisk bill, H.R. 8020, should be adopted as proposed. We represent approximately 1,000 tons of plums and 1,200 tons of nectarines.

SUN VALLEY GRAPE DISTRIBUTING CO.,
JOHN KASABIAN, Owner.

REEDLEY, CALIF., July 16, 1965.

To Committee on Agriculture, Subcommittee on Domestic Marketing and Consumer Relations.

Congressman B. F. SISK,
House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: California plum and nectarine industry in dire need of promotional opportunities offered in H.R. 8020 as evidenced by catastrophic year for 1965 plums which worst in history and if have opportunity to advertise and promote with retailers have better opportunity for retail support in promotional programs which could revitalize these industries as had been proven in other fruit industry promotional programs and farmers and shippers heartily in favor as evidenced by both boards of directors on commodity groups favoring passage H.R. 8020, so whatever favorable consideration your committee gives will be appreciated by farmers and packers of nectarines and plums.

Respectfully submitted.

L. R. HAMILTON.
ROBERT HAMILTON.
W. A. HAMILTON,
P. A. STANLEY,
W. SCOTT PEACOCK.

SANGER, CALIF., July 17, 1965.

Representative B. F. SISK
Rayburn House Office Building, Washington, D.C.:
 (Attention Subcommittee on Domestic Marketing and Consumer Relations,
 Hon. Matsunaga).

Urge quick passage H.R. 8020 for advertising plums and nectarines through Federal marketing order plum market lowest prices and supply heaviest in 30 years. Nothing but heavy losses to growers. We must promote these crops in order to create profits. I ship and sell for over 100 growers of plums and nectarines.

E. L. BARR JR., *Manager.*

DINUBA, CALIF., July 17, 1965.

Committee on Agriculture, Subcommittee on Domestic Marketing and Consumer Relations.

OFFICE OF CONGRESSMAN B. F. SISK,
House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: I am a grower and shipper of California plums and nectarines. I strongly urge your committee to approve the passage of H.R. 8020 which will permit promotions and advertising.

CHRIS SORENSEN, *Sorensen Packing Co.*

LOOMIS, CALIF., July 19, 1965.

Congressman B. F. SISK,
Subcommittee on Domestic Marketing and Consumer Relations,
Rayburn Office Building, Washington, D.C.:

As member of plum committee California tree fruit agreement, urge passage H.R. 8020. Prices disastrous.

ROBERT E. HANSEN.

CUTLER, CALIF. July 17, 1965.

Congressman B. F. SISK,
Rayburn House Building, Washington, D.C.:
 Appreciate your assistance passage H.R. 8020.

WILEMAN BROS. & ELLIOTT.

SANGER, CALIF. July 19, 1965.

Congressman B. F. SISK,
U.S. House of Representatives, Washington, D.C.:

Rapid approval bill H.R. 8020 for national promotion nectarines and plums extremely important to our fresh fruit industry. I urgently appeal and thank you for your efforts on behalf of the fresh fruit grower.

BALLANTINE PRODUCE CO., INC.,
 V. E. RASMUSSEN.

CALIFORNIA TREE FRUIT AGREEMENT,
Sacramento, Calif., July 16, 1965.

SUBCOMMITTEE ON DOMESTIC MARKETING
 AND CONSUMER RELATIONS,
Rayburn House Office Building, Washington, D.C.
 (Attention of Congressman Sisk).

GENTLEMEN: The plum and nectarine industries of California have requested Congressman Sisk to introduce H.R. 8020 which amends the Agriculture Marketing Agreement Act of 1937 to permit full-scale promotional programs for plums and nectarines in addition to cherries. A resolution was unanimously passed in support of this important legislation at a recent tree fruit industry meeting held in Fresno and attended by a great many growers and shippers of these fruits.

Plums and nectarines have been heavily planted in the State during the past 10 years. The Crop and Livestock Reporting Service estimates the current plum crop at 125,000 tons and the nectarine crop at 75,000 tons. The average production of plums during the period 1950-55 was 76,400 tons and during this period the nectarine crop averaged 14,240 tons. Both fruits are sold almost entirely in fresh channels.

Serious marketing problems have come with the rapidly increasing production, particularly in the case of plums. Prices being received for plums at eastern markets today do not return the cost of packing and transportation in most instances and the plum industry has asked the U.S. Department of Agriculture for a surplus removal program as it has in each of the 2 prior years.

Both nectarines and plums are organized under Federal marketing order programs and the quality controls instituted pursuant to these programs have been helpful in minimizing losses but it is now apparent that market expansion is necessary if widespread economic loss is to be averted. The growers and shippers of these fruits feel that it is necessary to initiate industrywide promotional programs before the next marketing season in an endeavor to increase consumption and this would be most simply and effectively accomplished under the Agricultural Marketing Act. Such programs would be supported by the payment of assessments and, therefore, would not involve the expenditure of public funds. If successful, they would actually reduce such expenditures since they would eliminate the need for the type of Government assistance presently requested for plums.

We respectfully urge your favorable action on H.R. 8020.

Sincerely yours,

GALLEN GELLER, *Manager.*

PETERS & GARABEDIAN,
Fresno, Calif., July 16, 1965.

SUBCOMMITTEE ON DOMESTIC MARKETING AND CONSUMER RELATIONS.

DEAR MR. CHAIRMAN: The passing of bill H.R. 8020 is vitally necessary to our plum and nectarine industry.

As you know, competitive fruits do a great deal of promotional and advertising work. We, as growers of plums and nectarines, must do the same in order to compete in the marketplace with other fruits.

The retailers are constantly reminding us of the need for advertising and promotion and inasmuch as we consider ourselves a captive segment of the retailer, we must abide by some of their wishes in order to have them feature our products.

This certainly is not to our liking but we have no alternative and therefore we ask you to do your utmost in getting H.R. 8020 passed.

Thank you for your efforts in our behalf.

Very truly yours,

JOHN GARABEDIAN.

Mr. MATSUNAGA. If we were to come up with a general bill, as you say, you would have no objection to that?

Mr. SISK. That is correct. I have long ago stated that there should be granted this authority in the form of general legislation to any group operating under Federal marketing orders. I might say, Mr. Chairman, if I could elaborate a little bit further, we have gotten around the lack of this authority in our own State by having State marketing orders. For example, we actually have marketing orders for special commodity groups operating under Federal marketing orders. And we have had a State marketing order jointly set up on the same commodity in order to do this, to have this promotion and advertising, which is so essential. I cite, for example, one commodity, the raisin marketing order, which is one of the most vital and essential economic commodities, certainly, in my area. And now some States do not provide for State marketing orders; and, therefore, they are essentially prohibited from engaging in what to me is an essential and definite part of the promotion of these commodities.

Mr. MATSUNAGA. Are there any questions?

Mr. PURCELL. I would like to make a couple of comments, based on what has been said.

I want first to commend you for your paper. It has been my privilege this year to be a member of what is called the National Commission on Food Marketing. We have had meetings down in Texas, and just 2 weeks ago, I guess it was, we had hearings in California.

Every indication that I got from both of these hearings was in line with your testimony, that this is a very desired privilege and a really important one.

My point is that it seems to me that in the agricultural producing segments of our economy, great progress has been made in producing, but, to my knowledge, there has been a very slight, feeble effort made in selling the product that is grown. And to me this is the weakest part of our whole agricultural producing area. And in some way we must develop a method of taking care of this. Rather than depending upon somebody else entirely to sell the product that we produce.

So I commend you for your effort. And I hope very much that we will get this type of legislation passed.

We have a Constitution which prohibits everything except what it says, and we cannot have a marketing order without amending the Constitution in our State. We have voted on the whole thing so many times that you cannot tell what is in and what is out.

I do not know what opposition there may be from some of our patriotic, independent people, who seem to thrive on misery, but it seems to me that this would be very helpful.

That is the only point I wanted to make.

Mr. SISK. If I could, I should like to say that I appreciate very much the statement made by my good friend and colleague from Texas on this subject, because I am sure the experience you are having on this Commission would be very revealing on this very subject, because I think I appreciate the points that you made as to the producers who produce much of our food, that if they are denied the right to advertise and to promote the sales of their commodities it seems to place them in a very peculiar straitjacket that I think is wholly unfair.

Mr. MATSUNAGA. Any questions, Mrs. May?

Mrs. MAY. Mr. Sisk, I have had some correspondence on whether your bill covers, prunes, or what we often call the Italian plums in the Northwest. And I think that we have received some contradictory statements on this. So I am anxious, Mr. Chairman, that one of the witnesses from the Department of Agriculture would verify whether or not the Italian plums or prunes are covered.

Mr. SISK. Mr. Chairman, if I can, I should like to say that I appreciate very much the comment from my colleague from Washington. We have discussed this. And, of course, my initial feeling was that they would be covered. However, as you indicate, Mrs. May, there have been some differences of opinion, apparently, even in the Department, and I would hope that this might be clarified so that if in the wisdom of the subcommittee this legislation would pass—that this be clarified, however, first. Certainly there is support for such coverage, so far as I am concerned.

Mrs. MAY. Thank you. And if we can verify with testimony from USDA witnesses later on on that subject, it would be helpful. I under-

stand that this is now settled policy in the Department, that they are covered, but I think that the record should show that they are.

Mr. SISK. I appreciate that very much.

I might add, Mr. Chairman, that before you came in, Mrs. May, I advocated, as I have for some 10 years since I have been in Congress, general legislation on this subject which would permit any commodity operating under Federal marketing orders to use promotion and advertising as a part of their program, if they desired it. Unfortunately, we have not been able, apparently, to get this idea over. And I have always had a little problem finding just where the opposition would lie to this. At any rate, we have not been successful and I indicated that if in the wisdom of your committee you felt that this was proper as a program, if this could be made general, I would like it very much.

Mrs. MAY. I want to associate myself with the remarks of my colleague from Texas, since I have certainly shared the same experience that he has, in the meetings of the Commission, in San Francisco on food marketing. The people in California have done an excellent job in the development of programs which allow self-help, where you do it yourself, and the State is involved only insofar as regulations are concerned, seeing that these are carried out. I was very much impressed by what you have been able to do with this problem.

Mr. SISK. Thank you. We think that it is working very well.

Mr. MATSUNAGA. Are there any further questions?

Mr. Griegg?

Mr. GRIEGG. I have no questions.

Mr. MATSUNAGA. Mr. Redlin?

Mr. REDLIN. I wish to say that I wanted to be present when my good colleague, Mr. Matsunaga, had his initial committee hearing and to extend good wishes to him.

I wish to associate myself with the remarks of Congressman Purcell and Congresswoman May in relation to this matter where we are not as rapidly progressing in handling marketing area problems as we are in research problems.

Mr. MATSUNAGA. If there are no further questions, we thank you, Mr. Sisk.

Mr. SISK. Thank you, Mr. Chairman.

Mr. MATSUNAGA. Our next witness has other commitments this morning and wishes to be heard at this time, the gentleman from Oregon, Mr. Ullman.

STATEMENT OF HON. AL ULLMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OREGON

Mr. ULLMAN. Thank you, Mr. Chairman.

I, too, wish to express my appreciation for this opportunity to testify before your subcommittee. With your permission, I will not read my prepared statement, but request that it be included in the record.

Mr. MATSUNAGA. Without objection, it is so ordered, and it will be made a part of the record at the conclusion of your extemporaneous remarks.

Mr. ULLMAN. I appear here as a longtime advocate of marketing agreements. I think it is a sound approach to many of the problems

of agriculture in America. As a matter of fact, I sponsored legislation to permit national marketing orders because I think in many commodities it would provide the means for producers themselves to resolve many of the problems that have plagued them in the marketplace.

I particularly advocate the principle in the legislation before us—to allow the organizations under the marketing agreements act to promote the advertising of the products of their agricultural industry. I appear particularly on behalf of my bill, H.R. 7599, to include fresh pears in any such legislation that the subcommittee may adopt. I would call your attention to the fact that in my bill I have referred only to “pears,” but I would recommend that it be changed to “fresh pears,” not that we would exclude anybody, but this would clarify any possible misunderstanding that may arise.

Mr. Chairman, as an advocate of marketing agreements and of this principle I would like to add my word to those of the distinguished gentlemen from California, that it would please me to have this principle extended generally to all commodities under marketing agreements.

I thank you very much for this opportunity of testifying before the subcommittee and I also want to congratulate the gentleman from Hawaii for his first session of his subcommittee. I know that this subcommittee under his guidance is going to have a distinguished record.

I want to express to my good friend from Texas, with reference to the subcommittee that he chairs, my appreciation for the long, hard, and arduous efforts he has made on behalf of wheat and American agriculture in general.

I also want to say to my distinguished colleagues that I have long worked with Mrs. May on problems of the fruit industry. The Northwest Horticultural Council, of which Mr. Falk is the director, has its headquarters in her district. I have worked closely with that group, as I know Mrs. May has, in trying to resolve some of the problems in the fruit industry. She represents a great fruit-producing area, second only to my district in Oregon.

Mrs. MAY. He is saying that—I am not.

Mr. ULLMAN. In all seriousness I do want to say that I appreciate the fact that she is here on this committee, because she does understand the problem.

Mrs. MAY. Thank you very much.

(The prepared statement of Hon. Al Ullman follows:)

STATEMENT OF HON. AL ULLMAN, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF OREGON

Chairman Matsunaga, members of the subcommittee, first, I would like to express my appreciation to each of the distinguished members of this subcommittee for affording me the opportunity to submit my views on H.R. 7599, to amend the Agricultural Marketing Act of 1937 to permit marketing orders for paid advertising applicable to pears.

The effect of this legislation would be to promote the advertising of the product of an agricultural industry once a favorable vote by two-thirds of the producers (i.e., 66.67 percent—either by number or volume of production) has determined the extent of support for such a measure. In short, there are three compelling reasons which should be considered in deliberation of this proposal.

While all are interrelated, the first is perhaps the most obvious. Simply put, the need for such advertising is undeniable; in the words of the USDA report, “agricultural producers have continued to expand the use of advertising and trade promotion in the marketing of their crops.” Obviously such promotional

campaigns would contribute to increased productivity and well-being for the industry concerned.

Secondly, while the act of 1937 currently authorizes advertising only on cherries, existing State practices attest to the desirability of expanding this coverage. In short, there are few States in which producers of some commodity have not set up, under State legislation, programs for promotion of their particular products. Since the suggested proposal merely allows growers to use their own efforts to help themselves, without cost to the Federal Government, it would seem logical to support the extension.

This brings up the last point. Not only is the legislation desirable and appropriate, but I know of no dissent concerning its enactment. Reports from the Department of Agriculture and Budget Bureau favored H.R. 7599; likewise, numerous associations have expressed their support. The Hood River Traffic Association, for one, which represents virtually all peargrowers in the Second District of Oregon, voices its complete support. While there had been some disagreement earlier over pears or "fresh pears," those objections have been resolved; and while H.R. 7599 mentions specifically only "pears," I wish to make it clear that any revision by the subcommittee to designate "fresh pears" in place of the original language is entirely satisfactory.

Once again, I wish to thank this subcommittee for being permitted to testify; my hope is that positive action will be taken so that producers can institute needed promotional campaigns. This legislation will achieve that objective, and I urge the members of this subcommittee to respond favorably.

Mr. MATSUNAGA. Thank you, Mr. Ullman, for your complimentary remarks. It reminds me of the days when my wife, when we were not yet married, would say very complimentary things about me, and I would say, "I really do not think so, but what is my opinion against yours." [Laughter.]

Any further questions?

Mrs. MAY. I would just like to say for the record that certainly, representing our Washington growers in pears, they are very anxious to be included. And I would agree with Congressman Ullman that we came to a meeting of the minds that the wording should be "fresh pears," to avoid any misunderstanding or controversy in this area that has arisen probably because of misunderstanding. And it makes everybody happy with this change to have it spelled out that way. I do want to compliment him on that. The growers in my part of the State of Washington are in favor of this.

Mr. MATSUNAGA. What was the objection to the omission of the word "fresh?"

Mr. ULLMAN. As I understand it, the canned pear industry, although not under marketing orders at all, voiced some objections. They would not, as I understand it, be affected by it, nor would they be included within it.

Mrs. MAY. That will be eliminated by the addition of the word "fresh."

Mr. MATSUNAGA. We have many bills relative to additional fruits and vegetables, like tangerines, plums, and many others. You have no objection, then, as I take it from your testimony, to the inclusion of all other items that are covered by these bills?

Mr. ULLMAN. I certainly would not have any objection.

Mr. PURCELL. Could I just say this? I would like to get this for the record. I know what your reaction will be. Do you also feel that Mr. Sisk's comments of a minute ago are correct, that one of our shortcomings in the field of producing foods is the lack of effective effort that has been made to sell for a profit? Hopefully these products where we have seen this tremendous advance in production, where there has been a recognition on the part of the producers of

scientific developments in everything that we do up to the point of selling, and then I think that in the Pacific Northwest, the western part of the country, California and Oregon, that much more has been done with reference to promoting fruits and vegetables than in any other areas. But even there the efforts on the part of the producers to sell their products have been almost feeble. And to me this is an area where the producers and we who claim to have an interest in agriculture must continue to place emphasis, because we are just drowning in our own products, partly because we do not have an effective way to sell them.

My comments are always very rambling, but do you see the point that I am trying to make?

Mr. ULLMAN. I could not agree more with the gentleman from Texas in his remarks because under our free enterprise system this is the way to resolve our agricultural problems in many commodities. This has been, as the gentleman has suggested, one area where we have not made adequate progress. Under the principle of the free enterprise system we should encourage commodity groups to do this selling and promoting that is so essential to our kind of an economy.

Mr. FOLEY. Mrs. May and I represent adjoining areas in the State of Washington. These areas together comprise a great fruit-producing region.

I just want to say that the many communications that I have received, Mr. Chairman, during the past several weeks, and particularly in the past week, have been in support of Mr. Ullman's bill. There has been unanimous support for it—very strong enthusiasm for it, and with the single exception of the word "fresh" that you have mentioned, there has not been, to my knowledge, one critical letter or communication received.

I think the gentleman from Oregon is to be complimented for this, and I hope that the subcommittee will act very promptly on this.

Mr. ULLMAN. Thank you. I did not see the gentleman when I came in or I certainly would not have left him out. He represents one of the great fruit-producing areas of America.

Mr. MATSUNAGA. Are there any further questions? If not, we thank you, Mr. Ullman, for sharing your views with us and we appreciate your being here.

Mr. ULLMAN. I thank you, Mr. Chairman.

Mr. MATSUNAGA. The next witness has introduced two bills which are under consideration this morning, the gentleman from Texas, Mr. de la Garza.

STATEMENT OF HON. ELIGIO DE LA GARZA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. DE LA GARZA. Mr. Chairman, with your permission, if I may, I will give my testimony first on H.R. 445 so that it will follow the gentleman who preceded me, since it deals with the same subject matter.

H.R. 445 would authorize any form of marketing promotion including paid advertising under marketing orders for carrots, citrus fruits, and onions. At the present time there are marketing orders for all of these commodities grown in the Rio Grande Valley, Tex. Producers have undertaken marketing order programs for these crops

in an effort to promote more orderly marketing and increase returns to producers. One of the things that they cannot do which they think would be helpful in marketing these commodities is to engage in trade promotion and advertising programs.

Producers in many States and of many commodities have found a way to improve the marketing of their products through some form of promotion or advertising. Generally speaking, this has been done under a State commission or State marketing order. In the State of Texas we have no mechanism for undertaking these programs. Moreover, I believe that the simplest and most logical method of conducting trade promotion and advertising is under a Federal marketing order. By using this approach, the same industry committee, the same organization, and the same facilities could be used for an integrated marketing program.

Producers and others are very insistent that this is a necessary part of an overall effort to improve the marketing and distribution of farm products. This does not mean that it is proposed to undertake some nationwide scheme of unlimited advertising. Keep in mind that any such program must be approved by not less than two-thirds of the producers voting in a referendum. Moreover, it is the industry concerned that pays the bill. This is not a cost to the Government; no Government funds are involved. The cost of any trade promotion program or advertising program must come from the assessments which are made upon handlers. Therefore, I believe that if agricultural producers are in favor of undertaking such a program, are willing to finance it, and willing to contribute their time and effort in order to make the program work, why should not they be permitted to do so? This simple amendment to the Agricultural Marketing Agreement Act of 1937 would bring this about, and I believe producers should be given an opportunity to expand their markets in this manner.

I would like also to say that I am in agreement with the two previous gentlemen in that if general legislation is possible under this, that I would personally have no objection to it and would work toward that end, having no pride of personal authorship in this bill or this idea, only wanting to include this specific commodity in the legislation.

Mr. Chairman, a number of interested parties in my district have wired their support of this proposal. At this time I would appreciate introducing into the record of this testimony supporting, self-explanatory telegrams from the following:

Foy Hall, chairman, Agricultural Growers Council, McAllen, Tex.

William W. Curl, president, Texas Citrus Mutual, Weslaco, Tex.

Jack H. Drake, executive vice president, Valley Chamber of Commerce, Weslaco, Tex.

Leslie Laffere, chairman, South Texas Onion Committee, headquarters, Mercedes.

Ken Warden, manager, South Texas Onion & Lettuce Committee, Mercedes, Tex.

Edward Bauer, vegetable grower, San Benito-La Feria, Tex.

R. C. Jones, vegetable grower, Mercedes, Tex.

N. G. Kelly, vegetable grower, Mercedes, Tex.

Thank you, Mr. Chairman and members of the committee for your generous attention.

Mr. MATSUNAGA. Thank you. Without objection the telegrams and the communications you have mentioned will be made a part of the record at this point.

(The telegrams referred to follow:)

MERCEDES, TEX., July 19, 1965.

ELIGIO DE LA GARZA,
*Member of Congress,
House Office Building, Washington, D.C.:*

For the past 2 years an advertising program for south Texas onions was supported by some onion shippers and growers and proved to be highly successful in moving a large crop of onions at reasonable prices, not only to all producers and shippers but to the consumers as well. H.R. 445 would permit or checkoff advertising funds through Federal marketing orders. Please support this bill that would amend the Federal marketing order and convey our desires to other members of the House Agricultural Subcommittee.

FOY HALL,
Chairman, Agricultural Growers Council.

MCALLEN, TEX., July 19, 1965.

HON. KIKA DE LA GARZA,
U.S. Congress, Washington, D.C.:

Impossible appear in person H.R. 445. However, ask that you appear for us and make all possible efforts to pass this bill as will do much to benefit the producers of onions, citrus, and carrots as well as all business in south Texas.

Regards,

FOY G. HALL,
President, Agricultural Growers Council.

WESLACO, TEX., July 17, 1965.

HON. KIKA DE LA GARZA,
House Office Building, Washington, D.C.

Re your telegram please advise House Agricultural Subcommittee and have placed in record that as a sponsoring organization of H.R. 445 to permit checkoff on citrus, carrots, and onions we heartily support and endorse its passage. This legislation is sorely needed in this area to strengthen prices. Problem must be solved if agriculture economy to remain.

WILLIAM W. CURL,
President, Texas Citrus Mutual.

WESLACO, TEX., July 17, 1965.

HON. KIKA DE LA GARZA,
House of Representatives, Washington, D.C.

Re your telegram please advise House Agriculture Subcommittee and place in record Lower Rio Grande Valley Chamber of Commerce endorses and supports H.R. 445 to permit checkoffs on citrus, carrots, and onions. In our opinion legislation is urgently needed by industry to strengthen prices paid to producers for these important commodities, at same time minimize plowup of these crops due to lack of consumer demand. These aforementioned problems must be solved if agriculture economy to remain.

JACK H. DRAKE,
Executive Vice President, Rio Grande Valley Chamber of Commerce.

MERCEDES, TEX., July 19, 1965.

KIKA DE LA GARZA,
*Member of Congress,
House Office Building, Washington, D.C.:*

On behalf of 800 onion growers and shippers here in south Texas we solicit your support on H.R. 445. Advertising is a definite necessity today to alert consumers of our fresh onion crop every early spring. Please convey our wishes to other

members of the House Agricultural Subcommittee that we appreciate their support in the passage of this very important amendment to the Agricultural Marketing Act.

LESLIE LAFFERE,
Chairman, South Texas Onion Committee.

MERCEDES, TEX., July 19, 1965.

KIKA DE LA GARZA,
*House of Representatives,
House Office Building, Washington, D.C.:*

Marketing orders enables commodity groups to meet and solve their own problems on an equitable basis. Federal marketing orders are permissive legislation financed by producers without Government subsidies. Further permissive legislation is necessary. H.R. 445 would permit checkoff for advertising.

All we ask is the privilege to promote our own products here in south Texas. Please support and vote in favor of this necessary legislation.

KEN WARDEN,
Manager, South Texas Onion & Lettuce Committee.

MCALLEN, TEX., July 19, 1965.

Congressman KIKA DE LA GARZA,
Cannon Building, Washington, D.C.

DEAR KIKA: It is my understanding that a hearing will be held on H.R. 445 Tuesday, July 20, 1965. Due to the growing interest in south Texas in having some sort of advertising program for the commodities we grow, I hope the subcommittee will see fit to recommend passage of this bill.

As you know, many commodity groups are running promotion and advertising programs under various State marketing orders or commissions authorized by State legislation. We have no such legislation in Texas.

Passage of this bill will give us a means of financing the kind of promotion we must do if we are to survive in the highly competitive field of vegetable production.

Good luck,

EDWARD BAUER,
Vegetable Grower, San Benito-La Feria, Tex.

MCALLEN, TEX., July 19, 1965.

Congressman KIKA DE LA GARZA,
Cannon Building, Washington, D.C.:

Request the subcommittee give favorable recommendation to H.R. 445 amending the Agricultural Marketing Agreement Act of 1937 to permit Federal marketing orders to provide for any form of promotion including paid advertising.

Volunteer efforts along these lines are not satisfactory since we do not have State legislation enabling us to finance such a program.

Some commodity groups are now conducting promotion programs under State marketing orders, commissions, or other organizations established by State legislation. We have no such enabling legislation in Texas and were unable to get authority through the session just adjourned.

Passage of this bill would give carrot, onion, and citrus producers in south Texas the means with which to finance such a program.

R. C. JONES,
Vegetable Grower, Mercedes, Tex.

MCALLEN, TEX., July 19, 1965.

Congressman KIKA DE LA GARZA,
Cannon Building, Washington, D.C.:

Urge favorable recommendation for H.R. 445 amending Marketing Agreement Act of 1937 to permit marketing orders applicable to carrots, onions, and citrus to provide for any form of marketing promotion including paid advertising.

As you know, these three commodities are important to the economy of all south Texas and passage of H.R. 445 will give us means to finance advertising programs.

Commodity groups in some States are now conducting programs through State enabling legislation but Texas has no such legislation.

Passage of this bill will give our marketing order committees another tool to use in trying to meet the objectives of the orders, to increase the return to the grower. Many Texas fruit and vegetable producers testified along these lines at the recent food commission hearing in McAllen.

Will you please pass this telegram on to the subcommittee?

N. G. KELLY,

Vegetable Grower, Mercedes, Tex.

Mr. MATSUNAGA. Are there any questions of the witness?

Mr. Hagen?

Mr. HAGEN of California. No.

Mr. MATSUNAGA. Mr. Purcell?

Mr. PURCELL. No questions.

Mr. MATSUNAGA. Mrs. May?

Mrs. MAY. No questions.

Mr. MATSUNAGA. Mr. Foley?

Mr. FOLEY. No questions.

Mr. MATSUNAGA. Mr. Greigg?

Mr. GREIGG. No questions, Mr. Chairman.

Mr. MATSUNAGA. Mr. Redlin?

Mr. REDLIN. No questions.

Mr. MATSUNAGA. I want to commend you for your insistence, because had it not been for your insistence and requesting that an early hearing be held I do not think that it would have been held and the hearing would not have been held today.

Mr. DE LA GARZA. I appreciate your courtesy, Mr. Chairman. My persistence almost got me into trouble when I did not have anyone to appear or anyone to send me any prepared statements except the telegrams which I have inserted into the record. I give due credit to you for expediting the hearings.

Mr. MATSUNAGA. Thank you again. You have another statement on another bill?

Mr. DE LA GARZA. Mr. Chairman, H.R. 299 is an amendment to the act amending section 602(3) and this deals with container and pack regulations under marketing orders. Basically all this does is that the packing and container regulations apply under the marketing order in situations where the price of the commodity is below parity and in the instances where the price goes above parity then the packing container and pack regulation does not operate and it would amend that section by letting them continue the packing container regulations in situations where the price is above parity. There is an amendment recommended by the Department which I am sure you will hear from the Department witnesses later on, Mr. Chairman.

And I may go back to H.R. 445, there is also recommended amendment by the Department, to both of which I have no objection.

Thank you.

Mr. MATSUNAGA. Are there any questions?

Mr. Hagen?

Mr. HAGEN of California. No questions.

Mr. MATSUNAGA. Mr. Foley?

Mr. FOLEY. No questions.

Mr. MATSUNAGA. Mr. Greigg?

Mr. GREIGG. No questions.

Mr. MATSUNAGA. Mrs. May.

Mrs. MAY. I am not quite sure that I have this clear. Under the present marketing orders the rules and regulations concerning containers and packing apply only when the market price is below parity, but the regulations and rules do not apply to them when the price is above parity?

Mr. DE LA GARZA. That is correct.

Mrs. MAY. And this bill would make them apply whether the commodity was under the parity price or above the parity price?

Mr. DE LA GARZA. That is right.

Mrs. MAY. Would you give us in your own words the reason for this—why the request—what would this do under the marketing orders?

Mr. DE LA GARZA. The container and pack regulations are aimed at securing adequate and nondeceptive containers. There is no logical reason why that should be done only on commodities below parity.

Mrs. MAY. Why was this exception made in the first place?

Mr. DE LA GARZA. I do not know why the original legislation was drafted that way. I have no information on that.

Mr. MATSUNAGA. I suppose that the representative from the Department of Agriculture will be better able to answer that.

Mr. DE LA GARZA. Except that there is that exception. And it only seems reasonable that they should continue regardless of whether the price goes above parity or does not. It is very seldom that it does.

Mr. MATSUNAGA. Are there any further questions?

Mr. Hagen?

Mr. HAGEN of California. I want to ask one question. This parity formula does not work very well with regard to specialty crops. At one time the Farm Bureau proposed to modify this parity formula. Have you had any experience with that? It is not very realistic to apply it to certain kinds of food crops.

Mr. DE LA GARZA. That is generally true, Mr. Hagen, but I am not an expert on this so that I defer that question to someone more qualified to answer it.

Mr. HAGEN of California. I think that we should explore the validity of the parity formula as it applies to section 32 purchases.

Mr. DE LA GARZA. I would have no objection to looking into that. So far as I am concerned, the only question that has been brought to me came up as to the equity or the fairness of the parity system, but I agree with you that perhaps some study should be made into that subject.

Mr. HAGEN of California. Thank you.

Mr. MATSUNAGA. Are there any other questions?

Mr. Foley?

Mr. FOLEY. I just want to say that I also received some very strong support from some of the people in my district about this legislation, particularly from the cherry growers.

Mr. DE LA GARZA. I am very happy to hear that. This is a question of interest to all of the producers, that is, these bills are and

personally we do not have the proper liaison because of lack of time, finances, et cetera, to have everyone interested to join in sponsoring this type of legislation. Hence, each one goes and does what he thinks is best for his district. I am sure that all of these bills pertaining to agriculture and to the marketing orders are in general interest throughout the areas and these bills that I introduced affect mainly commodities in my area but anything that can be done to help agriculture as a whole I would wholeheartedly support.

Mr. MATSUNAGA. Thank you again.

Mr. DE LA GARZA. Thank you.

Mr. MATSUNAGA. A statement of Congressman Fascell will be included at this time.

(The statement referred to follows:)

STATEMENT OF HON. DANTE B. FASCELL, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF FLORIDA

Mr. Chairman, the bill presently under discussion—H. R. 9418—is one of several which have received this committee's attention this year. H. R. 445, introduced by Mr. de la Garza, would authorize marketing promotion, including paid advertising, under marketing orders for carrots, citrus fruits, and onions. Mr. Ullman's bill, H. R. 7599, would provide the same authority for pears, and Mr. Sisk's H. R. 8020 would make the same authorization for plums or nectarines.

H. R. 9418 is as simple as those I have just mentioned. It would authorize any form of marketing promotion, including paid advertising, for celery, sweet corn, limes, or avocados.

It would do this by amending section 8c(6)(I) of the Agricultural Marketing Act of 1937, which already provides such authority for cherries. As you know, authority for advertising of cherries under marketing orders was provided in title IV of the Agricultural Act of 1962.

Marketing order programs, both Federal and State, have become an important tool in the marketing of particular crops and commodities. They provide for volume and quality controls, and establish orderly marketing conditions for commodities in interstate commerce.

With our increasingly urbanized population, more and more people are being forced to rely on well-ordered marketing facilities for those foods which were obtainable—not so long ago—at the roadside fruit and vegetable stand. Quality control was a producer-to-consumer affair, and supply was a highly seasonal, and often uncertain one.

Now with rapid transportation and specialized growers, the marketing order, with its emphasis on quality control and orderly marketing, has become an integral part of the marketing institutions for many fruits, vegetables, and nuts.

The real intent of marketing order legislation, however, was—and is—to improve returns to farmers. As a marketing tool, producers and handlers of a large number of commodities have found them extremely valuable. The value of orders is demonstrated by the increased acceptance of marketing orders throughout the country.

The bill we are considering today would allow producers of celery, sweet corn, limes, or avocados to avail themselves, through marketing orders, of one of the most popular and well-established marketing tools in our economy—organized promotion and advertising.

It would allow producers, using their own money, to engage in the widespread advertising of their products. Proof of the desirability of such promotion can be seen in those cases where a commodity is grown within a single State in quantities large enough to dominate the national market. Examples of this are the State marketing order advertising and promotion programs for Florida citrus and California peaches.

But many commodities cannot be limited to a single State area. True, Florida dominates the production of limes, but avocado production is shared between Florida and California. Celery and sweet corn production is even more divided among several States.

The trend has definitely been in the direction of more and more commodity advertising and promotion in agriculture. There is history enough to justify the belief that fruit and vegetable producers can improve their position in the marketplace by advertising.

Producers of those commodities who are able to agree on marketing orders ought to be allowed to avail themselves of the benefits of advertising, which has served American businessmen so well.

Mr. MATSUNAGA. Our next witness is from the U.S. Department of Agriculture, Mr. Floyd F. Hedlund, Director of the Fruit and Vegetable Division, Consumer and Marketing Service.

We will be glad to hear from you now.

STATEMENT OF FLOYD F. HEDLUND, DIRECTOR, FRUIT AND VEGETABLE DIVISION, CONSUMER AND MARKETING SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. HEDLUND. Mr. Chairman and members of the subcommittee, my name is Floyd F. Hedlund, and I am Director of the Fruit and Vegetable Division of the Consumer and Marketing Service of the U.S. Department of Agriculture.

Inasmuch as three of these bills are very much the same, I would like first to discuss those bills and a little later turn to the discussion of H.R. 299.

H.R. 445 would authorize any form of marketing promotion including paid advertising under marketing orders for carrots, citrus fruits, and onions. H.R. 7599 would provide the same authority for pears and H.R. 8020 would make the same authorization for plums or nectarines. We interpret plums to include what is known as purple plums or Italian prunes.

The Department recommends that these bills be passed. Reports by the Department on H.R. 445 and H.R. 8020 have been filed with this committee.

The Agricultural Marketing Agreement Act of 1937 authorizes the issuance of marketing orders for the commodities outlined in section 608c(2) thereof. The purpose of a marketing order is to assist agricultural producers in the orderly marketing of their crops. The statute authorizes varying types of regulations in order to improve returns to producers.

Before any marketing order can be issued, public hearings are required. No order may be issued unless two-thirds of the producers by number or by volume of production voting in a referendum indicate approval.

Mr. HAGEN of California. May I interrupt you there. You state that "no order may be issued unless two-thirds of the producers by number or by volume of production voting in a referendum indicate approval."

Is it two-thirds of the producers representing two-thirds of the volume or some lesser percentage of the volume?

Mr. HEDLUND. No, sir; it is two-thirds of the producers either by number or by volume. The 50-percent rule, I think, is in the State of California statute.

There are one or more marketing orders in effect at the present time regulating each of the commodities designated in the bills under consideration.

The advertising of commodities under marketing order programs has not been authorized for any commodity except cherries. Fruit and vegetable producers have continued to expand the use of advertising and trade promotion in the marketing of their crops. There

is scarcely a State in which the producers of some commodity have not set up, under State legislation, a program to promote their commodity in the marketplace. Some States have established commissions for this purpose while others have used State marketing orders. However, the principal feature of each is a compulsory assessment on producers, handlers, or both to provide funds to finance the programs.

The trend has definitely been in the direction of more and more commodity advertising and promotion in agriculture. We anticipate further efforts will be made by fruit and vegetable industries to obtain the means of financing the advertising and promotion of these commodities so as to maintain or advance their position in the marketplace. The Agricultural Marketing Agreement Act of 1937 could provide the facility for this purpose. We believe any fruit and vegetable commodity group which actively supports the development of a promotion program by this means should be given the opportunity to do so.

We also recommend that section 602 of the Agricultural Marketing Agreement Act of 1937 be amended to specifically authorize the operation of research and development activities under marketing orders including promotion and advertising in above parity situations. Section 602 sets forth the policy of Congress to establish and maintain such orderly marketing conditions for agricultural commodities as will return parity prices to farmers. The statute now authorizes certain types of regulation when prices are above parity.

We recommend that the authority contained in this section to regulate in above parity situations be clarified to insure that it applies to the initiation or continuation of marketing research and development projects, including any form of marketing promotion and paid advertising. Marketing research and development activities including promotion and advertising must continue on an uninterrupted basis if the desired aims are to be accomplished.

Consequently, we know of no compelling reason for discontinuing such projects when prices are above parity. These projects are aimed at making improvements in marketing and distribution which we believe are worthwhile at any price level. Our recommendation for this added authority could be accomplished by inserting in section 602(3) of the act, "such marketing research and development projects provided in section 608c(6)(I)", immediately after "establish and maintain." If so amended, section 602(3) of the act would read in part as follows:

* * * to establish and maintain such marketing research and development projects provided in section 608c(6)(I), such minimum standards of quality and maturity and such grading and inspection requirements for agricultural commodities enumerated in section 608c(2) of this title, other than milk and its products, in interstate commerce as will effectuate such orderly marketing of such agricultural commodities as will be in the public interest.

It is estimated that the enactment of the proposed legislation would result in additional administrative costs of \$25,000 per year for each additional marketing order that is issued. Any additional costs that may result from the proposed legislation with respect to existing marketing orders would be absorbed within existing appropriations.

Thank you, Mr. Chairman. That completes my statement on the bills concerning trade promotion and advertising.

Mr. MATSUNAGA. Thank you, Mr. Hedlund.

Are there any questions of Mr. Hedlund?

Mr. HAGEN of California. I want to ask you a couple of questions. All of these marketing orders are of regional impact. There is no national order on any of these commodities, is there?

Mr. HEDLUND. You are correct, Mr. Hagen, except in the sense that the marketing order on lemons, for example, applies to lemons grown in California and Arizona only, but it just so happens that that covers most of the lemons produced in the United States, but there are no orders in effect as of this time which cover the 50 States, so to speak.

Mr. HAGEN of California. Is there any authority under the marketing agreements to make these orders national, rather than regional?

Mr. HEDLUND. Well, that question is subject to a lot of difference of opinion, Mr. Congressman. Let me say that the act requires that any order be limited to the smallest regional production area practicable. Now, I suppose that there might be situations in which the Secretary of Agriculture might consider that 48 States or 50 States were the smallest regional area practicable. In other cases he might not. But that is the only reference in the statute to the areas to be covered.

Mr. HAGEN of California. This language that you suggest is not just with respect to Mr. de la Garza's bill on containers and packs, but does not it also deal with research projects?

Mr. HEDLUND. No, sir; it does not.

Mr. HAGEN of California. I see. One more question. Have you had any complaints from the various commodity groups about the application of this parity formula in the case of perishable fruits and vegetables?

Mr. HEDLUND. Yes; we have had some. Generally speaking—and I will cover this more in detail in my statement on H.R. 299—the regulations are permitted up to the parity level. Some regulations are permitted above parity. Nobody complains unless you get up to parity and have to discontinue the regulations. We have had some complaints in that particular area. There are those who think that the parity formula is not good for all specialty commodities. On the other hand, it is still the guideline that is set forth in the statute.

Mr. HAGEN of California. As I understand it, it is not realistic in the case of some of these nonbasic commodities where costs have increased disproportionately or labor cost is inordinate in the cost of the product. I think that maybe, for example, the parity level of prices used to indicate section 32 purchases, or some other aspect of the U.S. Department of Agriculture program, that the application there is not realistic under the present formula.

Mr. HEDLUND. Well, that may be very well, too, Mr. Congressman. These commodities have differing label requirements, and the operation of the parity formula is not always the same in all of the commodities. So we have had some complaint or comment from people who have been prevented from doing what they desired by reason of the parity formula.

Mr. HAGEN of California. Thank you.

Mr. MATSUNAGA. Are there any questions?

Mrs. May.

Mrs. MAY. Mr. Hedlund, again for clarification, when the act of 1937 was originally passed authorizing the marketing orders, why was this particular formula applied only to the commodity below

parity? Why was that differentiation made in the first place that when the commodity was above parity you would not have application? I understand what the Department of Agriculture is suggesting now in the amendment is an orderly continuance of regulations whether or not the commodity is at or above parity. Why originally was that differentiation made?

Mr. HEDLUND. Mrs. May, that is an interesting question but I will have to reply by what I have read in the records. I was not on the scene at the time, but, remember, that was in 1933. Parity looked very good to most people. As a matter of fact, the early agricultural legislation of that period had for its purpose trying to get parity prices for the farmers. And parity then looked like the sky and then some. So that there was not really an issue at the time. The idea was to try to reach parity. Well, now, that was 30-some years ago. And the price relationships have changed. That is the reason we think that there must be some little give and take in this sort of thing to allow people to operate in this present economy, using the same statutes that were enacted some 30 years ago.

Mrs. MAY. Would it be fair to say that the reason was that when this commodity in 1 year reached parity that there was no need for further promotion and research and other activities—is that it?

Mr. HEDLUND. Yes. I think that was the reason that they figured that if the farmers got parity that was perhaps enough and that all of these other things were not needed. Of course, at that time the statute did not contain any provision for research and development, so that the only thing that you had in that early legislation was regulation by grade, size, and quality as well as quantity. Perhaps, Mr. Chairman, if I proceeded with my other statement on H.R. 299 it might bring out some of the points that are here being discussed.

Mr. MATSUNAGA. Mrs. May has one other question.

Mrs. MAY. One other question. In your closing paragraph you said:

It is estimated that the enactment of the proposed legislation would result in additional administrative costs of \$25,000 per year for each additional marketing order that is issued.

Is that every year or is that an average administrative cost for your Department? What would be the breakdown of those costs, very roughly?

Mr. HEDLUND. That is the cost to the U.S. Department of Agriculture for the operation of a marketing order each year. We take our total costs and divide them by the number of orders, and it costs us approximately \$25,000. That is to take care of all of the administrative costs in the Department, as well as those costs in the field, manning and operating our field offices in the particular areas. It does not include any cost for the industry. As you well know, the costs of operating a marketing agreement order program must be borne by the industry. There is an assessment upon the handlers, and they have to pay all of the costs, other than for the Department personnel and overhead costs of supervision of these particular programs.

Mrs. MAY. Thank you.

Mr. MATSUNAGA. Pursuing what Mrs. May has questioned you about, is this per order, the \$25,000 cost?

Mr. HEDLUND. This \$25,000 cost is per order; yes, sir.

Mr. MATSUNAGA. And what is the anticipated number of orders which would be increased over and above the present operation if this bill and other associated bills were to be passed?

Mr. HEDLUND. Mr. Chairman, that is a kind of question that you have to speculate on. We now have marketing orders on all of the commodities contained in these three bills. We think that we could undertake research and development, promotion, advertising programs for those orders without any additional cost but now when you ask me what new orders are going to come along, I do not know. I would not expect that it would be very many, very frankly. There might be two or three. We have a total, I think, of 44 programs in effect at the present time. Twenty years ago we had half that many, so the number does not fluctuate. I would be surprised if we increase as much as 10 orders as a result of this particular legislation if it is enacted.

Mr. MATSUNAGA. That would be a total cost of about \$250,000 per annum?

Mr. HEDLUND. Per annum; yes, sir.

Mr. MATSUNAGA. This is speculation, of course?

Mr. HEDLUND. Well, that is speculating on the number of orders. We think that \$25,000 is about an actual cost of what it has been running over the past several years.

Mr. MATSUNAGA. Before I call on others for questions, I want to assure you this is entirely unrehearsed. At this, my first meeting of the subcommittee as its chairman when I am on my maiden voyage as chairman of this subcommittee, I see that we have an audience that has come here all the way from Hawaii, 5,000 miles away. Permit me to welcome my constituents from Hawaii. I am sure that they will go back and say that "Sparky" is doing a great job. [Laughter and applause.]

Mr. Purcell, do you have any questions?

Mr. PURCELL. I have no questions at this time.

Mr. MATSUNAGA. Mr. Foley.

Mr. FOLEY. No questions.

Mr. MATSUNAGA. Mr. Redlin?

Mr. REDLIN. No questions.

Mr. MATSUNAGA. Will you then proceed, Mr. Hedlund, with your statement on H.R. 299.

Mr. HEDLUND. Mr. Chairman and members of the subcommittee, H.R. 299 proposes to amend section 602(3) of the Agricultural Marketing Agreement Act of 1937, as amended. The proposed amendment would specifically authorize container and pack regulations under a marketing order when prices to producers exceed parity. The Department recommends that H.R. 299 be passed. A report by the Department on this bill was filed with this committee on April 22, 1965.

Under section 602 of the Agricultural Marketing Agreement Act of 1937, it is the policy of the Congress that the Secretary of Agriculture, through the use of marketing order programs, establish and maintain such orderly marketing conditions for agricultural commodities in interstate commerce as will return parity prices to farmers. To protect the public interest, it does not permit any action which

has for its purpose the maintenance of prices to farmers above the parity level.

However, this section has been amended several times in the past two decades, and certain types of regulations can now be instituted or maintained when prices are above parity. In 1947 the act was amended by adding section 602(3) to permit the establishment and maintenance of such minimum standards of quality and maturity, and such grading and inspection requirements as are necessary to effectuate orderly marketing in the public interest. Amendments made in 1957 included authority to establish and maintain such orderly marketing conditions as will provide in the interests of producers and consumers an orderly flow of the supply of the commodity to market through its normal marketing season to avoid unreasonable fluctuations in supplies and prices.

In 1961 the act was amended to authorize the continuance of any regulations for the remainder of any marketing season to avoid disruption of the orderly marketing of any commodity in the public interest, if such regulations had been initiated during the season on the basis of the need to effectuate the policy of the act.

The bill under consideration here proposes to amend section 602(3) to authorize continuance of container and pack regulations in over-parity situations. Authority for container and pack regulations under marketing orders was added to the act in 1954 in section 608c(6)(H). This authority has been well received by many industries operating under marketing orders, and it is now rather widely used in fruit and vegetable programs.

Container and pack regulations can be employed under marketing orders to take advantage of desirable trends and marketing practices as well as to standardize containers and packs to meet the demands of buyers and consumers. However, fruit and vegetable industries have in some instances been forced to discontinue, or have been prevented from initiating container and pack regulations in above parity situations. Industry spokesmen insist that there is no logical reason why pack and container regulations should not be continued when prices are above parity. We believe that much of the value of these regulations is lost if they are operated on an intermittent basis. The proposed bill would make it clear that container and pack regulations may be continued or initiated in all above parity situations.

In addition to the amendment to section 602(3) proposed by H.R. 299, we recommend that the authority contained in this section to regulate in above parity situations be clarified to insure that it applies to the initiation or continuation of marketing research and development projects as authorized in section 608c(6)(I). The authority for marketing research and development projects was added to the act in 1954. Marketing research and development activities must continue on an uninterrupted basis if the desired aims are to be accomplished. Consequently, we know of no logical reason for discontinuing marketing research and development projects when prices are above parity. Such projects are aimed at making improvements in marketing, and this objective is a worthwhile one at any price level. Our recommendation for this added authority could be accomplished by inserting "such marketing research and development projects provided in section 8c(6)(I)", after section 8c(6)(H) in line 8 of H.R. 299. The bill would then read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Agricultural Adjustment Act (of 1933), as amended, and as reenacted and amended, by the Agricultural Marketing Agreement Act of 1937, as amended, is further amended by inserting in section 2(3) thereof "such container and pack requirements provided in section 8c(6)(H), such marketing research and development projects provided in section 8c(6)(I)" immediately after "establish and maintain."

Passage of the proposed legislation would not involve any additional costs if applied to existing marketing orders. New marketing orders for fruit and vegetable items would cost approximately \$25,000 per year for each order.

Mr. HAGEN of California (presiding). Thank you.

Mr. HEDLUND. Mr. Chairman, may I say that the last proposed amendment made here is the same as made in the other bills.

Mr. HAGEN of California. This is what I asked you earlier.

Mr. HEDLUND. Yes, sir. Of course we reported on these bills separately and if it is included in one, if one bill is passed, it is unnecessary in the other places.

Mr. HAGEN of California. If it is included in one bill which is passed it is unnecessary to include it in the others, is that true?

Mr. HEDLUND. That is quite true.

Mr. MATSUNAGA (presiding). Thank you. Are there any other questions?

You have no objection to including all of the other commodities covered by the other bills proposed that we have here, one on Tokay grapes and another one tangerines, and on plums, another one on pears and then we have celery, which would come under another another classification, probably, limes and avocados?

Mr. HEDLUND. No, sir; we have no objection to including all of those commodities. As a matter of fact, any commodity in the fruit and vegetable category.

Mr. HAGEN of California. Is it necessary to enumerate all of these commodities?

Mr. HEDLUND. No, sir; it is not necessary.

Mr. HAGEN of California. Several years ago we added several specific California commodities.

The question is, Should we continue restricting the application only to named commodities?

Mr. HEDLUND. We are in the field of speculation again, Mr. Chairman. If you are going to include everything you may run into disagreements that you do not now anticipate.

Mr. HAGEN of California. In order to avoid controversy we should continue to name each of the commodities.

Mr. HEDLUND. I think that your point is very good.

Mrs. MAY. As you know, we have had testimony on pears, plums, and other fruits and vegetables. So far as your Department is concerned if the commodities that are listed in the various bills are so listed, would there be any opposition to the inclusion of limes or celery, et cetera?

Mr. HEDLUND. No. I know of no opposition to the bills that have been introduced.

Mr. MATSUNAGA. Are there any further questions?

Mr. Purcell?

Mr. PURCELL. Might I ask just one question to really clear this up in my own mind?

Say that pears are grown in some areas of California and some grown up in Washington and Oregon—would the operation of this kind require that each of these areas vote on this matter or are these three States a geographic area practicable as such?

Mr. HEDLUND. Mr. Congressman, let me put it this way: This provision would apply to an individual order and it would take a vote of the producers covered by that individual order to make it effective. Now, on pears, we have an order covering pears grown in the State of California. We also have an order covering winter pears grown in the States of California, Oregon, and Washington. Each of those orders would have to be amended if this legislation were passed to take advantage of it and the producers, each one of whom are different producers, would have to vote to go into this kind of a program.

Mr. PURCELL. Is there one order covering—I believe you said winter pears—in California, Washington, and Oregon?

Mr. HEDLUND. Yes, sir. One order covers the winter pears grown in those three States.

Mr. PURCELL. Then when that was put into effect the growers of winter pears in those areas would all vote in the same election?

Mr. HEDLUND. Absolutely.

Mr. PURCELL. Is there any danger in this situation? This may be outlandish to mention pears grown in north Texas, let us say; we would have to compete with some of these good people in the Northwest and in the West. We certainly would not be prohibited from growing pears, but would we be automatically under this or would we have to have another order—how would you work it?

Mr. HEDLUND. If you are growing pears in Texas you are not affected by the order covering California, Oregon, and Washington.

Mr. PURCELL. If we wanted a checkoff system for these purposes, then it would be a separate order?

Mr. HEDLUND. Yes, sir.

Mr. PURCELL. It would be created for the region. You would have to have a separate order, subject to a referendum of those producers in Texas in order to have such a program. The custom is well established, then, as to what areas geographically make up the logical area in an order?

Mr. HEDLUND. That is it. As I indicated earlier, every marketing order has got to be preceded by a public hearing. At that public hearing the sponsors of it must come in and give all of the evidence as to why it is necessary, why they want it, and how it is going to operate. And one of the important features of each of those public hearings is to describe the area and why this particular area is the best suited for the program. And, of course, the Secretary has to make the finding that this is the smallest regional production area practicable.

Mr. PURCELL. I do not want to belabor the point. I know something about the growing of onions. They are grown in widely separated areas. Say that there are three onion-producing areas in one of our large States like Texas or California. Would they be under one order or under three separate orders?

Mr. HEDLUND. Well, Mr. Congressman, that kind of depends on what kind of a case was made for it. We have two onion orders at the present time, one covering quite an area in Texas and the other order completely separate covers onions grown in Idaho and Oregon. They are completely separate programs.

Mr. PURCELL. Does the Texas order have the Rio Grande and the High Plains areas in it?

Mr. HEDLUND. I do not recall the areas, but it includes the Rio Grande Valley of Texas. And the other one covers onions grown in Idaho and eastern Oregon.

To give you another example, we have an order on cranberries. The cranberry order covers all of the cranberries grown in the United States, including those grown in Massachusetts, Wisconsin, and the State of Washington. They are widely separated areas but it is not national in scope. It merely covers those States that produce cranberries.

Mr. PURCELL. So that in your order even though it encompasses the East and the Midwest and the West and the Northwest, in it you describe the specific areas—you do not use terms that would make it appear to be a national order, in doing whatever there is to do to develop your requirement for the hearings and then for the voting on whether or not there would be an order?

Mr. HEDLUND. Oh, no, sir. Those areas are defined in very specific terms. They may be States, they may be counties, or they may be delineated by using geological survey terms to describe the areas but they are specific and fixed and definitely named in each order.

Mr. PURCELL. Let us take onions in the Rio Grande Valley, and let us say that counties in a geographical area adjacent thereto, large in scope, started to grow onions, would these people who started growing onions adjacent to the existing order automatically be in the order or would you have to have another election?

Mr. HEDLUND. No, sir, they are automatically out. There is nothing included in the order except the area that is specified.

Mr. PURCELL. And when they said that they wanted in, would you have an election, then, in the entire area or just in the new area that has not been in before?

Mr. HEDLUND. If you wanted to enlarge the area you would have to amend the entire order and that would take a vote of the entire new enlarged area.

Mr. PURCELL. Just as if there had not been an order?

Mr. HEDLUND. Exactly.

Mr. PURCELL. Thank you.

Mr. MATSUNAGA. Mr. Foley.

Mr. FOLEY. Let us take, for example, an order such as the winter pear order. Is it correct that the passage of this legislation would lead to no additional administrative costs exceeding those of the present appropriation?

Mr. HEDLUND. Not for an order that is presently in existence—you are quite correct.

Mr. FOLEY. Thank you.

Mr. MATSUNAGA. Mr. Redlin?

Mr. REDLIN. No questions.

Mr. MATSUNAGA. Relative to onions, what would an order entail specifically?

Mr. HEDLUND. In marketing orders?

Mr. MATSUNAGA. Yes.

Mr. HEDLUND. A marketing order for onions, for example, in the State of Texas authorizes the issuance of regulations governing the

grade of the onions that may be shipped to market, that is, the quality or the size or the container in which they are shipped, and if this has to go into research and development projects, including promotion and paid advertising, that is included, too.

Mr. MATSUNAGA. I am new in this field and I certainly appreciate all the education I am getting this morning.

If there are no further questions, I wish to thank you, Mr. Hedlund for taking time out from your busy day and being with us this morning. I shall call upon you presently for a further education in this area.

Mr. HEDLUND. Thank you, Mr. Chairman. We will be as helpful as we know how to be.

Mr. MATSUNAGA. For the record, if there are any statements by anyone who desires to make one, it may be submitted within 10 days of this hearing.

And for the record, too, I would like it to show that Mr. Hagen of California has introduced a similar bill to H.R. 8020, which was introduced by Mr. Sisk—Mr. Hagen's bill being H.R. 8921.

Our next witness is Mr. Richard Glaspey.

Mrs. MAY. I would like to ask permission to have introduced a statement by Mr. Falk of the Northwest Horticultural Council. He has sent copies of his statement here—I have a number of them. I am sure that it will be all right to introduce it into the record, following Mr. Glaspey's statement.

Mr. MATSUNAGA. Without objection the request is granted and it will be made a part of the record at the conclusion of Mr. Glaspey's statement.

Mr. HAGEN of California. If I may, Mr. Chairman, I want to ask one further question of Mr. Hedlund.

These bills in total, do they add any new commodities to the marketing order program or do they only add to the possible content of orders governing already accepted commodities?

Mr. HEDLUND. No, sir; this would bring in some commodities on which there are not presently any marketing orders.

Mr. HAGEN of California. No order whatsoever?

Mr. HEDLUND. That is true. These bills include some commodities on which there is no marketing order in existence at this time. This does not bring in any new commodities to be eligible for marketing orders.

Mr. HAGEN of California. It does not?

Mr. HEDLUND. No, sir; it does not. It merely brings in some commodities on which there are no orders at the present time. I thought that was the point of your question.

Mr. HAGEN of California. With respect to section 8-E—there again that has a specific enumeration—these bills would not affect that section at all?

Mr. HEDLUND. That is quite true. Those commodities in section 8-E are named in that section.

Mr. HAGEN of California. These bills add nothing to section 8-E coverage.

Mr. HEDLUND. Yes; that is correct.

Mr. MATSUNAGA. One further question of Mr. Hedlund.

In relation to the cost you estimated that it would be \$25,000 per order per commodity, is that right?

Mr. HEDLUND. Let us say per order. If an order covered two commodities, this refers to the order in total.

Mr. MATSUNAGA. So that an order could cover more than one commodity?

Mr. HEDLUND. Yes sir, it could.

Mr. MATSUNAGA. Thank you.

We will now hear from Mr. Glaspey. Will you state your name and your position, your capacity in which you appear before this subcommittee, for the record?

**STATEMENT OF RICHARD GLASPEY, ASSISTANT MANAGER,
OREGON-WASHINGTON-CALIFORNIA PEAR BUREAU, WINTER
PEAR CONTROL COMMITTEE, ASSISTANT SECRETARY; ASSISTANT
SECRETARY, PACIFIC COMMODITY GROWERS, INC.**

Mr. GLASPEY. Mr. Chairman and members of the subcommittee, my introduction will take longer than my statement. I am Richard Glaspey, assistant manager of the Oregon-Washington-California Pear Bureau, Winter Pear Control Committee, assistant secretary of that organization, assistant secretary of Pacific Commodity Growers, Inc., all of whose offices are located at 502 Woodlock Building, Portland, Oreg.

For clarification, the Oregon-Washington-California Pear Bureau handles the promotion of fresh winter Nelis Anjous, Bosc and Comice and is supported on a voluntary basis.

The Pacific Commodity Growers is an organization set up of growers of Bartlett pears grown in Oregon and Washington and is financed by the Washington State Fruit Commission and on a voluntary basis by all of the shippers of fresh Bartlett pears in the State of Oregon. It is for promotion purposes.

The Winter Pear Control Committee administers the Anjou, Bosc, and Winter Nelis and Easter varieties of pears which are all winter pear varieties.

We also as a Pear Bureau contract for the State of California the marketing order for fresh Bartlett promotion and handle the promotion of fresh Bartlett pears in the State of California. And in this work my contact is with all of the growers of fresh Bartlett pears and fresh winter Nelis pears from these three States who are aware of these various bills, and I have found no opposition. I think everybody is agreed that the word "fresh" should be included, so that there will not be any confusion with processed pears and we feel that we could more efficiently handle the promotion of these items if this is so decided under our marketing order, crossing the three State lines, than we can at the present time.

Thank you.

Mr. MATSUNAGA. Are there any questions?

Mrs. MAY. Mr. Glaspey has represented the viewpoint of his organizations very well.

Mr. PURCELL. Well, now, what we are talking about doing, would that accomplish just what you asked?

Mr. GLASPEY. Yes.

Mr. PURCELL. Just to get a national authority to handle it?

Mr. GLASPEY. Well, it would provide for promotion under present marketing orders that are in existence, instead of establishing a separate agency for promotion.

Mr. PURCELL. Yes. Thank you. You have promotion on a purely voluntary basis now?

Mr. GLASPEY. It is supported by about 90 percent of the industry.

Mr. PURCELL. I had difficulty keeping up with you. I caught it finally.

Mr. GLASPEY. Yes.

Mr. MATSUNAGA. Mr. Foley.

Mr. FOLEY. Let me say that this has been one of the most precise and short statements we have received before the subcommittee in a long time. I wish to compliment you on it. It is entirely in accord with the feelings in my own district as elicited from correspondence received from the people there.

Unfortunately, Mr. Falk could not appear before the members of the subcommittee. I would just like to say that Mr. Falk is one of the most expert and knowledgeable people in the fruit business in the State of Washington. And I recommend his statement to the attention of the committee.

Mr. GLASPEY. I would like to ask to have it introduced into the record, which I feel that you stated before it would be.

Mr. MATSUNAGA. Without objection, the statement will be included at this point in the record as previously noted.

(The prepared statement of Ernest Falk, Northwest Horticultural Council, follows:)

STATEMENT OF ERNEST FALK, NORTHWEST HORTICULTURAL COUNCIL

I am the manager of the Northwest Horticultural Council with offices at 1002 Larson Building, Yakima, Wash. The council is composed of the following organizations of fruit growers and shippers in Washington and Oregon:

- Hood River Traffic Association.
- Medford Pear Shippers Association.
- Wenatchee Valley Traffic Association.
- Yakima Valley Growers-Shippers Association.
- Washington State Apple Commission.
- Winter Pear Industry.

The first four associations above listed are composed of growers, packers, and shippers of deciduous fruits in their respective areas. The council represents growers of practically 100 percent of all apples and in excess of 90 percent of all other deciduous fruits grown commercially in the two States, totaling approximately 9,000 growers.

This statement is submitted in support of proposed legislation to amend section 8c(6)(I) of the Agricultural Marketing Agreement Act of 1937 (7 U.S.C. 608(6)(I)) to give growers of fresh pears the authority under a marketing agreement and order to assess themselves and to use the funds for advertising and market promotion activities.

A bill to amend this section was introduced by Congressman Ullman—H.R. 7599. This bill would insert the words "or pears" immediately after the words "applicable to cherries". We recommend the words "or fresh pears". We understand similar bills have been introduced for other commodities.

California, Washington, and Oregon are the primary producing areas for pears. Practically all winter pears, which are presently covered by a marketing agreement, are grown in these three States. Almost all pears of other varieties are also grown in these three States.

Pear growers and shippers in Washington and Oregon have considered this proposed legislation and strongly support it. There is universal support from each of our member organizations and we know of no objection in Washington or Oregon to an amendment which would grant the requested authority for "fresh pears." At present, authority to enter into a marketing agreement is restricted to fresh

pears, i.e., you cannot have a marketing agreement for pears for processing. We suggest that the proposed bill cover "fresh pears" and if the growers of pears for processing should ever seek authority to have the Agricultural Marketing Agreement of 1937 broadened to include pears for processing, they could at the same time ask for an amendment to section 8c(6) (I) to authorize the collection and expenditures of funds for promotional purposes if they see fit.

We understand that there is no objection from California to this proposal to include pears.

Since this proposed legislation does not place any burden on the peargrowers, but is only enabling legislation to permit the growers to amend their marketing agreement to authorize them to assess themselves for promotional purposes, we strongly recommend early favorable action on a bill which would extend this authority to "fresh pears" as well as to other fruits which are making a similar request. This gives growers another tool to use in their efforts to help themselves without cost or burden on the Federal Government.

Mr. MATSUNAGA. We certainly appreciate your being here with us today and sharing your views with us.

Are there any other questions?

If not, we thank you again.

Mr. GLASPEY. Thank you.

Mr. MATSUNAGA. And without objection we will also include in the record at this point a letter dated July 19, 1965, received from the American Farm Bureau Federation.

(The letter dated July 19, 1965, follows:)

AMERICAN FARM BUREAU FEDERATION,
Washington, D.C., July 19, 1965.

Re H.R. 445 and H.R. 8020, amendments to the Marketing Agreement Act.

Hon. SPARK M. MATSUNAGA

Chairman, Domestic Marketing and Consumer Relations Subcommittee of the House Committee on Agriculture, U.S. House of Representatives, Washington, D.C.

DEAR CONGRESSMAN MATSUNAGA: Your subcommittee is holding hearings on several bills that would add additional commodities to that section of the Agricultural Marketing Agreement Act of 1937, under which funds could be collected from agricultural producers to be used for a paid advertising program. Carrots, citrus fruits, onions, plums, nectarines, pears, and several other commodities would be added to cherries as commodities for which a paid advertising program could be established under a Federal market order.

The elected voting delegates of the member State Farm Bureaus as our most recent annual meeting adopted the following Farm Bureau policy concerning Federal marketing orders that relate to the legislation before your subcommittee: "Orders should not be used to collect funds for advertising and promotion or for the purchase of agricultural products for diversion purposes."

In addition, the Farm Bureau policy on promotion of agricultural commodities is also important in discussing this legislation. The pertinent paragraphs are as follows:

"We believe that any funds raised for the purpose of promoting the sale of farm commodities should be collected on a voluntary basis, administered by a non-governmental organization of producers—with handlers and processors included where it is mutually agreed that they should be included—through its board or committee, and used solely for the specific purposes for which collected and not for legislative or political activities.

"We define a voluntary checkoff as one which leaves producers free to refuse to contribute or enables them to obtain the refund of any assessments collected by the voluntary action of market agencies. The procedure for obtaining refunds should not be so burdensome as to have the practical effect of depriving individual producers of the opportunity to obtain refunds."

The Farm Bureau has supported the Federal marketing order program for many years. We have not felt that it was the proper function of a marketing order to be used as a device for collecting promotion funds for producers for a paid advertising program.

We hope that the legislative proposals before your subcommittee will not be approved.

We would appreciate your making this letter a part of the official hearing record.

Sincerely yours,

JOHN C. LYNN, *Legislative Director.*

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

NATIONAL COUNCIL OF FARMER COOPERATIVES,
Washington, D.C., July 29, 1965.

Hon. S. M. MATSUNAGA,
Chairman, Subcommittee on Domestic Marketing and Consumer Relations, Committee on Agriculture, U.S. House of Representatives, Washington, D.C.

DEAR MR. MATSUNAGA: The national council supports the provisions of H.R. 445, H.R. 7599, and H.R. 8020, authorizing market promotion activities, including paid advertising, under marketing orders for carrots, citrus fruits, onions, pears, plums, and nectarines as established in accordance with the Agricultural Marketing Agreement Act of 1937.

Included in the council's current policy statement on "Marketing Agreements and Orders" is the following:

"Experience in recent years confirms the conclusion that legislative authority of the type contained in the Agricultural Marketing Agreement Act of 1937 has made a substantial contribution to the bargaining power of producers of specific commodities and thereby to maintaining and raising their income. The national council favors legislation for the continuation and liberalization of the marketing agreement and order type authority to: * * *; (2) enlarge and clarify the authorization for agencies established under marketing orders to engage in or finance, within reasonable limits, research and/or market promotion activities from funds collected pursuant to the marketing order * * *."

We believe that, for many commodity groups, this may prove to be the most practical, effective, and equitable method of carrying out joint producer-processor-handler programs to promote the sale of their products. We do not subscribe to the view sometimes advanced that increased sale of one agricultural product is necessarily and totally at the expense of another. We believe that through spelling out health benefits and other little-appreciated merits of many food items, well-conceived promotional programs might often increase purchase of fruits or other such products as an addition rather than a replacement in the food budget. Furthermore, the increased promotional competition among foods can lead to improved quality control, brand identification and product innovations which could be beneficial to consumers, producers, and the trade.

We would appreciate it if this statement can be included as part of the record of hearings on H.R. 455, H.R. 7599 and H.R. 8020.

Sincerely,

ROBERT N. HAMPTON.

Mr. MATSUNAGA. If there are no further questions or witnesses, we shall go into executive session. We shall consider the public hearing closed.

(Whereupon, at 11:30 a.m., the subcommittee proceeded into executive session.)

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