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POTATO RESEARCH AND PROMOTION PROGRAM

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GOVERNMENT

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HEARING

BEFORE THE

SUBCOMMITTEE ON
RESEARCH AND EXTENSION

OF THE

COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

NINETYETH CONGRESS

SECOND SESSION

ON

H.R. 15030, H.R. 15068, H.R. 15197,
H.R. 15576, H.R. 15599, H.R. 15607,
H.R. 15631, H.R. 15694, H.R. 15742,
H.R. 16008, and H.R. 16160

APRIL 4, 1968

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POTATO RESEARCH AND PROMOTION PROGRAM

THURSDAY, APRIL 4, 1968

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON RESEARCH AND EXTENSION
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in room 1301, Longworth House Office Building, Hon. Thomas G. Abernethy (chairman of the subcommittee) presiding.

Present: Representatives Abernethy, Vigorito, Jones, of North Carolina, Mrs. May, Goodling, Mathias, Mayne, and Kleppe.

Also present: Christine S. Gallagher, clerk; and L. T. Easley, staff consultant.

Mr. ABERNETHY. The subcommittee is meeting this morning for the purpose of taking testimony on H.R. 15030 and related bills, consisting of H.R. 15068, H.R. 15197, H.R. 15576, H.R. 15599, H.R. 15607, H.R. 15631, H.R. 15694, H.R. 15742, H.R. 16008, and H.R. 16160.

(The departmental report on H.R. 15030 dated April 4, 1968, together with H.R. 15030 introduced Mr. Jones of North Carolina, Mr. Ullman, Mrs. May, Mr. Hansen of Idaho, and Mr. Hathaway (similar bills were also introduced by Mr. Andrews of North Dakota, H.R. 15068; Mr. Mathias of California, Mr. Teague of California, Mr. Sisk, and Mr. Ruppe, H.R. 15197; Mr. Kyros, H.R. 15576; Mr. Cederberg, H.R. 15599; Mr. Aspinall, H.R. 15607; Mr. Quie, H.R. 15631; Mr. Rooney of Pennsylvania, Mr. Kyros, Mr. Langen, Mr. Resnick, and Mr. Evans of Colorado, H.R. 15694; Mr. Tunney, H.R. 15742; Mr. McFall, H.R. 16008; and Mr. Johnson of California, H.R. 16160) follows:)

DEPARTMENT OF AGRICULTURE,
Washington, D.C., April 4, 1968.

Hon. W. R. POAGE,
*Chairman, Committee on Agriculture,
House of Representatives.*

DEAR MR. CHAIRMAN: This is in reply to your request of February 8 for a report on H.R. 15030. The purpose of the bill is to enable potato growers to finance a nationally coordinated research and promotion program to improve their competitive position and expand their markets for potatoes.

The Department recommends that this bill be passed with modifications.

The bill provides for authority to establish a "Plan" to collect assessments on potatoes produced in the 48 contiguous States of the United States. Producers with less than five acres will be exempt from assessments. The assessments will be used for promotion of potatoes including paid advertising. In addition, assessments can be used for research and development projects. The costs incurred by the potato industry in administering the program will also be paid from assessments. Prior approval by the Secretary of Agriculture for all projects and expenditures is provided for as a safeguard against improper use of funds.

The bill provides for a maximum assessment rate of one cent per hundred-weight. Handlers are responsible for payment of the assessments, and they may deduct them from their settlement with the producers. Producers will be able to obtain a refund on the assessments paid by them, if they request it. The bill provides that hearings with respect to a proposed "Plan" be held when requested by potato producers. A favorable referendum vote, by two-thirds of the potato producers voting in such referendum, or two-thirds of their production, is required to approve any "Plan" issued pursuant to this bill. If such a "Plan" is favored by producers, a board will be appointed by the Secretary of Agriculture from industry nominations of eligible producers. Such board will administer the "Plan" under the supervision of the Secretary of Agriculture.

Provisions in this bill are similar to Public Law 89-502 (80 Stat. 279) enacted by the 89th Congress, and cited as the "Cotton Research and Promotion Act." Promulgation and referendum proceedings for any "Plan" issued pursuant to this bill are similar to Marketing Orders authorized by the Agricultural Marketing Agreement Act of 1937, as amended. Administrative provisions are also similar to Marketing Orders. There are no provisions for quality control or compulsory inspection in this bill.

The potato producers have been confronted, in recent years, with increased competition from other products marketed as easily prepared convenience foods. Some of these products are promoted on a national basis at industry expense. Many of these products have been developed as a result of extensive research and promotion. Potato producers have not been able to effectively match this competition because production and marketing of potatoes is performed by numerous individual farmers in every State in the United States. This has made it difficult for them to finance and carry out adequate research and promotion projects to maintain a competitive position in the markets.

Several potato producing areas have State orders or Commissions to promote potatoes produced in their specific areas. This bill is intended to supplement these existing programs with a nationally coordinated program. The objectives of such a program are to: maintain potatoes' competitive position in the markets; develop new uses and markets for potatoes; seek ways to deliver potatoes from producers to consumers in better condition and more economically; inform consumers about the merits of using more potatoes in their diets; and to increase consumption of potatoes to bring demand into a more favorable balance with supply. This bill will give potato producers authority to help themselves to achieve some of these objectives.

The Department recommends the following modifications of this bill:

(1) In subsection 10(c), page 11, line 22, delete "and section 14," as this is adequately covered in Section 14, page 16, lines 21 to 24.

(2) In subsection 12(b), delete the word "willfully" in two places on page 14, lines 3 and 5. "Willfully" is an undesirable term because it is difficult to prove and would result in administrative difficulties.

(3) In subsection 9(c), page 9, line 22, reference to section 6(f) should read "section 8(f)".

(4) In section 6, page 5, line 9, delete "or modifications", as being unnecessary and confusing inasmuch as the Secretary must find that all the terms and conditions contained in the plan as issued will tend to effectuate the declared policy of the Act.

(5) In subsection 8(f) (3), page 7, line 17, add to the end of the sentence the following, "except as provided by subsection (a) (4) of this section". The addition of this language will eliminate potential inconsistency with the provision in subsection 8(a) (4) in which the Board as the express responsibility to recommend to the Secretary amendments to such plan.

(6) In subsection 8(g), page 8, line 1, immediately after the word "producer", insert the following, "within a time and in such a manner". This addition will assure proper authorization for the Board to prescribe the time period within which refund claims shall be filed.

(7) In subsection 8(h), page 8, line 9, substitute the word "programs" for "plans", and in line 10 substitute "program" for "plan". These changes are recommended to avoid use of the term "plan" for a dual meaning.

(8) In subsection 8(g), page 7, line 21, immediately following the words "supporting the", insert the words "research and". This addition is recommended as a matter of conformity and consistency.

We believe the enactment of this bill would result in a cost of \$325,000 to conduct promulgation proceedings, a referendum and related items to initiate a

"Plan." Additionally, the Department's annual cost for administration is estimated to be \$80,000. We recommend that the bill be amended to provide that the costs to the Department of Agriculture incurred in administering any program developed pursuant to this legislation shall be financed from funds appropriated pursuant to Section 32, Public Law 320, 74th Congress, as amended.

In view of the time situation, we have not obtained advice from the Bureau of the Budget as to the relationship of this bill to the Administration's program.

Sincerely yours,

ORVILLE L. FREEMAN.

[H.R. 15030, 90th Cong., first sess.]

A BILL To enable potato growers to finance a nationally coordinated research and promotion program to improve their competitive position and expand their markets for potatoes by increasing consumer acceptance of such potatoes and potato products and by improving the quality of potatoes and potato products that are made available to the consumer

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

FINDINGS AND DECLARATION OF POLICY

SEC. 2. Potatoes are a basic food in the United States. They are produced by many individual potato growers in every State in the United States. In 1966, there were one million four hundred and ninety-seven thousand acres of cropland in the United States devoted to the production of potatoes. Approximately two hundred and seventy-five million hundredweight of potatoes have been produced annually during the past five years with an estimated sales value to the potato producers of \$561,000,000.

Potatoes and potato products move, in a large part, in the channels of interstate commerce, and potatoes which do not move in such channels directly burden or affect interstate commerce in potatoes and potato products. All potatoes produced in the United States are in the current of interstate commerce or directly burden, obstruct, or affect interstate commerce in potatoes and potato products.

The maintenance and expansion of existing potato markets and the development of new or improved markets are vital to the welfare of potato growers and those concerned with marketing, using, and processing potatoes as well as the general economic welfare of the Nation.

Therefore, it is the declared policy of the Congress and the purpose of this Act that it is essential in the public interest, through the exercise of the powers provided herein, to authorize the establishment of an orderly procedure for the financing, through adequate assessments on all potatoes harvested in the United States for commercial use, and the carrying out of an effective and continuous coordinated program of research and development, or advertising and promotion designed to strengthen potatoes' competitive position, and to maintain and expand domestic and foreign markets for potatoes produced in the United States.

DEFINITIONS

SEC. 3. As used in this Act—

- (a) The term "Secretary" means the Secretary of Agriculture.
- (b) The term "person" means any individual, partnership, corporation, association, or other entity.
- (c) The term "potatoes" means all varieties of Irish potatoes grown by producers in the forty-eight contiguous States of the United States.
- (d) The term "handler" means any person who handles potatoes except a common or contract carrier of potatoes owned by another person.
- (e) The term "handle" means to transport or sell potatoes or otherwise place potatoes in the current of commerce; except that the sale of unharvested potatoes and the transfer or delivery of potatoes from the farm on which they are produced to a temporary storage facility, packing shed, or processing plant shall not be considered handling.
- (f) The term "producer" means any person engaged in the growing of five or more acres of potatoes.
- (g) The term "promotion" means any action taken by the National Potato Promotion Board, pursuant to this Act, to present a favorable image for potatoes to the public with the express intent of improving their competitive positions

and stimulating sales of potatoes and shall include, but shall not be limited to, paid advertising.

AUTHORITY TO ISSUE A PLAN

SEC. 4. To effectuate the declared policy of this Act, the Secretary shall, subject to the provisions of this Act, issue and from time to time amend, orders applicable to persons engaged in the handling of potatoes (hereinafter referred to as handlers) and shall have authority to issue orders authorizing the collection of assessments on potatoes handled under the provisions of this Act, and to authorize the use of such funds to provide research, development, advertising and promotion of potatoes in a manner prescribed in this Act. Any order issued by the Secretary under this Act shall hereinafter in this Act be referred to as a "plan". Any such plan shall be applicable to potatoes produced in the forty-eight contiguous States of the United States.

NOTICE AND HEARING

SEC. 5. When sufficient evidence is presented to the Secretary by potato producers, or whenever the Secretary has reason to believe that a plan will tend to effectuate the declared policy of this Act, he shall give due notice and opportunity for a hearing upon a proposed plan. Such hearing may be requested by potato producers or by any other interested person or persons, including the Secretary, when the request for such hearing is accompanied by a proposal for a plan.

FINDING AND ISSUANCE OF A PLAN

SEC. 6. After notice and opportunity for hearing, the Secretary shall issue a plan if he finds, and sets forth in such plan, upon the evidence introduced at such hearing, that the issuance of such plan and all the terms and conditions or modifications thereof will tend to effectuate the declared policy of this Act.

REGULATIONS

SEC. 7. The Secretary is authorized to make such regulations with the force and effect of law, as may be necessary to carry out the provisions of this Act and the powers vested in him by this Act.

REQUIRED TERMS IN PLANS

SEC. 8. Any plan issued pursuant to this Act shall contain the following terms and conditions:

(a) Providing for the establishment by the Secretary of a National Potato Promotion Board (hereinafter referred to as "the board") and for defining its powers and duties, which shall include powers—

(1) to administer such plan in accordance with its terms and conditions;
 (2) to make rules and regulations to effectuate the terms and conditions of such plan;

(3) to receive, investigate, and report to the Secretary complaints of violations of such plan; and

(4) to recommend to the Secretary amendments to such plan.

(b) Providing that the board shall be composed of representatives of producers selected by the Secretary from nominations made by producers in such manner as may be prescribed by the Secretary. In the event producers fail to select nominees for appointment to the board, the Secretary shall appoint producers on the basis of representation provided for in such plan.

(c) Providing that board members shall serve without compensation, but shall be reimbursed for reasonable expenses incurred in performing their duties as members of the board.

(d) Providing that the board shall prepare and submit to the Secretary for his approval a budget, on a fiscal period basis, of its anticipated expenses and disbursements in the administration of the plan, including probable costs of research, development, advertising, and promotion.

(e) Providing that the board shall recommend to the Secretary and the Secretary shall fix the assessment rate required for such costs as may be incurred pursuant to subsection (d) of this section; but in no event shall the assessment rate exceed 1 cent per one hundred pounds of potatoes handled.

(f) Providing that—

(1) funds collected by the board shall be used for research, development, advertising, or promotion of potatoes and potato products and such other expenses for the administration, maintenance, and functioning of the board as may be authorized by the Secretary;

(2) no advertising or sales promotion program shall make any reference to private brand names or use false or unwarranted claims in behalf of potatoes or their products or false or unwarranted statements with respect to the attributes or use of any competing products; and

(3) no funds collected by the board shall in any manner be used for the purpose of influencing governmental policy or action.

(g) Providing that, notwithstanding any other provisions of this Act, any potato producer against whose potatoes any assessment is made and collected under authority of this Act and who is not in favor of supporting the promotion program as provided for under this Act shall have the right to demand and receive from the board a refund of such assessment: *Provided*, That such demand shall be made by such producer as prescribed by the board and approved by the Secretary, and upon proof satisfactory to the board that such assessment, for which refund is sought, was deducted from settlement on such producer's potatoes or was otherwise paid by him.

(h) Providing that the board shall, subject to the provisions of subsections (e) and (f) of this section, develop and submit to the Secretary for his approval any advertising or sales promotion or research and development plans or projects, and that any such plan or project must be approved by the Secretary before becoming effective.

(i) Providing the board with authority to enter into contracts or agreements, with the approval of the Secretary, for the development and carrying out of research and development projects or promotion and advertising activities and the payment of the cost thereof with funds collected pursuant to this Act.

(j) Providing that the board shall maintain books and records and prepare and submit to the Secretary such reports from time to time as may be prescribed for appropriate accounting with respect to the receipt and disbursement of funds entrusted to it and cause a complete audit report to be submitted to the Secretary at the end of each fiscal period.

(k) Providing that the board shall report to the Secretary unpaid assessments after diligent effort has been made by the board to collect such assessments.

PERMISSIVE TERMS IN PLANS

SEC. 9. Any plan issued pursuant to this Act may contain one or more of the following terms and conditions:

(a) Providing authority to exempt from the provisions of the plan potatoes used for nonfood uses, and authority for the board to require satisfactory safeguards against improper use of such exemptions.

(b) Providing for authority to designate different handler payment and reporting schedules to recognize differences in marketing practices and procedures utilized in different production areas.

(c) Providing for the establishment, issuance, effectuation, and administration of appropriate programs or projects for the advertising and sales promotion of potatoes and potato products and for the disbursement of necessary funds for such purposes: *Provided, however*, That any such program or project shall be directed toward increasing the general demand for potatoes and potato products: *And provided further*, That such promotional activities shall comply with the provisions of section 8 (f) of this Act.

(d) Providing for establishing and carrying on research and development projects and studies to the end that the marketing and utilization of potatoes may be encouraged, expanded, improved, or made more efficient, and for the disbursement of necessary funds for such purposes.

(e) Providing for authority to accumulate reserve funds from assessments collected pursuant to this Act, to permit an effective and continuous coordinated program of research and development or advertising and promotion in years when the production and assessment income may be reduced: *Provided*, That the total reserve fund does not exceed the amount budgeted for two year's operation.

(f) Providing for authority to use funds collected herein, with the approval of the Secretary, for the development and expansion of potato and potato product sales in foreign markets.

(g) Terms and conditions incidental to and not inconsistent with the terms and conditions specified in this Act and necessary to effectuate the other provisions of such plan.

ASSESSMENTS

SEC. 10. (a) The first handler of potatoes shall be responsible, under the provisions of this Act and any plan issued pursuant to it, for payment to the board of any assessments levied on potatoes; and such handler may collect from any producer or deduct from the proceeds paid to any producer, on whose potatoes such assessment is made, any such assessment required to be paid by such handler. Such handler shall maintain a separate record with respect to each producer for whom potatoes were handled, and such records shall indicate the total quantity of potatoes handled by him including those handled for producers and for himself, shall indicate the total quantity of potatoes handled by him which are included under the terms of a plan as well as those which are exempt under such plan, and shall indicate such other information as may be prescribed by the board.

(b) Handlers responsible for collection of assessments under subsection (a) of this section shall maintain and make available for inspection by the Secretary such books and records as required by the plan and file reports at the times, in the manner, and having the content prescribed by the plan, to the end that information and data shall be made available to the board and to the Secretary which is appropriate or necessary to the effectuation, administration, or enforcement of this Act or of any plan or regulation issued pursuant to this Act.

(c) All information obtained pursuant to subsections (a) and (b) of this section and section 14 shall be kept confidential by all officers and employees of the Department of Agriculture and of the board, and only such information so furnished or acquired as the Secretary deems relevant shall be disclosed by them, and then only in a suit or administrative hearing brought at the direction, or upon the request, of the Secretary, or to which he or any officer of the United States is a party, and involving the plan with reference to which the information to be disclosed was furnished or acquired. Nothing in this section shall be deemed to prohibit—

(1) the issuance of general statements based upon the reports of a number of handlers subject to a plan if such statements do not identify the information furnished by any person, or

(2) the publication by direction of the Secretary of the name of any person violating any plan together with a statement of the particular provisions of the plan violated by such person.

Any such officer or employee violating the provisions of this subsection shall upon conviction be subject to a fine of not more than \$1,000 or imprisonment for not more than one year, or both, and shall be removed from office.

PETITION AND REVIEW

SEC. 11. (a) Any person subject to a plan may file a written petition with the Secretary, stating that such plan or any provision of such plan or any obligation imposed in connection therewith is not in accordance with law and praying for a modification thereof or to be exempted therefrom. He shall thereupon be given an opportunity for a hearing upon such petition, in accordance with regulations made by the Secretary. After such hearing, the Secretary shall make a ruling upon the prayer of such petition which shall be final, if in accordance with law.

(b) The district courts of the United States in any district in which such person is an inhabitant, or has his principal place of business, are hereby vested with jurisdiction to review such ruling: *Provided*, That a complaint for that purpose is filed within twenty days from the date of the entry of such ruling. Service of process in such proceedings may be had upon the Secretary by delivering to him a copy of the complaint. If the court determines that such ruling is not in accordance with law, it shall remand such proceedings to the Secretary with directions either (1) to make such ruling as the court shall determine to be in accordance with law or, (2) to take such further proceedings as, in its opinion, the law requires. The pendency of proceedings instituted pursuant to subsection (a) of this section shall not impede, hinder, or delay the United States or the Secretary from obtaining relief pursuant to section 12(a) of this Act.

ENFORCEMENT

SEC. 12. (a) The several district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating any plan or regulation made or issued pursuant to this Act.

(b) Any handler who willfully violates any provisions of any plan issued by the Secretary under this Act, or who willfully fails or refuses to remit any assessment or fee duly required of him thereunder shall be subject to criminal prosecution and shall be liable to a penalty of not more than \$1,000 for each such offense which shall accrue to the United States and in addition shall be subject to civil suit brought by the United States to collect any unpaid assessments levied under this Act.

INVESTIGATION AND POWER TO SUBPOENA

SEC. 13. (a) The Secretary may make such investigations as he deems necessary for the effective carrying out of his responsibilities under this Act or to determine whether a handler or any other person has engaged or is about to engage in any acts or practices which constitute a violation of any provision of this Act, or of any plan, or rule or regulation issued under this Act. For the purpose of any such investigation, the Secretary is empowered to administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, and documents which are relevant to the inquiry. Such attendance of witnesses and the production of any such records may be required from any place in the United States. In case of contumacy by, or refusal to obey a subpoena issued to, any person, including a handler, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, papers, and documents; and such court may issue an order requiring such person to appear before the Secretary, there to produce records, if so ordered, or to give testimony touching the matter under investigation. Any failure to obey such order of the court may be punished by such court as contempt thereof. All process in any such case may be served in the judicial district where of such person is an inhabitant or wherever he may be found.

(b) No person shall be excused from attending and testifying or from producing books, papers, and documents before the Secretary, or in obedience to the subpoena of the Secretary, or in any cause or proceeding, criminal or otherwise, based upon, or growing out of any alleged violation of this Act, or of any plan, or rule or regulation issued thereunder on the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no individual shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that any individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

REQUIREMENT OF REFERENDUM

SEC. 14. The Secretary shall conduct a referendum among producers who, during a representative period determined by the Secretary, have been engaged in the production of potatoes for the purpose of ascertaining whether the issuance of a plan is approved or favored by producers. No plan issued pursuant to this Act shall be effective unless the Secretary determines that the issuance of such plan is approved or favored by not less than two-thirds of the producers voting in such referendum, or by the producers of not less than two-thirds of the potatoes produced during the representative period by producers voting in such referendum. The ballots and other information or reports which reveal or tend to reveal the vote of any producer or his production of potatoes shall be held strictly confidential and shall not be disclosed. Any officer or employee of the Department of Agriculture violating the provisions hereof shall upon conviction be subject to the penalties provided in paragraph 10(c) above.

SUSPENSION OR TERMINATION OF PLANS

SEC. 15. (a) The Secretary shall, whenever he finds that a plan or any provision thereof, obstructs or does not tend to effectuate the declared policy of this Act, terminate or suspend the operation of such plan or such provision thereof.

(b) The Secretary may conduct a referendum at any time and shall hold a referendum on request of the board or of 10 per centum or more of the potato producers to determine if potato producers favor the termination or suspension of the plan, and he shall terminate or suspend such plan at the end of the marketing year whenever he determines that such suspension or termination is favored by a majority of those voting in a referendum, and who produce more than 50 per centum of the volume of the potatoes produced by the potato producers voting in the referendum.

AMENDMENT PROCEDURE

SEC. 16. The provisions of this Act applicable to plans shall be applicable to amendments to plans.

SEPARABILITY

SEC. 17. If any provision of this Act or the application thereof to any person or circumstances is held invalid, the validity of the remainder of this Act and of the application of such provision to other persons and circumstances shall not be affected thereby.

AUTHORIZATION

SEC. 18. There are hereby authorized to be appropriated such funds as are necessary to carry out the provisions of this Act; but no funds so appropriated shall be used for the payment of any expenses or expenditures of the board in administering any provision of any plan issued under authority of this Act.

EFFECTIVE DATE

SEC. 19. This Act shall take effect upon enactment and may be cited as the Potato Research and Promotion Act.

Mr. ABERNETHY. I am going to first call the representatives of the National Potato Council. Who is going to testify for them?

Do you have out-of-town people here?

Mr. DOYLE BURNS. We do, sir.

Mr. ABERNETHY. Before we go any further, Mr. Mathias has a statement that he would like to make.

**STATEMENT OF HON. ROBERT B. MATHIAS, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF CALIFORNIA**

Mr. MATHIAS. Mr. Chairman, I do have two constituents here from California that I should like to present.

They are with the National Potato Council. They are directors of the council, and they are here to testify. I do not know the exact schedule as to when they will appear, but I would like to introduce these two people now, if I may, and then it is up to the chairman to hear them later.

It is my great pleasure to introduce Don M. Johnston, of Bakersfield, and James Paul, of Shafter.

It certainly is a pleasure for me, to introduce these two gentlemen from California.

I thank you for the privilege.

I also have a prepared statement that I would like to make.

Mr. ABERNETHY. Thank you, Mr. Mathias. You may proceed with your statement.

Mr. MATHIAS. Mr. Chairman, it is an honor to be here this morning to testify on behalf of H.R. 15197, my bill to establish a nationally co-

ordinated research and promotion program for potatoes. I am pleased to have with me two constituents who are directors of the National Potato Council, Don M. Johnston, of Bakersfield, and James D. Paul, of Shafter. They will be able to tell you from personal experience how important this legislation is to potato growers. Before they testify I would like to briefly outline the importance of the potato crop, both nationally and in my district, and the potential of a national research and promotion program for potatoes.

The value of the national potato crop over the past few years has ranged from \$436 to \$265 million. The size of the crop has ranged from 241 to 306 million hundredweight and the average price per hundredweight has been as low as \$1.78 and as high as \$3.50. In 1966, 35 million hundredweight with a value of \$71,589,000 were produced by California growers. More than half of the California crop is grown in my own 18th District. The annual per capita consumption of potatoes has declined steadily over the years.

The potato is so familiar that we often forget its great nutritional value. Potatoes are an important source of potassium, B vitamins, vitamin C, thiamine, riboflavin, and niacin. Important quantities of vitamin A, iron, calcium, and phosphorus are also provided by potatoes. And with all this nutritional value, a half cup of mashed potatoes, prepared with milk, still only contains 60 calories.

However, the potato grower faces problems in marketing this crop. He is subject to very wide price fluctuations. And because potatoes are grown in every State and packaged under a variety of labels, there is no strong organization which can afford the research and promotional efforts, necessary in today's markets.

The range of potato price fluctuations is shown by looking at the record for 1963 through 1966. The 1963 crop of 271 million hundredweight brought an average price of \$1.78. In 1964 the crop was about 10 percent smaller and, as a result, the price per hundredweight nearly doubled to \$3.50. The value of the smaller 1964 crop was \$765 million, \$329 million more than growers received for the 1963 crop. In 1965 the crop rose to 291 million hundredweight and the price dropped to \$2.53. The 1966 crop of 306 million hundredweight dropped the price further to \$2.05. With potatoes we see something that is not uncommon in agriculture—small changes in supply creating price swings of 20–100 percent.

Because potatoes are grown in every State and sold under hundreds of labels, it is difficult to coordinate research and promotional efforts. I know from the experience of almond, citrus, and raisin growers in my own district that coordinated efforts to solve marketing problems can be highly successful. We should not ignore the new product development which potato processors have already undertaken. The increasing share of potato consumption accounted for by chips and frozen, dehydrated, and canned products is a sign of progress. But to increase the per capita consumption of potatoes, more is needed. Market research and advertising to exploit the natural benefits of the tasty, low-calorie potato, are in order.

The bill which I have introduced will allow potato growers all across the country to vote to set up a National Potato Promotion Board, whose members will be nominated by potato growers and

serve without pay. The board will administer a national program of research, development, advertising, and promotion for potatoes.

The expense of this promotion program will be paid from a voluntary assessment which may not exceed one cent per hundredweight. Any grower who does not favor supporting the promotion program may request and receive a refund of his assessment.

I believe that such a program will help the potato growers across the country. They will be paying for it themselves, and any grower who doesn't wish to bear the expense may receive a refund. The American marketplace is more and more competitive. Anyone who wants to survive in our up-to-date markets, must use up-to-date selling techniques. This bill will let the potato growers move in the right direction.

Mr. ABERNETHY. We are happy to have your two constituents here, Mr. Mathias, and we thank you for your statement.

Before we hear from the witnesses, I think we should hear from other Members of Congress who desire to have their statements in the record.

I want to recognize Mr. Walter Jones, of North Carolina, at this time, the author of H.R. 15030.

You can make such statement as you desire, Mr. Jones.

STATEMENT OF HON. WALTER B. JONES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA

Mr. JONES of North Carolina. Mr. Chairman, I appear before the committee this morning in support of H.R. 15030 and other identical bills. This bill is designed solely for the purpose of improving selling conditions for over 300,000 potato farmers and to improve their bargaining position regarding the price they receive for their product. I think it appropriate to mention here that in 10 years the farm census shows that there has been a decrease from 684,853 potato farmers to the figure just mentioned of slightly over 300,000. This in itself points out the necessity for action to the end of improving this vital segment of our farm economy.

After becoming interested in this legislation, I was surprised to learn that potatoes are grown in every State in this Union. This involves 1.5 million acres of cropland. Production is in excess of 300 million hundredweight. The record shows that the crop value, with variance from year to year, is between \$500 and \$600 million. So, Mr. Chairman, I am sure this committee can see that the problem is nationwide and not confined to any single section of our country.

I believe it is important to emphasize at this point that no major agricultural commodity has any greater variance in what the grower receives than Irish potatoes. For example, the U.S. farm price, February 1968, was \$1.59 per hundredweight; this is 56 percent of parity; compared with February 1957, when we find the price of \$2.33, or 83 percent of parity. This, I believe, substantiates my statement of the great variance from year to year in the amount the grower receives for his investment of time, labor, and money. There are others who will appear here this morning who will better describe the chaotic price situation which exists.

At the present time, potatoes are not subject to any governmental farm program, except a temporary diversion program. This legislation itself can by no stretch of the imagination be considered a governmental farm program. It is designed solely to assist the potato growers in coordinating and providing a self-help program, and only then, when supported by a two-thirds majority of the growers voting in a referendum. This legislation is not without precedent, for already the Congress has enacted into law similar measures for wool and cotton. In several States where a farm commodity is produced only in that State or immediate section of the country, similar laws have been enacted by State legislatures which have produced excellent results. I am thinking of the Florida Citrus Commission, the California Nectarine Commission and others. This legislation is not to be confused with a Federal marketing order. It carries no appropriation with the possible exception of a slight administrative cost.

Finally, Mr. Chairman, this is not a complicated bill, it simply permits the potato producers of this Nation to vote in a referendum which will require a two-thirds majority to assess themselves not more than 1 penny per hundredweight. It further provides that any producer who does not care to participate shall be refunded whatever sum has been deducted from his sales. It permits the Secretary of Agriculture to function as a final authority in the matter of organization and administration. H.R. 15030 is nothing more and nothing less than legislative permission to permit a segment of our farm economy, namely, the potato producers, to help themselves improve their economy in the hope of establishing a more profitable operation.

Mr. ABERNETHY. Thank you, Mr. Jones. We next will hear from our colleague Mark Andrews.

We will be happy to hear from you now.

STATEMENT OF HON. MARK ANDREWS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH DAKOTA

Mr. ANDREWS. Mr. Chairman and members of the committee, I wish to thank you for permitting me to present this testimony to you today on behalf of the potato research and promotion bill. As you know, I am one of the sponsors of this legislation and I believe it can do a great deal to benefit the potato industry.

An examination of the situation in the potato industry at present reveals clearly that some form of assistance is necessary. You are aware, I am sure, that in January of this year, potato prices were only 58 percent of parity and in February they dropped to 56 percent of parity. While the statistics for March are not yet out, it is unlikely they will reflect any improvement. These ridiculously low figures compare with 80 percent of parity for January 1967 and 83 percent for February 1967. In light of these statistics, we can only conclude that if some improvements are not made, many growers will be unable to survive and the economies in producing areas will be seriously affected.

The basic concept of this proposed legislation is not unique and it has been proven workable for other farm commodities. Its most appealing aspect to me is the reliance on self-help. Urban criticism of the present farm program is usually centered on the costs of subsidies

and supports coming out of their tax dollars. This proposal, however, would not place the financial burden upon the taxpayer nor will it require Federal administration. Rather, it properly places the responsibility for success upon the producers themselves to work out a plan which can best accomplish the desired purpose. Financing too, must come from them. A very minimum of Federal control is involved and then only to the extent necessary to provide overall fairness, uniform administration and effectiveness.

I am aware that some of our national farm organizations oppose this bill for a variety of reasons, ranging from the involvement of the Secretary of Agriculture to the method of collecting the assessment. However, it is obvious that the intent of this legislation is to provide a vehicle by which the producers themselves can conduct an effective program of promotion and research. They will prepare the plan, carry it out and then pay for it. The function of the Secretary of Agriculture is restricted to one of monitoring the program. As far as the criticism leveled at the checkoff of the assessment is concerned, I do not believe it is unfair to require a producer choosing not to participate to make application for his refund. This is particularly true since the plan at the outset must have the approval of at least two-thirds of the producers.

In conclusion, I want to emphasize the strong support that this bill has from the potato growers throughout the United States. In my own congressional district, the Red River Valley Potato Growers Association, which represents growers on both the North Dakota and Minnesota side of the Valley, is squarely behind it; and I have received a great deal of individual indications of support from growers during my trips home. I urge you to give this bill your most careful consideration and I want to express my thanks for your kind attention.

Mr. ABERNETHY. Thank you, Mr. Andrews.

Next, we will hear from our colleague William D. Hathaway.

We will be pleased to hear from you now.

STATEMENT OF HON. WILLIAM D. HATHAWAY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MAINE

Mr. HATHAWAY. Mr. Chairman, and distinguished members of the committee, it is a pleasure to present myself before you to give further evidence of my support of H.R. 15030, the Potato Research and Promotion Act.

I became a sponsor of this legislation at the request of the Maine Potato Council, a trade association which represents all Maine potato growers. I am satisfied that this bill has the unanimous support of potato growers in my State, and base this conclusion on reports from the Maine Potato Council and on my personal contacts with numerous growers.

In the interest of brevity, I shall not subject you to a lengthy review of the bill's provisions. H.R. 15030 is purely enabling legislation. Its enactment would provide the Nation's important potato industry with a vehicle to be used in solving industry problems, to develop new markets, to promote their product and to develop more effective marketing procedures. The act would enable the industry to utilize the powers of the Federal Government to help itself.

The act would enable the majority of the Nation's potato growers, if they so choose, to establish at their own expense a self-help program. It does not propose Government subsidies or other financial assistance. It does not call for any appropriation of Federal funds.

Mr. Chairman, and members of the committee, I can assure you that all potato growers in Maine favor enactment of this bill and see in it an opportunity to improve the commerce in which they are engaged. I am certain that growers in other States hold the same view, and respectfully request that you give this legislation your endorsement.

Mr. ABERNETHY. Thank you, Mr. Hathaway. We will next hear from our colleague Al Ullman.

We will be pleased to hear from you now.

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

Mr. ULLMAN. Thank you, Mr. Chairman.

Mr. Chairman, and members of the committee, I wish to thank you for the opportunity today to express my support for H.R. 15030, a bill that I am proud to have cosponsored.

I'm sure that as you consider this bill, you will realize the many benefits it holds for American potato producers. I would point out the fact that the expense of this research and promotion program will be borne by the people who will benefit from it, and not by the Government. In other words, this is not a Government subsidy program, but an opportunity for the Federal Government to assist and cooperate with local associations who display the initiative to help themselves.

I know that in one of the Nation's leading potato growing areas, the Second District of Oregon, producers have shown a great capacity for cooperation and action. Through the potato marketing agreements, producer associations, and other joint efforts, they have attempted to both improve the quality of their product and enhance their economic position. The marketing agreements have worked very well, and have been satisfactory to both producers and the Government. I certainly feel that the formation of a potato research and promotion program would be a logical step in this same direction.

It is my conviction that the passage of this bill would be of real benefit and profit to the potato producers of the Nation. I appeal to your sound judgment, Mr. Chairman, and members of the committee, and ask you to give this bill your consideration and approval. Thank you.

Mr. ABERNETHY. Thank you, Mr. Ullman. We will next hear from our colleague, Odin Langen, of Minnesota.

We will be pleased to hear from you now, Mr. Langen.

STATEMENT OF HON. ODIN LANGEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Mr. LANGEN. Mr. Chairman and members of the subcommittee, I am most grateful for the privilege of submitting a statement in support of H.R. 15030 and H.R. 15694, cosponsored by myself and other Members

of Congress. I am pleased that, in your wisdom, you have decided to consider this most important legislation.

This bill, instigated by potato growers across the Nation, reflects their desire to not only preserve and develop the important potato market, but to also assure the American consumer of a wholesome food product so necessary in every family's diet. This effort by the growers should be encouraged.

The unique feature of this plan is the willingness of the potato growers to assess themselves from their own income to finance a nationally coordinated research and promotion program to improve their competitive position, expand their markets, and improve the quality of potatoes and potato products. They are not asking for Federal funds with which to accomplish their objectives, but merely want the Congress to approve legislation that permits the growers to institute such a program.

It should be pointed out that once this bill passes Congress, the potato growers of America are not henceforth bound to any inflexible plan, nor are they bound to the costs of any plan. A referendum would be held among all potato growers of 5 acres or more, and if two-thirds of the growers approve a plan submitted by a National Potato Promotion Board, chosen by the growers and the Secretary of Agriculture, such plan becomes effective.

Even then any grower can request a refund of any amount of money he is assessed if he chooses not to participate in the plan. Therefore, the plan is completely voluntary, with assessments not to exceed 1 cent per hundredweight of potatoes sold. Nonfood uses of potatoes may be exempted from the program.

When growers express the willingness to assess themselves to promote the sale of their product, we should grant them that opportunity. Such action would enable the potato growers to strengthen their economic position through sales and promotion plans, and a better quality product would emerge for the consumer through expanded research.

I respectfully urge a favorable recommendation for this self-help legislation, which I consider far better than anything we could devise through Federal-financed programs.

Mr. ABERNETHY. Thank you, Mr. Langen. We will next hear from our colleague Harold T. (Bizz) Johnson.

We will be happy to hear from you now.

STATEMENT OF HON. HAROLD T. (BIZZ) JOHNSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. JOHNSON. Mr. Chairman, thank you.

Mr. Chairman, I appreciate the courtesy extended me by your committee to testify this morning in behalf of a bill I have sponsored, H.R. 16160, designed to promote the consumption of potatoes.

Early consideration of this legislation is deeply appreciated, for I think that it is of tremendous importance to the potato industry nationally, and of particular importance to the potato-producing areas of northern California, which I represent.

This proposal would enable potato growers to finance a nationally coordinated research and promotion program designed to expand domestic markets for this commodity both by advertising and by im-

proving the quality of potatoes and products made from them. I should emphasize that this is self-help legislation of the type which I feel is of great importance for I believe true solutions to agricultural problems must come through the initiative taken by the producers as is being done here.

The cost of the program will be borne by the potato producers. It will not cost the Government except for a small administrative expense. The potato producers will levy an assessment against their sales to pay the cost of the program. This assessment cannot exceed 1 cent per hundredweight.

The program will be operated by the potato producers through a Potato Promotion Board selected by the producers from among their own members. The Board will be responsible to the Secretary of Agriculture for all funds collected and spent.

Finally, I would note that adequate protections are made for those producers who do not wish to participate in the program. Therefore, I think that we have here in this legislation an extremely fair and realistic bill, and I would strongly urge favorable consideration of the legislation.

Thank you, Mr. Chairman.

MR. ABERNETHY. Thank you, Mr. Johnson. We will next hear from our colleague Frank E. Evans, of Colorado.

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

STATEMENT OF HON. FRANK E. EVANS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF COLORADO

MR. EVANS. Thank you, Mr. Chairman.

Mr. Chairman, I first want to thank you for the privilege of presenting testimony to you and your colleagues on this distinguished subcommittee.

I am appearing in support of H.R. 15030, the Potato Research and Promotion Act, and related bills, including H.R. 15694, of which I am a cosponsor.

The program encompassed in this bill is one of self-help. It is initiated by the potato growers, for the benefit of their own industry. It is also in the public interest, since the program envisioned by the sponsors of this program includes beneficial research as well as product promotion.

Furthermore, it does not require any Federal expenditure. The potato growers are asking the Congress only for the right to tax themselves, so they can join together and finance a nationally coordinated research and promotion program.

In my opinion, Mr. Chairman, this plan is worthy of our applause as well as our support. It is in the fine tradition of agricultural cooperation, of self-help, and of consumer-oriented private enterprise. The producers of this basic, staple product plan to help themselves by improving potato products and by informing the public of the nutritive values of their product.

Also, this program would not be compulsory on any grower. First, it requires approval by Congress. Then, a referendum would be held, requiring approval by two-thirds of the affected growers. Finally, if the

plan becomes effective, any grower not wishing to participate would receive a refund.

Mr. Chairman, I respectfully submit that this legislation is worthy of a favorable report by this subcommittee and by the full Committee on Agriculture.

Thank you.

Mr. ABERNETHY. Thank you, Mr. Evans. We will next hear from our colleague, a member of the full committee, the Honorable Catherine May.

We will be happy to hear from you now.

STATEMENT OF HON. CATHERINE MAY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

Mrs. MAY. Thank you, Mr. Chairman.

Mr. Chairman and members of the committee, thank you for the opportunity to appear before you this morning in support of H.R. 15030, the potato research and promotion bill, of which I am a cosponsor.

This self-help legislation has wide support in the potato industry. It would enable potato growers to finance a nationally coordinated research and promotion program to increase consumer acceptance and improve the quality of potatoes and potato products.

The growers would vote on whether or not they wanted to finance such a program, and should they decide in the affirmative, the program would be operated and paid for by the potato producers themselves through an assessment on sales. However, under the terms of the bill, any producer who did not wish to participate could receive a refund of his assessment.

The first handler of the potatoes must pay the assessment, but he, in turn, collects it from the producer.

This program would really have a twofold purpose. First, it would present to the consumer the advantages in using potatoes. It would point out the nutritional qualities that are not commonly known. Secondly, through improving the quality of potatoes found in the retail markets, it would undertake to enhance the acceptance of potatoes by the consumer.

Mr. Chairman and members of the committee, the long-term goal of this legislation is really to improve grower income through broadened markets for his product, at little cost to the U.S. Government. I know you are as deeply concerned as I am about the serious price and income problems presently facing U.S. farmers, and favorable consideration of this bill will allow the potato producers in this country a self-help opportunity to raise their income.

Thank you for the opportunity to present this statement in behalf of H.R. 15030.

Mr. ABERNETHY. Thank you, Mrs. May. We will now hear from Mr. Doyle Burns.

Do you have any of your members that you would like to have come to the table with you?

STATEMENT OF DOYLE BURNS, EXECUTIVE DIRECTOR, NATIONAL POTATO COUNCIL

Mr. BURNS. Mr. Chairman and members of the subcommittee, my statement is quite lengthy. I would be happy to file it in the interest of letting some of these farmers come here and tell you how they feel about this legislation.

Mr. ABERNETHY. Your statement will go into the record at this point in its entirety.

Mr. BURNS. Thank you. I have, in addition, another statement by David R. Clark I would like to file for the record; if this is all right.

Mr. ABERNETHY. You may do so.

(The prepared statements submitted by Mr. Burns follow:)

STATEMENT OF DOYLE BURNS, EXECUTIVE DIRECTOR, NATIONAL POTATO COUNCIL

To enable potato growers to finance a nationally coordinated research and promotion program to improve their competitive position and expand their markets for potatoes by increasing consumer acceptance of such potatoes and potato products and by improving the quality of potatoes and potato products that are made available to the consumer.

Mr. Chairman, Members of the Committee, my name is Doyle Burns. I am employed as Executive Director of the National Potato Council, whose offices are located at 425 13th Street, N.W., Washington, D.C. The National Potato Council is a voluntary, non-profit organization whose membership is made up of commercial potato growers throughout the United States.

According to the official by-laws of this organization, one of the purposes of the Council shall be, "To promote the welfare of the potato industry of the United States, to promote increased use of potatoes, to foster a better understanding among the several areas of production of the problems peculiar to individual areas." It is on behalf of this stated purpose that we are appearing here today in support of the Potato Research and Promotion Act. At our most recent Annual Meeting, November 16, 1967, this Act was discussed and approved by a unanimous roll call vote of the Board of Directors representing the entire potato-growing industry of the United States.

There are several important facts concerning the potato industry which should be called to your attention. These facts illustrate conditions within the industry that accent the need for a program such as that provided by this proposed legislation.

Potatoes are a basic food of the United States. They are an important part of the total economy of the agri-business world. In 1966, 1,497,000 acres of cropland were devoted to the production of potatoes in this country. Production has exceeded 300,000,000 hundredweight in the two most recent years. The estimated value of the crop to the producers averaged over \$560 million for the past five years with one year exceeding \$765 million. At the retail level the value is estimated to be in excess of \$2 billion.

According to the 1964 farm census, farms growing potatoes dropped to only 45% of what there were in 1959. Well over one-half of the farms growing potatoes were eliminated during a five-year period. The total number of acres did not diminish appreciably during the same period. By 1964, 2.1% of the farms reporting potato production, or approximately 6,500 farmers, were growing about 81% of the entire crop. Four and seven tenths of the farms were growing 97% of the entire crop.

Potatoes represent an important part of the human diet in the United States. Per capita consumption is approximately 110 pounds per person. This figure was 142 pounds in 1935; 122 pounds in 1945; 106 pounds in 1950. Since 1950 it has varied between 103 pounds and 113 pounds per person. Today potatoes represent about 7% of the total food intake which totals about 1,500 pounds per person. Potatoes are one of the cheapest foods to be found among the 1,500 pounds consumed annually.

Potatoes and potato products move, in a large part, in the channels of interstate commerce and potatoes which do not move in such channels directly burden or affect interstate commerce on potatoes and potato products. All potatoes produced in the United States are in the current of interstate commerce or directly burden, obstruct, or affect interstate commerce in potatoes and potato products. The efficient production of potatoes and maintenance and expansion of existing markets and the development of new or improved markets and uses for potatoes is vital to the welfare of potato growers and those concerned with marketing, using, and processing potatoes as well as the general economic welfare of the Nation. In recent years United States potatoes and potato products thereof have been confronted with increasing competition from other products prepared in convenient forms and promoted at great expense. Many of these products have been largely the result of considerable research and promotion which have not been effectively matched by potato producers. The production and marketing of potatoes by numerous individual farmers have prevented the development and carrying out of adequate and coordinated programs of promotion necessary to the maintenance and improvement of the competitive position of potato growers. Without an effective and coordinated method for assuring cooperative and collective action in financing such promotion programs, individual potato growers are unable, adequately to provide for the promotion necessary to maintain and improve their markets for potatoes.

Potatoes are not a price-supported or government subsidized commodity. There are no incentive payments, government loans or guaranteed prices. Occasionally, when extreme disaster occurs and prices dip far below production costs a salvage operation has been instituted. Such diversions to salvage outlets could not be compared to those programs affecting the basic commodities.

Potato production is not restricted by acreage allotments, quotas or other governmental limitations. Potatoes are essentially a free crop. In many areas of the country the acreage planted to potatoes is influenced by the allotments issued for other crops, and they are looked upon as being a high risk "gamble" crop. With the restrictions placed on tobacco, peanuts, cotton, rice, wheat, feed grains and sugar beets, more acres have been available for potatoes. At the same time we have experienced dramatic increases in yields due to improved cultural practices, fertilization and seed. Except for occasional near disasters due to weather, this has resulted in an almost continual surplus of potatoes. A comparison of the price received for potatoes with the average of the basic commodities shows that only in one year out of the past twelve have potatoes fared better than the average of the basics. In 1964 the price exceeded the average of the basic commodities by 13%. All other years were below by at least 20% with two years reaching an extreme low of 48%.

Potatoes are subject to a static demand. During periods of surplus, potatoes, as with nearly all products, sell at a lower price. However, even with lower prices, we do not eat more potatoes. Thus, oversupply simply means lower selling price, but without increased consumption. Because of this peculiarity an excess of 10% in supplies results in a 40% to 50% cut in price to the producer. Fluctuation in the price of potatoes at the grower level is greater than any other farm commodity except onions.

The decline in per capita consumption of potatoes has caused grave concern among members of the potato industry for the past several years. A casual examination of the problem will show that part of this decline can be attributed to the change in eating habits and, indirectly, to the reduction in the physical activity of the people of this country, combined with a commonly-accepted misconception that potatoes are a fattening food. It is an unfortunate fact that the American people, in the midst of plenty, tend to eat the foods they like and not the ones that are best for them.

Potatoes contain fewer calories per serving than most of the foods commonly substituted. But more important, potatoes are truly one of the protective foods. They contain substantial amounts of Vitamin C, the B Vitamins, and small amounts of Vitamin A as well as important minerals. There is practically no fat and the protein, while not in a large amount is highly digestible and easily assimilated. These are facts not commonly known and accepted by the average consumer. A part of the program under this Act will be to familiarize the consumer with this information.

It has long been recognized that a reasonable balance between the supply and the demand for potatoes is in the best public interest. This Act would not attempt to restrict production or availability of supplies. This is a separate

and distinct problem which must be given separate consideration. At the present time there are ten marketing orders which have been enacted within limited marketing areas. Other marketing areas may develop a marketing order for their area at any time to restrict lower grades and prevent them from being marketed. We are fully aware of this problem and recognize it as an important adjunct to the promotion effort.

During recent years we have been aware of the many letters of complaint about the quality of potatoes found at retail level. These letters, coming from individual consumers, have been received in considerable numbers by Members of Congress, United States Department of Agriculture and the National Potato Council. The complaints represent an important problem for the potato industry created by the mechanized, high-volume handling methods which have developed in recent years. Under the research provisions of this Act it will be possible to determine exactly where damage is occurring and develop the necessary changes to improve the quality of potatoes available to the consumer. We know that such damage is cumulative; that no potato will be any better than when it is first removed from the ground. It is necessary and important that the solution to this problem be found as quickly as possible. This is another reason for the drop in per capita consumption of fresh potatoes.

The alarming increase in world population is causing a great deal of concern. The problem of feeding these people adequately becomes more urgent as each day passes. The value, potential and nutritional advantages of potatoes are not fully appreciated. We must not overlook the possibilities afforded by this important vegetable in coping with the problem of feeding millions of starving people. Yields of more than 100,000 pounds of potatoes per acre have been recorded. Yields of 50,000 to 75,000 pounds per acre are not uncommon. Fifty tons of good dependable, health-sustaining, protective food produced on one acre of land. More food than can be produced in any other form on a similar acre. It is a bland, nutritionally-rich food that, when supplemented with small amounts of fats, has in the past, and can again if necessary, sustain human life for prolonged periods of time. It is possible that research will show that a complete, balanced, appetizing food can be developed with potatoes as a base, a food that can go to the four corners of the world as a small dry packet and there be reconstituted into a wholesome food product. The versatility of the potato must not be underestimated and it should be explored for all practical purposes.

DEFINITIONS

Secretary.—The term Secretary means the Secretary of Agriculture. The purpose of the Secretary in this Act shall be that of judge or arbitrator. It shall not be that of administrator. He will serve as a "watchdog" over the actions of the Board. It is important that an accounting be made to the Secretary not only of intentions but also of all actions. When the word "Secretary" is used it may also mean his designated representative.

Person.—Today there is an increase in the number of businesses with multiple ownership. Such partnerships, corporations, associations or other entity must be considered as a person or single individual.

Potato.—There is an increase in the need for a potato to be used for a specific purpose. It is reasonable to assume that in future years varieties will be developed for a single specific purpose and that variety may or may not be suitable for other uses. It is the intent that all varieties of Irish potatoes be included under this Act regardless of their ultimate utilization.

Handler.—Potatoes travel many and varied paths from the spot where they are grown until they reach the possession of the consumer. Almost any movement pattern which might be visualized can be found in actual practice. The people who are responsible for this movement, or the ones who "handle" the potatoes, are to be known as the handlers. The only exception to this would be the common or contract carrier who does not own the potatoes which he may be transporting.

Handle.—Any time that an action takes place which would place potatoes in the current of commerce, that would be known as handling of the potatoes. It could mean, and generally does mean, when the potatoes are sold and/or transported from one point to another. Some exceptions would be whenever potatoes are sold unharvested or when such potatoes are transported to a temporary storage facility, packing shed or processing plant.

Producer.—The decision to limit the definition of producer to a person growing five or more acres of potatoes is based on the conclusion that anyone growing less than this amount is not growing potatoes to sell and therefore would not be considered as a commercial producer. Many people raise a few potatoes for themselves and their families. Such persons operation is not considered as commercial.

Promotion.—Promotion is a rather broad term. There are many things which can be done which would be construed as being promotion. These would include public relations projects, direct and indirect advertising, tie-ins, contests, systems development, educational programs or other projects to stimulate the consumption of potatoes.

This Act provides the Secretary with the necessary authority to issue orders authorizing the handlers of potatoes to collect from the grower. The Secretary may, subject to the provisions of the Act, amend the orders which apply to handlers. Since marketing methods do change, it is sometimes necessary to adjust in order to be effective and compatible with such changes. The Secretary shall also have the authority to authorize the program prepared and approved by the Potato Promotion Board. The complete overall program which may include more than one project shall be known as a "Plan." Any Plan which may be developed will include all potatoes produced commercially in the 48 contiguous states of the United States.

It shall be the responsibility of potato producers to present evidence to the Secretary showing that a Plan would help alleviate the ills of the industry. A part of that evidence may be a model Plan accompanied by an explanation of how such Plan would operate. The Secretary shall, following due notice, call a hearing. The hearing may be held in one single session or in more than one session in various areas of the United States.

The Plan shall be issued following the hearing provided there is sufficient evidence presented to justify its issuance. The proposed Plan must not be in conflict with any provisions of this Act. Procedural methods and proposed provisions of the Plan will be incorporated in the Plan as presented in the hearing.

Regulations shall be issued by the Secretary which shall be binding upon the handlers with the force and effect of law. Such regulations may, but are not confined to, rate of assessment, collection of assessment, method of collection, place and time of payment.

Commercial potato production is scattered throughout the continental United States. When consideration is being given to the establishment of the Potato Promotion Board, it is important that a system be developed which will assure representation for all commercial producers. The system should also be flexible in order to adjust to changes in production in the various producing areas.

Because the production of potatoes is scattered throughout the entire country, it would appear to preclude a small Board. A large Board will assure a spokesman for smaller representative areas, however, the business conducted by the Board should not be of a controversial nature such as would be the case if quality, volume, or marketing was being controlled. The cost of bringing a large Board together for meetings must be borne by the Plan and such expenses would be that much less which would be available for promotion and research. Thus it appears that a happy medium must be reached in determining the size of the Board. For the reasons outlined above we feel that a fairly large Board is necessary. In the interest of effective, efficient administration of the Plan we believe the Board should have the authority to delegate certain responsibilities to a smaller committee in order to minimize the necessity of convening the entire Board for frequent but not necessary vital meetings. A system such as this would assure fair and adequate representation for all areas without incurring the exorbitant cost normally associated with a large Board and frequent meetings.

The Board should draw up rules and regulations for its own operation. Such directives may be incorporated as the Bylaws of the Potato Promotion Board, but all such rules or regulations need not necessarily be a part of the Bylaws. The Board should also establish an adequate system and the necessary procedures for handling the administrative chores of collections, payments, violations, etc. A further responsibility of the Board would be to recommend changes in the Plan to the Secretary whenever the Plan is found to be inadequate to effectuate the declared policy of the Act. Such recommendation for change should be accompanied by a request for amendment.

We believe that nominees for the Board should meet certain qualifications and the terms of Board Members should be staggered. We further believe that the Board should assume full responsibility for all fiscal matters. A budget of all anticipated expenses and disbursements should be made on an annual fiscal period. An accounting of all income and actual expenditures should be made on a periodic basis. All such information should be made available at suitable times to the Secretary for his approval.

An additional responsibility of the Board shall be to set the rate of assessment. The rate of assessment must not exceed one cent per hundredweight of potatoes handled. The funds realized from such collections must be used for research, development, advertising, or promotion of potatoes and potato products. It is recognized that a part of the cost of these shall include costs of administration, maintenance and necessary expenses of the Board.

Under Section 8(f)(2) of this Act, I would propose that the phrase "of potatoes" be inserted following "brand names" in the second line of paragraph No. (2). In many cases "tie-in" advertising with brand name manufactured products may be in the best interest of potato promotion and such products must, of necessity, advertise by brand name. It is expressly understood that there is no intention to promote the private brand names or packs of potatoes of an individual shipper, handler, packer or processor.

This Act does prohibit the use of any funds collected under this Act being used for lobbying or otherwise influencing governmental policy or action. Board Members or employees appearing at amendment hearings shall not be construed as being in violation of Section 8(F)(3).

The first handler is responsible for the payment of the assessment. Such handler may withhold the assessment when settlement is made with the producer. The producer from whom such assessment has been collected or withheld may secure a refund by making a request for such refund in the manner and form prescribed by the Board. A time limitation should also be invoked to prevent requests for prior assessments paid in previous years.

The Board is further charged with the responsibility of developing all projects or programs. Such programs or projects should be made prior to the beginning of the fiscal year. They should be outlined in sufficient detail and include anticipated costs. Upon acceptance by the Board they should be approved by the Secretary. In order to fulfill its obligations the Board should have the authority to enter into contracts and agreements with agencies, associations or other qualified organizations for the purpose of carrying out the provisions of this Act or any programs or projects which have been previously approved.

The Board shall be responsible for maintaining a complete and comprehensive accounting procedure and a record of all receipts and disbursements shall be made on a periodic basis and reports should be made at appropriate times to the Board and to the Secretary for approval. A complete audit report should be performed at the close of each fiscal year or at such other times as are deemed necessary and all such reports should be made available to the Board and to the Secretary.

The primary responsibility for collecting assessments rests with the Board but in those cases where it becomes impossible for the Board to collect because of refusal, negligence or inability on the part of the responsible handler such accounts should be turned over to the Secretary and he should collect under the authority provided in this Act. Any such funds collected by the Secretary should be forwarded to the Board.

The Board shall have the authority to determine whether certain non-food uses may be exempt from the assessment. As a general rule those market uses which may profit from the promotion of potatoes should be subject to the assessment, even though they may be a non-food use. For example: seed potatoes are a non-food use, yet they would profit from the promotion effort and should, therefore, be subject to the assessment. Salvage outlets such as livestock feed or starch would not be construed as profiting from a promotion effort.

There is no uniform method of production, handling or marketing potatoes in this country. Potatoes are produced in six separate and distinct seasonal groups. Potatoes are handled in many diverse and sometimes intricate and complicated ways. Marketing varies from pre-plant contractual arrangements to conditional acceptance on arrival. Because of this diversity, the Board should have the authority to establish systems of collection which may be compatible

with the existing circumstances. The Board may negotiate with an existing agency to collect the assessment for any designated area. In those states or areas where assessments are presently being collected, the Board may negotiate for a simultaneous collection in order to minimize bookkeeping and accounting for the first handler. The Board should, in such cases, have the authority to pay a collection charge to the appropriate collection agency.

The Board should have the authority to establish and administer such program as may enhance the image of potatoes; increase the consumption of potatoes; improve the acceptance or facilitate the movement of potatoes, or other projects which may tend to increase the overall demand for potatoes and potato products.

The Board should have the authority to establish and administer programs aimed at improving, encouraging, expanding or making more efficient, the marketing or utilization of potatoes and potato products. Such projects may include, but are not confined to, research and feasibility studies pertaining to export, foreign markets and improving the quality of potatoes and potato products made available to the consumer. Such programs may also include educational programs to instruct wholesale and retail employees or others in the proper care of potatoes.

The Board should have the authority to disburse such funds as are necessary to pay for the projects approved by the Board.

The Board should have the authority to accumulate a reserve fund. Such reserve may be built through planned accumulations or through the allocation of any surplus funds remaining at the close of any fiscal year. The total funds which may be held in reserve should not exceed the amount budgeted for two year's normal operation. During years of unusual hardship, low prices or other unforeseen adverse conditions, the Board should have the authority to waive or reduce the assessment. Such relief measure should only be implemented for no less than one year and such action by the Board should not preclude reinstatement of the assessment collection in subsequent years.

Foreign markets for United States potatoes should be recognized as an important part of the responsibility covered by this Act. Potential markets should be explored. New and unusual potato products should be encouraged for export. The needs of foreign markets should be cataloged and assistance in completing initial sales where practical should be considered as a part of foreign market development.

The Plan which may be established by the Board shall require that the first handler of potatoes shall be responsible for payment of the assessment. The first handler may withhold the assessment from any proceeds paid to the producer. The first handler should designate such withholding on the settlement sheet at the time of settlement. If the assessment is not itemized at the time of settlement, then such handler should be recognized as the payer of the assessment. No handler should be eligible for a refund whether collected by him or paid by him. Under conditions where the producer is also the first handler, that person should be responsible for payment of the assessment.

It is important that all first handlers be required to maintain adequate records identifying each producer and his potatoes. Such records for each producer should show total potatoes received, pack out and the disposition of all potatoes falling into exempt categories. The Board should require from the first handler such other information as may be deemed necessary to effectuate the declared policy of this Act or to administer or enforce the provisions of the Act or any Plan developed under the Act.

Any person responsible for the collection or payment of the assessment must maintain records which clearly indicate all transactions and such records must be made available to the Secretary for inspection. Such records should be required by the Plan. The period for filing reports and paying assessments by the handler should be established in the Plan. Such reports and payment schedules may not coincide with other production areas due to differences in marketing systems and collection procedures. Settlements with the Board should generally be made on a monthly basis. Reports accompanying assessment collections should include such information as is deemed necessary for the effectuation, administration or enforcement of this Act or any Plan issued pursuant to this Act.

Any information provided by the handler in connection with reports and assessment collections should be kept confidential by all officers, members and employees of the Board and the Department of Agriculture. The Secretary

may reveal such information as is deemed necessary in connection with a lawsuit or administrative hearing for the purpose of proving collection liability or violation of the requirements of the Plan.

Collective reports of cumulative information pertaining to production, marketing or utilization which do not reveal the personal figures of any one person may be released by the Board without being in violation of the confidential clause mentioned above. The Secretary may release for publication the name of any person and the provisions of the Plan which that person violated.

Any person who feels he has been unduly hurt by a Plan issued pursuant to this Act, or if he feels that for some reason he should be exempt from the Plan, such person may petition the Secretary for a hearing. Following the hearing the Secretary shall rule upon that person's petition and such ruling shall be final provided it is in accordance with the law. Further recourse is open to that person in the District Courts of the United States. Whenever such petition or subsequent actions are pending, such person should still be responsible for compliance with this Act or any Plan issued pursuant to this Act.

The several District Courts are responsible for enforcement or to prevent or restrain any person from violating any Plan pursuant to this Act. Under Section 12b. I would recommend that the word "willfully" be struck wherever it appears in this section, any person who fails or refuses to remit any assessment for which he is liable under this Act shall be liable to criminal prosecution. Unpaid assessments may be collected under civil suit.

Whenever it becomes necessary for the Secretary to make an investigation to determine whether a handler or any other person has engaged or is engaging in acts or practices which constitute or will constitute a violation of this Act, he should have the necessary authority to subpoena witnesses, compel attendance and require that such books, papers or documents as are necessary to determine the facts of the case must be produced by the responsible parties. No person involved in any such investigation should be excused from testifying or producing any evidence deemed pertinent to the investigation.

Whenever the Secretary determines that a referendum is in order we believe that any person who is eligible to vote must produce at least five or more acres of potatoes each year and further that such producer must have produced potatoes during the two previous calendar years prior to the time the referendum is held. Two-thirds of those producers voting in a referendum should support the proposal or at least two-thirds of the production represented by those voting should be in favor of the proposal. Ballots should be secret and such ballots should have suitable spaces for voting both as an individual and that producer's production. Section 14 requires that any one producer's vote or his production must be kept confidential, but such confidentiality should refer only to the referendum. Any person who wishes to vote may be required to produce proof of his eligibility. Proof that non-producers have voted or that production figures for any producer or non-producer have been misrepresented on the ballot should be sufficient cause for disqualifying such ballot.

The Secretary can call a referendum to see if a Plan will continue to operate when requested to do so by the Board, or if ten percent of the growers request a referendum. Any referendum to terminate or suspend such Plan should allow sufficient time to close out all Board business. Any such referendum should require that only potato producers be allowed to vote and suspension or termination should be favored by a majority of those voting and such majority must produce more than fifty percent of the production of those voting in the referendum.

Any provision of this Act which becomes or can become a part of any Plan should also be applicable to any amendments to such plan.

If any person should be declared exempt from this Act or any Plan pursuant to this Act, or if any part of this Act should be declared invalid, such exceptions should be only upon that specific person and no others or upon that specific part of this Act and no others.

ADDENDUM

In our opinion there are three identifiable persons or groups that are the key to the success of any Plan developed under this Act. Because of the importance of these three under the provisions of this Act, we would like to spell out for the record what we feel the Act intends to be the obligations of each one. It is extremely important to the successful operation of any Plan established pursuant to this Act that no confusion exists relative to the position, duties, powers, re-

sponsibilities, and limitations of the Secretary of Agriculture; the Potato Promotion Board; and the First Handler.

Secretary.—Position, Authority, Duties, Powers, Limitations.

The Secretary shall perform in several positions with respect to this legislation. These positions will include that of judge, arbitrator, watchdog, and on occasion, collection agent and policeman. His duties shall not include that of administrator. The authority, powers and duties of the Secretary are spelled out in this Act. He is bound as by law to confine his participation in this Act only to the extent that such participation is determined or authorized in this Act.

The Secretary does have the authority to issue a plan and also to amend such Plan provided the provisions outlined in this Act are followed. The Secretary shall issue orders applicable to handlers authorizing them to collect the assessment on potatoes handled by them. He shall also authorize the dispensing of such funds as result from the collection of the assessment provided said funds are used for research, development, advertising and promotion of potatoes as prescribed in this Act or related administrative expenses.

The Secretary has the authority to issue regulations with the force and effect of law whenever such regulations will fulfill the provisions of this Act and whenever such regulations will accomplish the powers delegated to the Secretary.

The Secretary shall call a hearing whenever potato producers provide certain information which shall include evidence that a Plan would effectuate the declared policy of this Act and present to him a proposed Plan designed to effectuate the declared policy of this Act.

The Secretary shall issue a Plan based upon the evidence introduced in the hearing provided the evidence presented in the hearing will effectuate the declared policy of the Act.

Whenever the Secretary issues a Plan, there are certain requirements for that Plan which must be met by the Secretary:

The Secretary must establish a Potato Promotion Board.

The Secretary must outline the powers and duties of the Board, but these are spelled out for him in the Act.

The Secretary shall select the members of the Board but such members must be from nominations supplied by producers.

The Secretary shall set the rate of assessment but such rate must be recommended to him by the Board.

The Secretary shall conduct a referendum of producers to determine if such producers favor such a Plan as has been proposed. At least two-thirds of the producers voting or not less than two-thirds of the production of those voting must favor the Plan before such Plan can be established by the Secretary.

The Secretary has the power to suspend or terminate the Plan provided that as a result of a referendum he finds that such suspension or termination is favored by a majority of those producers voting and who produce at least fifty percent of the volume produced by the producers voting in the referendum.

The term "approved by the Secretary" as used in the following, but not confined exclusively to the following: Section 8(d), 8(g), 8(h), 8(i), 9(f), constitutes only an approval of compliance with the declared policy of the Act or provisions of the Act. Approval as used in this Act does not constitute an arbitrary determination which would be inconsistent with the Act.

The Secretary has the power to require handlers to maintain books and records as may be necessary for the effectuation, administration or enforcement of this Act or any Plan or regulation issued pursuant to this Act.

The Secretary has the power to reveal such information as he may deem relevant whenever a suit is filed or an administrative hearing is held. He may also release for publication the name of any violator of any Plan and the provisions of the Plan violated by such person.

The Secretary has the power to rule upon a written petition which states that any Plan or any provision of such Plan is not in compliance with law with a prayer for modification or exemption therefrom.

The Secretary has the power to make such investigations as he deems necessary to fulfill his responsibilities under this Act.

The Secretary has the power to administer oaths, subpoena witnesses, compel their attendance, take evidence and require evidence which is relevant to an inquiry.

The Secretary has the power to invoke the aid of any court in the United States to accomplish the above.

We would recommend that in Section 8(b), Page 6, Line 10, the phrase "prescribed by the Secretary" be replaced by the phrase "established in the Plan."

Board.—Position, Formation, Duties.

The position of the Board with respect to this Act shall be that of Administrator of the Plan.

The Board assumes primary responsibility for the collection of all assessments as provided in the Plan except for those covered by Section 8(k).

The Board assumes all responsibility for the completion of the entire Plan including all programs and projects which may be a part thereof in accordance with the terms and conditions of the Plan.

The Board shall be responsible for all funds in its care. This responsibility extends to insuring their security and bonding all officers or personnel who may have access to such funds. A full disclosure of all collections and disbursements is mandatory.

The Board must make refunds to those producers who request a refund and comply with the procedure adopted by the Board for such refunds.

The Board must make rules and regulations to govern itself and to effectuate the terms and conditions of the Plan.

Violations of the Plan received by the Board must be investigated and reported to the Secretary.

The Board must prepare a budget of anticipated expenses for administration as well as all probable costs of research, development, advertising and promotion.

The Board must determine the rate of assessment required to cover anticipated expenditures plus any planned reserve accumulations. In the event the Board's decision shall be to waive all assessments, the Secretary shall be so notified.

The Board shall be responsible for the proper allocation of all funds and that such funds are dispensed in agreement with the projected budget and that no funds are used for lobbying or to influence governmental actions.

The Board shall be responsible for the content of all material produced, printed, published or distributed. No private brand names of potatoes or packs of potatoes, false or unwarranted claims for potatoes or false or unwarranted statements concerning competing products may be used.

The Board must develop all projects, or programs which may become a part of the Plan.

The Board must maintain adequate books of accounting and records to reveal all Board transactions. A complete audit must be performed at the end of each fiscal period.

Whenever the Board has exhausted all reasonable avenues of collecting the assessments, such assessments as still remain unpaid must be reported to the Secretary.

The Board must provide adequate safeguards against improper use of non-food exemptions.

The Board may request a referendum of producers whenever they are reasonably sure that sufficient dissatisfaction exists. They should not be expected to request a referendum when such request comes from isolated individuals or from small groups or minor areas of production. The source of the complaint and the scope of the petition should be the principal factors considered.

The Board has the power to administer the Plan issued pursuant to this Act. Such power shall be limited by the terms and conditions of the Plan and subject to the approval or confirmation of the Secretary where required by this Act.

The Board shall have the power to recommend amendments to the Plan. Such amendments may add, modify or otherwise alter any provisions of the then existing Plan except that those provisions required by the Act cannot be deleted.

The Board shall have the power to negotiate contracts or agreements to fulfill the declared purpose of this Act, and to pay the cost of such contracts or agreements.

The Board shall have the power to exempt certain non-food uses from the provisions of the Plan. Exemption of one or more such uses does not preclude the collection of the assessment on other non-food uses.

The Board shall have the power to establish the methods of assessment payments and records reporting for all areas. Such methods may be different for different areas and may be changed whenever conditions warrant.

The Board shall have the power to establish, issue, effectuate and administer programs or projects that fulfill the provisions of the Plan whenever such programs or projects are not in disagreement with the declared purpose of the Act.

The Board may require such information from the first handler as it deems necessary to fulfill any provisions of this Act or any Plan developed thereunder.

Handler.—Position, Responsibilities, Duties.

The position of the first handler shall be that of collection agent. The first handler is bound by law and must pay the assessment on those eligible potatoes which he handles.

The first handler must pay all such funds collected or withheld directly to the Board.

The first handler has the right to elect whether he wants to pay the assessment on all potatoes which he handles for another person or he may deduct it from any payment made to that person. Any producer who is also the first handler shall be liable for payment of the assessment on his own potatoes.

The handler must maintain adequate records which will show the separate amount handled for each producer or for himself. Such records must also show the amounts of all exempt potatoes with evidence of proper disposition.

Any such information collected by the Board with respect to any individual handler must be kept confidential. A report of collective figures for an area or state, or for the entire United States, shall be construed as a violation of that confidentiality.

The first handler or any other person has the right to petition the Secretary whenever he feels the provisions of any Plan are not in accordance with the law.

All first handlers must pay the assessment unless such handler is exempted under provisions of Section 11.

Any handler who has been issued a subpoena must appear and present any evidence requested by the Secretary.

I recommend that in Section 10 (c), Line 22, the term "Section 14" be deleted. In closing, let me point out that the potato industry is in very serious financial trouble. The growers in some areas of the country have been selling potatoes for about the cost of harvest in recent months, to say nothing of production and handling costs or shrinkage and risk.

We are not asking for financial assistance. This is a self-help, do-it-ourselves approach. Potato farmers are ready and willing to underwrite the cost of this program. We need the vehicle by which these costs can be prorated fairly among all growers. This Act will give us the tool we need. We respectfully ask that you give this proposed legislation serious consideration and act favorably upon it with all due expediency.

Thank you.

STATEMENT OF DAVID R. CLARK, JR., GRANDVIEW, WASH.

Mr. Chairman and members of the Committee on Agriculture, I am David R. Clark, Jr. from the State of Washington. I live at Grandview, Washington and produce about 400 acres of potatoes each year, which I have sold into both fresh and processed outlets. I thank you for the opportunity to express my views and also those of many of my colleagues, fellow potato growers in Washington State, on why we think you should recommend and support this Research and Promotion Act for potatoes.

First, we definitely feel the basic idea behind this type of enabling legislation is right. It allows the potato growers to help themselves. It sets up the machinery through which the growers can develop needed programs on a national basis.

I speak in part, from experience, because in our State we are doing this same thing on a State level. I have been a member of the Washington State Potato Commission since its beginning in 1956. It was developed and works under very similar enabling legislation to that proposed by H.R. 15030. So, in our state we feel sure this is the right way to go because of the success we have had . . . success in developing a very excellent research program on the production of potatoes and success in the recognition of our potatoes in the markets due to our advertising and promotion efforts. Certainly these successes are a part of the reason why potato processors have come in so heavily to the State of Washington, and why our industry has more than doubled.

Second, no one production area or state can do these things alone. It will take the combined national industry to do the job that is before us. It is highly unlikely that the areas could ever get together voluntarily. Therefore, this machinery through which our democratic process is used, is needed badly.

Third, our industry is constantly trying to produce and maintain the quality of potatoes that are being marketed. Certain other areas are also taking steps

to upgrade and maintain the quality of their shipments to market. However, there is considerable room for more cooperation across all our producing areas and is just one of the many reasons why we need legislation that will enable a close cooperative effort in these things.

Fourth, and perhaps the most important of all, is the need for potato producers to be able to compete in the market place for their share of the consumers' dollar. Potatoes in their many forms have long been a staple in American homes. In recent times, however, the potato has been attacked and inroads of substitutes for potatoes have gained a place in diets, largely through aggressive advertising methods. Only a national organization with full grower cooperation can compete and hold potatoes' right position. The consumer is entitled to the best information available about the nutritive values of food they buy. This legislation can provide the way for the potato industry to put such information before the consumer; particularly the young homemaker in planning meals of the most nutritious nature for her children.

Last, the cost of operating these programs, when adopted, are paid for by the industry and are not a continual burden on public funds. All of this providing our industry with the opportunity to help ourselves, makes the industry stronger and better able to serve the consumers of this nation.

Thank you Mr. Chairman and members of the Committee.

(Mr. Burns also submitted for the files of the committee 12 letters addressed to him and the National Potato Council supporting the proposed National Potato Research and Promotion Act. These letters were from the following individuals and associations: Potato Growers Association of California, Inc., Bakersfield, Calif.; Oregon Potato Commission, Salem, Oreg.; United Potato Producers of Maine, Inc., Presque Isle, Maine; Washington State Potato Commission, Yakima, Wash.; Limestone Potato Growers, Inc., Limestone, Maine; Joe Seymour, Belcross, N.C.; Erving Seymour, Belcross, N.C.; John and Alex Koehergen Farms, Fresno, Calif.; C. Lawrence Dey, Princeton Junction, N.J.; Robert W. Harwood, Wattsburg, Pa.; Monticello-Bridgewater-Littleton Potato Growers Association, Monticello, Maine; Washburn Potato Growers Association, Washburn, Maine; W. B. Camp, Jr., Inc., Bakersfield, Calif.; Gene P. Bennett, Deer Lodge, Mont.; John Vanisko, Deer Lodge, Mont.; Sebasticook Packers Inc., Corinna, Maine.)

Mr. ABERNETHY. Why do you not call your farm people to the witness stand?

Mr. BURNS. Thank you. Our first witness will be Mr. Bryant.

Mr. ABERNETHY. We will be happy to hear from you now, Mr. Bryant.

Mr. BRYANT. Mr. Chairman, my name is Harold Bryant.

I would like to have your permission to file a statement which I believe the clerk has received from our State senator, George H. Barnes, who is unable to be here.

Mr. ABERNETHY. Without objection, that may be done.

(The prepared statement of George H. Barnes follows:)

STATEMENT OF GEORGE H. BARNES, PRESQUE ISLE, MAINE

Mr. Chairman and members of the committee, my name is George Barnes. I live in Presque Isle, Maine. Together with my brother I operate a farm producing a large acreage of certified seed potatoes. I am currently vice president of the National Potato Council, an organization that requested the introduction of these bills and is extremely interested in their passage. I am a state senator serving in the 103rd Legislature of the State of Maine. I am a director and immediate past president of the Maine Potato Council, a trade association having as its membership all potato growers in the State of Maine. In addition to grower members our association has as members starch manufacturers, potato shippers

and handlers, farm machinery dealers, farm supply dealers, and credit and transportation.

The Maine Potato Council is equally as strong in its support of this legislation as is the National Potato Council. To show you the interest that growers have in this bill, last year we raised on a voluntary basis \$11,000 to be turned over to the National Potato Council merely to start what they believe to be a very constructive program prior to the time that we might be able to obtain legislation that would permit a much more aggressive and effective program.

To avoid taking undue time of this very busy committee, those of us of the National Potato Council have directed our testimony to certain phases of the bill to avoid duplication of testimony. My testimony, as far as the bill itself is concerned, applies to Section 9, the permissive terms of the plan. If, following enabling legislation by this committee, a plan such as we visualize is put into effect, it will not, as provided in paragraph a of Section 9, assess potatoes that are utilized for non-food purposes.

In paragraph b the section provides for flexible schedules of handling of payments. This paragraph is provided to take care of the fact that we have various local customs and practices as far as the relationship between the handlers and producers is concerned. This provision would enable the administrative committee to take into consideration local customs and practices.

The balance of this section is directed towards the establishment of a project that would carry appropriate programs that would promote the sale of potatoes on a national basis. This section provides for development of projects and studies that would enhance development of better methods of marketing and utilization of potatoes, that would provide for the most effective use of these funds possible.

In order to obtain continuity of a program, this section also provides that reserve funds can be accumulated so that in years of lower production when collections may not be as great as normal that the various promotional and advertising programs may be continued on an uninterrupted basis. There is a safeguard on this reserve fund which provides that the funds shall not exceed an estimated budget for two years' operation.

This section also provides for the use of funds for the development and expansion of potato and potato product sales in foreign markets. Certainly this is one field in which the potato industry of the United States has been weak as compared to some other potato producing countries, including our good neighbor to the north, Canada.

I, along with 2,000 other potato growers in the State of Maine, wholeheartedly support this legislation. We point out to the committee that it is permissive legislation so that the grower himself has the final determination as to whether the plan is put into effect or not. We further point out that the money to be used in the expenditure of these funds for research and advertising are funds being raised by the growers themselves, which is quite a contrast to some of the Federal programs that have been in effect on other commodities.

Regardless of government classification, we consider and believe that total sales volume will indicate that potatoes constitute one of our major basic agricultural commodities. The industry has had more years of depressed prices and losses than most agricultural commodities. The industry needs help. However, this industry is not asking for a handout. This industry is merely asking the Federal Government to provide the machinery whereby we can help ourselves.

Mr. Chairman, we respectfully request your serious consideration of these bills and hope that your committee will see fit to recommend their passage.

Mr. ABERNETHY. You may proceed, Mr. Bryant.

**STATEMENT OF HAROLD BRYANT, EXECUTIVE VICE PRESIDENT,
MAINE POTATO COUNCIL, AND PAST PRESIDENT, UNITED FRESH
FRUIT & VEGETABLE ASSOCIATION, PRESQUE ISLE, MAINE**

Mr. BRYANT. Mr. Chairman, I would prefer to give you my interpretation from notes.

Mr. ABERNETHY. All right, you may do so.

Mr. BRYANT. I represent the Maine Potato Council, which is a trade association representing 2,000 potato growers in the State of Maine.

In addition to the potato growers we have as members various allied industries, such as credit organizations, bankers, farm machinery and farm equipment supply people, processors, and various allied industries.

In addition to that, I am a consultant to the Maine Potato Commission. The Maine Potato Commission is a commission that is supported by a self-imposed tax by the potato growers in the State of Maine whereby they tax themselves 2 cents a barrel, and a barrel being 165 pounds, to raise funds to promote and to do research on Maine potatoes.

In that sense, it is practically identical to what we are proposing here in this bill, except that our bill is designed—that is, our program is designed to promote Maine potatoes as such.

I am also past president of the United Fresh Fruit & Vegetable Association, the leading association composed of those in the fresh fruit and vegetable business, in the country.

The potato industry has gone through a period of depressed prices over a period of years, such as 1964, due to unfavorable weather conditions, when we had a short supply and very favorable prices, but, normally, over a period of years our growers have lost money and have suffered depressed prices. Our industry, since the Steagall amendment was passed during the war period, has not had the benefit of any type of price support. During the war we did, but since that time we have not had it.

Occasionally, it is true, this year we have had a Federal diversion program which has been helpful. It has been extremely helpful this year. But compared to other commodities, we have not had the benefit of price support.

We feel that potatoes is one of the basic commodities, even though it may not be listed as such by the Department, but it is certainly one of the very basic commodities. It is in volume the largest in the fresh vegetable field.

Our growers, as stated, have suffered periods of depressed prices, and in my statement I have given a record which came from the U.S. Department of Agriculture showing the total dollar volume of peanuts, rice, and potatoes and the amount of Government assistance that those commodities have enjoyed for the 4-year period, 1963 to 1966. On the 4-year-average basis, we find that peanuts have a total value of \$249 million; rice, \$373 million; and potatoes, a total value of \$671 million.

Potatoes, during that period, have had no Government assistance whatsoever. Peanuts have had Government assistance, according to the Commodity Crop Reports, of \$37 million; rice, \$144 million. The State of Maine is not asking for any type of Government price support. We are not asking for a Government dole, but we are asking for legislation that will permit—and this is strictly permissive legislation—this industry to tax itself to provide funds for research and promotion, and we want to try to promote potatoes. We feel that this is in the interest not only of the grower but of the consumer as well.

We are looking forward to the possibility, by research, of improving the products; we are looking forward to the possibility, by research and promotion activities, of bringing a greater return back to the grower and at the same time at no additional cost to the consumer.

Mr. ABERNETHY. May I interrupt to ask a question?

Mr. BRYANT. Yes, sir.

Mr. ABERNETHY. Are you satisfied with the manner in which the board will be established and the representation of the various areas?

Mr. BRYANT. Yes, I am. I will say this, that we had a special committee of the National Potato Council study that particular phase, and they gave a great deal of study to it, and we have a witness who was chairman of that committee and who will appear here later whom I would consider to be more qualified to answer the question than myself.

Mr. ABERNETHY. Are you people pretty well satisfied with the manner in which the assessments will be made under the bill and used for research, development, et cetera?

Mr. BRYANT. Mr. Chairman, this bill has been under consideration by the National Potato Council for over a year—or nearly 2 years I should say. There has been a great deal of study that has gone into it.

Mr. ABERNETHY. Is there opposition to it among any of the growers?

Mr. BRYANT. I have found no opposition on the part of the growers whatsoever. There has been reported to me some slight opposition occasionally on the part of dealers, but this is very slight. In my State; I can say this, that in my State, on the part of the growers, the dealerships, processors, and the entire industry, that they are unanimous for this.

Mr. ABERNETHY. How much do you anticipate that the assessment will be?

Mr. BRYANT. 1 cent, 100 pounds; that is, 1 cent per hundredweight.

Mr. ABERNETHY. 1 cent per hundredweight?

Mr. BRYANT. At maximum.

Mr. ABERNETHY. Does the legislation provide for maximum assessments, or does it leave such up to the board?

Mr. BRYANT. No, the maximum assessment is in the legislation at 1 cent a hundredweight.

I would like to make this point, not only did the National Potato Council at their annual meeting pass a resolution supporting this amendment unanimously but also in February at the meeting of the United Fresh Fruit & Vegetable Association which includes not only growers but dealers, handlers, processors—the entire industry—at the meeting, they passed a resolution supporting this amendment, and I would estimate that there were 300 people in attendance, and there were only three dissenting votes. So far as I know, that is the only dissentation that I have come across in the potato industry throughout the United States.

Mr. ABERNETHY. All right.

Are there any questions from any members of the subcommittee?

Do you have anything further that you would like to say, Mr. Bryant?

Mr. BRYANT. I would just like to say this, to show you the interest and the willingness of the growers to support this type of activity.

Last year, to get the program started, the National Potato Council asked for voluntary contributions to start the program this year. In our own State they set for us a goal of \$9,000. Our growers voluntarily raised \$11,000. I think that is a pretty good indication of the support that this legislation has with the growers. As I say, it is enabling legislation.

Bear in mind that if the Congress passes this bill, the growers will have a chance to vote, and it will come into effect only if two-thirds of the growers are in favor of it. As far as I am concerned, that is all I have to say, unless you have some questions.

Mr. ABERNETHY. I have one off the record.

(Discussion was had outside the record.)

Mr. ABERNETHY. Back on the record.

Mr. Goodling?

Mr. GOODLING. I am happy to hear you say you are not asking for a dole. I believe in self-help. We heard this past week, the cotton industry received over \$900 million in subsidies in 1967. This is a sizable figure.

And I say, Mr. Chairman, that this morning the Secretary of my Pennsylvania Potato Growers Association said at its annual meeting members discussed this bill for 3 hours; went over it word for word, and they are in pretty general agreement that it is a good bill.

You asked if anyone was opposed to it. I do not suppose that you can get unanimous opinion on any particular bill, but by and large, my Pennsylvania people are for this bill.

What do you people propose to do about ads I have seen in periodicals and on the billboards? As a change from potatoes. This is hurting you people, is it not?

Mr. BRYANT. You mean the rice ads?

Mr. GOODLING. The rice ads, and as I recall, spaghetti and macaroni also.

Mr. BRYANT. There are several products. This is the reason that we need this type of legislation. In other words, we have to keep up with the crowds. We do not propose to attack any other industry. We propose to present potatoes in the most favorable light. One of the problems that we have had is that potatoes have been assumed to be a commodity that we should restrict if we are on a diet, which has been proven to be incorrect.

This is one of the fields of activity that we certainly will pursue with these funds, and we will use these funds for that purpose.

We also propose to promote potatoes as a healthful food, which they are, and to present them in the light that they should be presented in, rather than in a negative approach that has been taken by other commodities.

Mr. GOODLING. When one group attacks the product of another, I am against it. That is exactly what is being done in this type of advertising.

Mr. BRYANT. That is right, we do not like it, and we do not propose to do it ourselves. Actually, we have protested this type of advertising, but I am not sure there is anything we can do to stop it.

Mr. GOODLING. Thank you.

Mr. ABERNETHY. Mr. Kleppe.

Mr. KLEPPE. I would like to follow through for just a moment, if I may, on this last statement, because I notice that some of those ads—and I have nothing against the rice producers and the rice people at all, but I thought the language they used in the advertising was poor business on their part, and on their competition if you please. So, I did appeal to the Federal Trade Commission to see what they

could do about advising the Rice Institute to straighten out their copy and not to attack another product grown in this country.

I used to be in a business where advertising was very important. I always found that the worst thing we could do was to mention the other man's product. I thought this was one violation of that, but more than that it is attacking an industry in our country that I thought was unfair in their statements, and, as a result, I did complain about it.

I have a question that I would like to ask you, Mr. Bryant. I think that you regard this legislation as permissive?

Mr. BRYANT. Permissive? Yes.

Mr. KLEPPE. I wonder if you will give the subcommittee some of your reactions to the difficulties or the lack of difficulties on the part of the producer to withdraw himself from participation in these deductions for this promotion.

Mr. BRYANT. The bill provides that if a producer does not agree with this assessment, he can obtain a refund.

Mr. KLEPPE. How does he go about doing this?

Mr. BRYANT. This, I would prefer to have Mr. Burns or somebody else who has spent more time on it than I, explain it, but I understand that it follows pretty closely the procedure that was outlined in the cotton legislation.

Mr. ABERNETHY. If you will pardon an interruption, that would be worked out by regulations.

Mr. BRYANT. That is right.

Mr. ABERNETHY. By the U.S. Department of Agriculture.

Mr. BRYANT. That is right. There is nothing in the bill on that.

Mr. KLEPPE. I just wanted to get Mr. Bryant's statement on it.

Mr. ABERNETHY. I beg your pardon.

Mr. KLEPPE. I wanted to get his ideas and opinion about how this might work. It seems to me that this is a very important part of this legislation, particularly when we are going to consider that it is permissive legislation and that it would force producers to come in. I salute those who are interested in selling more of their products. I think this is good.

When it comes to the check-off system and the permissive aspect versus the requirement aspect, I just wanted to get your impression of this, as to how you think this might work.

Mr. BRYANT. My feeling is that we would have to go back to the fact that across the entire country there may be other factors that will have to be taken into account.

I tell you what we did in Maine his year on a voluntary basis, and the same thing might be applied to the entire United States. I do not have the figures for the other States, but we did raise a substantial sum of money on a voluntary basis. It is my belief that there will be very few growers who will ask for a refund. If they wanted it, they would be able to obtain it. But in my opinion, our growers are sufficiently interested in this legislation so that they will not only pass it by referendum but I think that we will get nearly 100 percent participation.

Mr. KLEPPE. I think that if you assume the 1 cent per hundred-weight is a fair and equitable figure that would bring about very little opposition.

Mr. BRYANT. I consider it a very small figure. One cent a hundred-weight will raise, I believe, approximately \$3 million.

Mr. KLEPPE. \$3 million a year?

Mr. BRYANT. Yes, for an industry based on a 4-year average, it is valued at \$671 million, and I think that \$3 million is a very small figure for advertising.

Mr. KLEPPE. You know the beef-producing industry of our country is a pretty good example of what an industry can do to sell one of its products. This "Eat Beef Campaign" throughout the United States has proven to be a good one. You cannot help but commend what they have done in getting consumers more interested in buying and consuming more of their products. And I suspect it is something of the same thing you have in mind for potatoes.

Mr. BRYANT. Definitely, and we merely ask the Congress to use the governmental machinery that will enable us to do this, the same thing that they have done for beef, and I believe, lamb and milk and some other commodities, such as cotton, too.

Mr. KLEPPE. Just one more thing, Mr. Bryant. I would like to go back to the first observation that I made.

In your opinion, as a potato grower, do you consider that the advertising language used by the Rice Institute has been corrected somewhat and that it is not so offensive to the potato industry as it originally was?

Mr. BRYANT. Insofar as I can see, they have not changed their pattern. We dislike it. We protested to the Federal Trade Commission, along with yourself and many of our Congressmen. We have protested to every legislative group that we know of. However, one thing that disturbs me a little is that I find this being done in other commodities that I am not particularly familiar with, such as automobiles, car rental services, and what have you. So, this is, apparently, becoming a tactic in the advertising field. It is one that I do not subscribe to. I think it should be regulated. But this is outside of the scope of our ability to correct.

Mr. KLEPPE. Thank you, Mr. Bryant; and thank you, Mr. Chairman.

Mr. ABERNETHY. If there are no further questions, we thank you very much, Mr. Bryant.

(The prepared statement submitted by Mr. Bryant reads in full as follows:)

STATEMENT OF HAROLD E. BRYANT, PRESQUE ISLE, MAINE

Mr. Chairman and members of the committee, my name is Harold Bryant. I am executive vice president of the Maine Potato Council and consultant to the Maine Potato Commission. The Maine Potato Council is a trade association representing all 2,000 potato growers in the State of Maine. In addition to potato growers we have in our membership processors, starch manufacturers, farm machinery dealers, farm supply dealers, shippers, brokers, and representatives of the various credit institutions supplying credit to potato growers in the State of Maine.

The Maine Potato Commission is a commission set up by our State Department of Agriculture to administer a self-imposed tax of 2¢ per barrel (165 lbs.) by potato growers of Maine to carry out research and promotion of Maine potatoes. This research and promotional bill was passed in 1936 and has been in effect since that time. However, our promotional and research activities are directed primarily to Maine potatoes.

I'm also a past president of the United Fresh Fruit and Vegetable Association, which is the largest national trade association in the country devoted to working for the interests of the entire fresh fruit and vegetable industry.

For many years potato growers across the entire United States have suffered from depressed prices and low incomes. Once in a while due to unusual weather conditions we may have, as we did in 1964, high prices. However, these are unusual conditions created because growers in some area have suffered catastrophies in the form of adverse weather resulting in crop shortages.

Since the discontinuation of the Steigal amendment that applied on many commodities in World War II, the potato industry has not had the advantage of any price support programs. Occasionally in years of extreme depressed prices we have diversion programs as is true this year. The Federal Government this year diverted potatoes for non-food use, according to the last reports I received, to the extent of about eight million dollars. This has been extremely helpful, but still growers were receiving in Maine recently 76¢ a hundred for potatoes that cost approximately \$1.82 a hundred to produce.

To show the problem of the potato producer as compared to the problems of some other commodity groups, I would like to submit for the record figures (Appendix 1) from 1963 to 1966 showing the value of three commodities, namely peanuts, rice, and potatoes, and the costs of Government programs for those commodities for the same period of years. These figures were obtained from the U.S. Department of Agriculture. You will note that the average over the four-year period peanuts were valued at 249 million dollars; rice, 373 million dollars, and potatoes, 671 million dollars. The average cost of government programs to support those commodities over the same four-year period was as follows: peanuts, 37 million dollars; rice, 144 million dollars; potatoes, nothing.

Regardless of government classification, we maintain that potatoes constitute a major basic commodity in agriculture. In volume it exceeds by far any other fresh fruit and vegetable commodity sold through retail channels. In recent years carload unloads of potatoes have amounted to approximately 15,500,000 carloads, the next largest fresh fruit and vegetable commodity being lettuce with approximately 3,840,000 carloads.

Potato growers across the United States are rapidly losing their farms and going out of business. I do not have figures for the entire United States, but 10 years ago we had in Maine approximately 4500 potato growers. Today, as stated previously, we list on our membership rolls 2000 growers. This is larger than the actual number of producers because, in many cases, we have a father and son combination or a brother combination which is actually only one farming organization but where we list both or all of the individuals who may be connected with the operation.

The potato industry of the United States is in trouble. We need help. However, we are not asking for Government dole or handouts. We are looking for ways and means to help ourselves. History has shown that with as many growers as are involved in the potato industry scattered over the entire United States with each area having different conditions and different problems, that in order for the potato industry to develop any type of self-help they need the assistance of the Federal Government to provide them enabling legislation so that they can legally operate and police a self-help program.

This, basically, is what these bills would provide. The potato industry is not asking for price support. It is not asking the Legislature to make decisions that may force growers to do something against their will. We are merely asking that you provide enabling legislation so that if two thirds of the growers of the United States favor a self-help program that they will be able, through legislative means, to tax themselves to provide funds for research and promotion in the potato industry on a national basis. The program provides a maximum contribution by growers of 1¢ a hundred, which is a very small burden for the individual grower but which, if the enabling legislation was approved and if put into effect as a result of a favorable vote by growers, would provide a maximum of three million dollars to be used in a self-help program to assist this industry that needs such assistance desperately.

By research and promotion of better marketing methods, it is the objective of this industry not only to assist the grower but to assist the consumer by providing more and better products and by providing more effective and efficient methods of distribution so that without raising the level of retail prices the grower may realize for his efforts and work a reasonable profit. Remember, it will not take much in the way of savings to have a tremendous effect on the farm gate price. A few cents a hundred at the farm gate can mean the difference

of success or failure to the grower. We believe that proper research and proper promotional activities could provide these savings and benefit the entire chain of distribution.

We believe that it is unusual for opinion on any legislative bill to have very nearly an unanimous support. I believe, however, that you will find in this hearing the potato industry practically unanimous in its support of this enabling legislation.

To show you the interest in our own state, last year our growers voluntarily subscribed to \$11,000 to be turned over to the National Potato Council, Inc. merely to help start the program. Such a voluntary program, however, cannot be continued over a period of time because, as is true with most voluntary programs, the tendency is for a few people to carry the burden for all of the people. Thus we are asking for enabling legislation so that all or at least the majority of growers will support the program. In doing this, as will be noted from the bill, there is a provision so that if a grower is sincerely opposed to such a program he can ask for and obtain a refund of his contribution.

At the annual meeting of the National Potato Council, Inc. in November with representatives from every state in the union, we received a vote of unanimous support for this legislation. At a meeting of the Potato Division of the United Fresh Fruit and Vegetable Association held in February with an estimated 300 representatives of the potato industry present constituting not only growers, but processors, receivers and shippers, and others, a similar vote was passed practically unanimously. As I remember it with only three dissenting votes.

This bill has the support of the industry as a whole. We ask from Congress only enabling legislation so that growers may be able to put the plan into effect if they so desire and if two-thirds of them vote in favor of such a program.

Mr. Chairman and members of the committee, we urge your wholehearted support of such legislation.

APPENDIX 1

COMPARISON VALUE OF PRODUCT TO COSTS OF GOVERNMENT PROGRAMS—PEANUTS, RICE, POTATOES

(In millions of dollars)

Year	Value of products			Cost of program	
	Peanuts	Rice	Potatoes	Peanuts	Rice
1963.....	218	352	483	28	169
1964.....	235	359	846	31	143
1965.....	272	376	731	44	111
1966.....	271	405	625	44	152
Total.....	996	1,492	2,685	147	575
4-year average.....	249	373	671	37	144

Mr. ABERNETHY. I am going to suggest, Mr. Burns, that you now call your witnesses in such order that you would like. You are all a long way from home. We are trying to accommodate you this morning.

Mr. BURNS. Our next witness is Mr. Headlee Wright.

STATEMENT OF C. HEADLEE WRIGHT, MONTE VISTA, COLO.

Mr. WRIGHT. Mr. Chairman and members of the subcommittee. My name is C. Headlee Wright. I live in Monte Vista, Colo. I am a potato grower and produce 200 acres each year. In addition to being a grower I am manager of the San Luis Valley Potato Administrative Committee. This committee administers both State and Federal Marketing orders for area 2 in Colorado.

Area 2 is comprised of five counties in south central Colorado and annually produces 70 percent of the potatoes raised in the State of Colorado. Approximately 600 growers raise 35,000 acres annually.

The San Luis Valley Potato Committee is on record as favoring H.R. 15030 and all companion bills.

Recognizing that the potato industry has many problems, this act gives a basic approach to one of the problems. Stops the decline in per capita consumption.

Each year over \$16 billion is spent by the many industries of our Nation to appeal to the consumer to buy their product. Advertising and promotion have become a way of life to the American consumer. Large companies are spending as much as 10 percent of gross sales to promote their product. The potato industry has not been able to keep pace.

Potatoes are grown in every State in the Union and potatoes are harvested in some States every month of the year. Because of the great diversity of production and harvest, it has been almost impossible to assemble all growers in a voluntary all-out program to promote potatoes as such. A limited program was initiated last year and \$75,000 was collected to at least start in the direction it is so evident we need.

Potatoes are not under acreage control or price support. National promotion of potatoes has been very limited. The only major promotion has come from individual States or areas and each of these are promoting a specific product or variety.

We, in the San Luis Valley, feel our problems are interrelated to all other potato producing areas. That the national promotion of potatoes can serve each area with equal effectiveness and for the good of the whole industry. This type of program would in no way interfere with present local or State promotion programs.

Under the heading of this proposed legislation, research is included with promotion.

Research is also a basic approach to any problem. First of all we must know where our market is, what this market requires, and if it is being satisfied.

Marketing research could include investigation of export markets, local acceptance of present marketing methods, and local marketing expansion. Some of the results would directly benefit the consumer, others would be of benefit to the producer, and some would benefit the merchandiser.

The aforesaid statement has been on the need for such legislation. To expedite your time and to avoid repetition the following remarks will be on sections 10 and 16 of H.R. 15030.

Under section 10 the first handler of potatoes is charged with the responsibility of collecting the assessment levied by the board. In some instances this might be the grocer and in others the shipper. The first person to place the potatoes in the current of commerce is the first handler. In areas where Federal-State inspection can be obtained, the first handler is the applicant for the inspection. The first handler would in turn collect the assessment from the grower. If the grower was selling directly to a retail outlet then the grower would be the first handler and he would himself be responsible for the assessment.

The requirements of bookkeeping and records required in this section are no more than are normally kept by any shipper or handler and are required under several other laws. Only slight modification might be required to conform to this act. Records are now kept of individual pack-outs, amounts of 1's and 2's and culls on each individ-

ual. As far as the individual grower is concerned, this would require no more than would be necessary and required by normal business practices.

Subsection (b) allows for inspection, by the Secretary, of books and records as required by the plan that he deems necessary to effectuate the declared policy of the act. This is one type of compliance and enforcement that has worked quite well under other laws. All data would be made available to the board and the Secretary for proper enforcement of this act or any plan or regulation issued pursuant to this act. This would in turn limit the Secretary and the board to examinations on collections of the assessment established by the board and that alone.

Section C provides that all information obtained by inspection of records or reports required by the Secretary or the board shall be kept confidential and only may be revealed if a suit or administrative hearing is called.

It is not the intent of this act to be used as an administrative audit to find out types of business procedure. The procedures so far referred to are necessary in nature to efficiently and equally administer the act and plan and are for that purpose alone.

The issuance of general statements, as long as they are not identified by any person, is not prohibited and is as necessary as any well-planned public relations program.

The Secretary would also be authorized to publish the names and the particular circumstance of any violator. This is also a necessary part of a well-run organization. The good and the bad must be publicized.

The final paragraph of this subsection insures that records and reports will be kept confidential and that anyone violating this subsection shall be subject to fine and imprisonment and removed from office. A degree of protection must be supplied to persons when they are required by law to open their books for inspection.

Section 16—I would interpret this as meaning that any provision of the act that applies to a forthcoming plan would also apply to any amendment that might be forthcoming to an adopted plan. This would be in keeping, that all plans and amendments to plans must come under the provisions of the act that are applicable to plans.

Mr. Chairman, I personally, and the growers for whom I work, urge you to give favorable consideration to H.R. 15030.

Thank you for allowing me to appear.

I have with me a copy of the "Colorado Farm Bureau Policies for 1968," and with your permission I would like to read into the record a resolution passed at their last annual State meeting.

Mr. ABERNETHY. Does it tend to support the legislation?

Mr. WRIGHT. Yes, sir. The resolution reads as follows:

Marketing:

We recommend that Colorado Farm Bureau support national check-offs from the sale of commodities as requested by producers for the purpose of promotion and research only, provided that a provision for refund be included for those producers not desiring to participate in the program and providing further that the money so collected shall be administered under rules approved by that group of producers and by a board of directors elected from that group of producers. This check-off shall be approved by a two-thirds majority of the producers voting, and those voting shall represent two-thirds of the production voted, before it shall be instituted. (1968)

In view of the different pressures pricewise brought on the livestock industry, we recommend that the different methods of selling livestock be investigated by the Colorado Farm Bureau in cooperation with the Colorado Cattlemen's Association, the Colorado Cattle Feeders' Association, the Colorado Woolgrowers' Association, and any other livestock groups. (1968)

We recommend that the decision to seek or promote marketing order programs be made by producers involved and not by government agencies. (1968)

Mr. ABERNETHY. Thank you very much.

Are there any questions?

Mr. BURNS. Our next witness is Allan F. Larsen.

STATEMENT OF ALLAN F. LARSEN, ROUTE 4, BLACKFOOT, IDAHO

Mr. LARSEN. Mr. Chairman and members of the subcommittee. I am Allan F. Larsen of Route 4, Blackfoot, Idaho, presently serving as president of the National Potato Council. I farm about 600 acres of ground of which 160 acres are planted to potatoes each year. Potatoes are my main cash crop and the most important economic factor in southeastern Idaho.

During the time I have been associated with the National Potato Council, and especially since being elected president last November, I am impressed with the unity of potato growers in the Nation.

As evidence of this unity, I submit for your consideration the results of a voluntary promotion program for potatoes conducted by the National Potato Council last year. We set as our goal \$75,000 and were successful in exceeding this amount. These contributions came from growers, shippers, processors, implement dealers, fertilizer companies, and many other allied industries—banks, power companies, and other interested people.

It was a source of great satisfaction to those of us who solicited these funds to find such enthusiasm and response from people who wanted to see us accomplish something for our industry. Generally speaking, these contributors were anxious to help us to help ourselves.

We are proud of the fact that this legislation is drafted so the cost of this research and promotion program will be borne by the growers themselves. We are very appreciative of the contribution that the handlers will make in the keeping of records and the collecting and remitting of funds to make it possible for the growers to tell the Nation of the true value of potatoes.

It is my conviction that the growers will be amply repaid for their financial contribution and the handlers will be paid for the increased volume they will undoubtedly realize out of this enabling legislation.

I know of no food product about which there is as much misinformation circulated as potatoes. Nearly everyone thinks the potato is fattening and yet the caloric content would indicate this to be absolutely false. I would like to submit for your consideration information from the U.S. Department of Agriculture "Home and Garden Bulletin No. 74" showing the caloric count of normal servings of many different foods:

Potatoes, boiled, one-half cup, 45 calories; mashed, milk added, one-half cup, 70 calories; baked, 1 medium, 90 calories; spaghetti, cooked, three-fourths cup, 115 calories; bread, 2 slices, 120 calories; whisky, 100 proof, 1 jigger, 125 calories; biscuit, one, 2½ inch diameter, 130 calories; candy, chocolate, 1 ounce bar, 150 calories; rice,

cooked, three-fourths cup, 150 calories; sweet potato, baked, 1 medium, 155 calories; milk, whole, 1 glass, 165 calories; peanuts, roasted, 1 ounce, 170 calories; pancakes, 3, 4-inch in diameter, 180 calories; pizza, one-eighth of a 14-inch pie, 180 calories; macaroni, with cheese, one-half cup, 240 calories; ground beef, 3-ounce patty, 245 calories; steak, 4-inch by 2½ inch by one-half inch, 330 calories; cake, chocolate, 2-inch section of 10-inch layer, 420 calories; milkshake, 1, 12-ounce glass, 520 calories.

I would like to quote to you gentlemen of the committee two statements made by Don R. Grimes of Chicago, who is president of the IGA organization, when he gave his keynote address at the National Potato Council meeting in Idaho Falls, Idaho on November 15, 1965:

With 8,000 items being sold in foodstores today, competition is very keen even among items let alone between food stores; and yet in all the different diets that you hear about potatoes are persona non grata. Everybody says, "Nix, don't use them; they are fattening." On the other hand, I believe doctors will tell you that potatoes are not fattening, that it's the other items that you mix with them that are fattening; that potatoes are the most nutritious food there is—excellent for babies and probably one of the low cost all around good foods on the market.

Mr. Grimes also said earlier in this talk entitled "Merchandising for Profit and Survival":

We are vitally interested in the sale of potatoes because at the retail level potatoes represent about 27 percent of the fresh fruit and vegetable department. It is interesting to note that potatoes representing 15,970,000,000 hundredweight marketed fresh in food stores equals all the oranges, apples, bananas, watermelon, cantaloupes sold in food stores. This 15,970,000,000 hundredweight figure represents all the tomatoes, dry onions, lettuce, corn, cabbage, celery and sweet potatoes sold in food stores; so we have a very definite interest in the sale of potatoes and the potato market.

Gentlemen, I hope that from the foregoing quotations it is evident to you the importance of this industry upon the economy and the health of the people of the United States. I hope you will appreciate the importance of this type of legislation to give the growers of the United States the vehicle whereby they can unite to tell the importance of the potato.

I wish you gentlemen could have been in attendance at the annual meeting of the National Potato Council in Miami, Fla. when the delegates representing the potato growers of the entire United States met; and after long and detailed discussion unanimously voted to support our efforts for legislation as we are presenting it to you here today.

I appreciate very much the opportunity to appear before this important subcommittee. Being a legislator myself for the State of Idaho, I can appreciate in a small way the terrific time requirement that you people must meet.

I respectfully submit this testimony and hope that this subcommittee will be able to act favorably upon this legislation and that the legislation may eventually be enacted into law.

Mr. ABERNETHY. Thank you, Mr. Larsen.

Are there any questions?

Mr. BURNS. Our next witness is Mr. Ted Jablonski.

STATEMENT OF TED JABLONSKI, PHOENIX, ARIZ.

Mr. JABLONSKI. Mr. Chairman and members of the subcommittee, my name is Ted Jablonski. I reside in Phoenix, Ariz., and am a manager for John Jacobs Farms, an organization engaged in the agribusiness of growing almost exclusively fresh vegetables. I have been connected with the organization for 20 years. I am also a vice president of the National Potato Council and past president of the Arizona Potato and Onion Growers-Shippers Association.

We farm approximately 1,000 acres of irrigated land in an area adjacent to Phoenix. Because of our climate we are able to grow two vegetable crops a year on many of our acres and as a result have acres of vegetables substantially in excess of 1,000 acres each calendar year. At the present time we grow broccoli, carrots, lettuce, rapini, green onions, butter lettuce, romaine, endive, and red potatoes. We now have 233 acres of red pontiac-type potatoes planted and will expect to harvest them for fresh table stock during June of this year.

I am here to encourage favorable action by this committee and Congress in the consideration of the legislation commonly referred to as the potatogrowers of this United States in promoting, rebuilding, and expanding the markets for their product. Potatoes are the largest and most valuable vegetable crop in the world and along with this, the potato has been given the description of "the complete food" because of its intrinsic nutritive quality. While these things are true, the potato has suffered a decline in per capita consumption over the years. The reasons for this decline are varied but the potatogrowers now stand ready to help themselves correct the situation. This legislation is the vehicle they need. National legislation is needed because potatoes are commercially produced in almost every State and to be equitable to all, every one should have the opportunity to participate.

The legislation as presented to you provides in section 11 the democratic processes for a challenge by those subject to it requesting the scrutiny by the Secretary of a plan or any provision of such plan. It further provides for a review of the decision of the Secretary concerning the challenge by the district courts of these United States. Section 12 vests with the district courts the authority to enforce plans established through this act and the regulations that may be issued by the Secretary as provided by the act. Paragraph (b) sets forth the penalties against any handler who does not comply with the provisions of this act and any plan issued under the act.

While Arizona is not one of the major potato producing areas in the United States, we do have a share of the late spring market. According to most recent figures, we have now planted just over 10,000 acres and I can assure you that the vast majority of the growers of these 10,000 acres, if not all of them, are heartily in favor of this legislation.

Mr. ABERNETHY. Thank you for your statement.

Before your people considered this written bill, did they have an opportunity to sit down and review the bill paragraph by paragraph?

Mr. JABLONSKI. Yes, sir; they did. Our Potato and Onion Growers-Shippers Association spent hours going through it word by word, prior to going to the annual meeting in Florida, which demonstrated that we were 100 percent in accord with the legislation.

Mr. ABERNETHY. No one protested?

Mr. JABLONSKI. No, sir.

Mr. ABERNETHY. Are there any questions?

If not, call your next witness, Mr. Burns.

Mr. BURNS. Our next witness is Mr. Clarence Alan Parr.

STATEMENT OF CLARENCE ALAN PARR, PRESIDENT, POTATO GROWERS OF IDAHO, INC.

Mr. PARR. Mr. Chairman and members of the subcommittee, my name is Clarence Parr; my residence address is 1900 Yale Avenue, Burley, Idaho 83318.

I am presently serving my second term of office as president of the Potato Growers of Idaho, Inc., a nonprofit organization of producers of Idaho potatoes, numbering 2,200 bona fide members of the State's approximately 4,400 potato growers. The Potato Growers of Idaho, Inc., is organized under provisions of the Capper-Volstead Act and is active in grower bargaining with processors, as well as dedicated to the advancement of the Idaho potato industry. I speak here today for these members and for myself as a producer of potatoes.

Mr. Chairman, members of the subcommittee, I would venture to say that it is the exception rather than the rule for you to engage in hearing procedures on legislation concerning agriculture, wherein unanimity prevails. This is not something that just happened. Many factors have motivated this request that we be allowed to launch this self-help program, not the least of which is a continual decline in per capita consumption of fresh, healthful potatoes, and a corresponding decrease in profit incentive in the production of this all-important segment of American agriculture.

This proposed legislation that is before you today is somewhat of a departure from the present order of the day concerning agriculture, with complaints that no one does anything to help and very few constructive ideas are offered to assist Congress in their desire to help. This is our offering to you. It's constructive, straightforward, and much-needed legislation.

If anyone doubts the advantages of promotion and advertising, they need only look to Idaho for the answer to what can be accomplished. Of course, if you will be so kind as to allow me to be a bit facetious, I might say it is not too difficult to show results when you have a high-quality commodity to promote and advertise. However, the effectiveness of promotion can best be perceived when we realize that conservative estimates place the amount of Idaho potatoes sold to the consumer at twice the amount that is actually shipped from the State of Idaho.

This industry has a story to tell that is important to the health of our Nation's people; stories of the nutritional value of potatoes and destruction of the long-standing myth concerning their caloric content; stories that are not being told by individual States in their respective advertising campaigns. Studies by our leading economists show that it takes a 5-percent decrease in the price of a specific commodity to induce a 1-percent increase in consumption. Obviously, the potato industry could not possibly survive any further drop in prices.

in order to bring about an increase in per capita consumption. This proposed "Potato Research and Promotion Act" is the only alternative available to an industry united in its desperate search for survival, and determined to pull itself up by the bootstraps.

I am particularly interested in sections 14 and 15 of the proposed legislation concerning referendum procedures. These sections contain the safeguard provisions in keeping with our country's sacred democratic processes that prevent forcible implementation of unwanted or undesirable practices.

Perhaps it is not too important, but I would like to call your attention to the language in section 14, lines 10 through 14. I wondered if it would not sound better if the wording were changed to say, "For the purpose of ascertaining whether the issuance of a plan is approved or favored by producers, the Secretary shall conduct a referendum among producers who, during a representative period determined by the Secretary, have been engaged in the production of potatoes."

I would also like to suggest that you turn your attention to section 14, line 18, where it says: "Voting in such referendum, (comma) or by the producers of not . . .". By comparison with section 15(B), line 16, where it says: "Majority of those voting in a referendum, (comma) and who produce . . .". The idea here is for termination or suspension procedures to be less stringent and yet with the word "and" instead of "or" it has a tendency to make suspension a little more difficult than it appears. I do not necessarily suggest a change. I merely bring it to your attention in fear of being accused of undemocratic procedures.

It should also be well to note here that there is no provision in the proposed legislation on the exact procedures to be followed insofar as disposition of accumulated funds. Should a plan be terminated or suspended, naturally I would assume that these funds would be returned to their rightful owner, but I feel it should be spelled out in this proposed legislation.

In closing, I would like to repeat the resolution that was passed unanimously at the annual meeting of Potato Growers of Idaho, Inc., at Boise, Idaho, December 4 and 5, 1967:

"That the Potato Growers of Idaho, Inc., support the proposed National Potato Promotions Act, and actively engage in any activity necessary to secure its introduction and passage through the U.S. Congress."

For the foregoing reasons, I respectfully request that the House Committee on Agriculture rule favorably on H.R. 15197 and its companion bills with a "Do pass" recommendation to the Congress of the United States.

In addition to my statement, I would like to call the committee's attention to some mistakes in the bill itself.

Mr. ABERNETHY. Do you not do that on page 3 of your statement?

Mr. PARR. No, sir. This is not what I am referring to. This is in addition to what I have in my statement.

Mr. ABERNETHY. All right.

Mr. PARR. If you will kindly refer to section 9(c) where it refers to section 6(f) which is on page 9, where it refers to it on line 22, "with the provisions of section 6(f)," I would like to call the subcommittee's attention to the fact that there is no section 6(f) of this act. Undoubt-

edly, it is supposed to refer to 8(f). I would presume that that is the way it is supposed to read.

Mr. ABERNETHY. Mr. Burns, will you check that?

Mr. BURNS. That is correct; that is an error.

Mr. ABERNETHY. Then, it should be changed to what?

Mr. BURNS. It should be changed to 8(f); that is what it should be changed to.

Mr. ABERNETHY. All right. We will come to that when we get into executive session.

Do you care to add anything in addition?

Mr. PARR. No, sir. I believe that is all, except that I wish to thank the subcommittee for the privilege of appearing here today, which is my third time I have testified before a congressional committee, and each time it makes me more proud that I am an American and that I can take a part in the lawmaking process that goes on in the United States.

Mr. ABERNETHY. I thank you very much for your statement. We appreciate your coming such a long way to be here to present your statement.

Mr. Kleppe?

Mr. KLEPPE. Mr. Parr, you heard my inquiries of Mr. Bryant.

Would you also, very briefly, give us your attitude regarding the permissive aspects of this legislation?

Do you foresee any difficulty where a man does not want to go along with it and say very clearly and concisely that he does not want to do so and does not want to participate and does not want the deduction?

Mr. ABERNETHY. Before you do, let me state that what Mr. Kleppe says, that the regulations for the administration of this act have not been drawn, and I am confident that when the regulations are drawn that you are going to run into some other matters, assuming that you run into some difficulties, and you can answer his question with that in mind.

Mr. PARR. Well, I would assume always that any type of legislation, in any of it, you are going to have some dissenters, I say. I think that we would be fooling ourselves if we would say that we would not have any. However, I do not anticipate that in the State of Idaho, after serving my second term as the president of the Potato Growers of Idaho, Inc., I do not anticipate that this will be a problem in the State of Idaho.

Mr. KLEPPE. Do you think that the regulations should be prescribed making it easy for a man to get out if he does not want to be in—that is, the producer?

Mr. PARR. Yes, sir; and it does do that to a certain extent in the bill now. It mentions how it will be done, but it does not specifically spell it out exactly how it will be done.

Mr. KLEPPE. I understand this. This is why I asked you the question. I wondered what you had to say, along with what the chairman added. It seems to me that this is an important part of this legislation. Certainly there are going to be producers who will not want to go along, and I suspect that in your estimate as to the dollars that will be accumulated for promotion and research, you have taken this into consideration. I do not know how much of a figure you have allowed as to the total number of producers that would not participate. I suspect

that you have thought about this. I was just trying to get some of your personal views on this.

Mr. PARR. The potato growers in the State of Idaho are well acquainted with the promotional activities, as you all know, and at the present time they have in the State of Idaho assessed 2.25 cents per hundred units for advertising and promotion.

Mr. ABERNETHY. Can they get it back?

Mr. PARR. No.

Mr. ABERNETHY. This is a compulsory assessment?

Mr. PARR. Yes, sir.

Mr. KLEPPE. That is fine.

Thank you. That is all, Mr. Chairman.

Mr. ABERNETHY. Is this by State law?

Mr. PARR. Yes, sir, it is by State law.

Mr. KLEPPE. That is, a State law that you have referred to?

Mr. PARR. Yes, sir.

Mr. ABERNETHY. Mr. Jones of North Carolina.

Mr. JONES of North Carolina. You have already answered my question. My question would have been, whether you have this by State law, this assessment.

Mr. PARR. We have had it for many years. The last session of the legislature increased the tax $\frac{1}{4}$ cent per hundredweight; however, this was earmarked specifically for production and marketing research. Actually, in the State of Idaho, the yield is around \$800,000 a year from our advertising tax. A certain portion of this goes to research and the rest to advertising.

Mr. JONES of North Carolina. Thank you. That is all, Mr. Chairman.

Mr. ABERNETHY. Thank you very much, Mr. Parr.

Call your next witness.

Mr. BURNS. We will jump next to Mr. Don Johnston.

**STATEMENT OF DON JOHNSTON, MEMBER, STEERING COMMITTEE,
NATIONAL POTATO COUNCIL, AND IMMEDIATE PAST PRESIDENT,
POTATO GROWERS ASSOCIATION OF CALIFORNIA**

Mr. JOHNSTON. Mr. Chairman and members of the subcommittee. My name is Don M. Johnston, of Bakersfield, Calif. I reside in the second largest potato producing county in the United States. I am a potato grower, packer, and shipper.

I am past president of the Potato Growers Association of California and serve on the steering committee of the National Potato Council and the board of directors of the Kern County Farm Bureau. It has been my pleasure to help in the drafting of this legislation. I am appearing here today in support of H.R. 15030 and H.R. 15197.

The Potato Research and Promotion Act was originated by and for potato producers to enable them to finance a national research and promotion program designed to strengthen potatoes' competitive position, and to maintain and expand domestic and foreign markets for potatoes. Under this legislation the potato farmers are proposing to use their own money to finance an essential program of self-help. The taxpayer will not be called upon to pay for this self-help legislation.

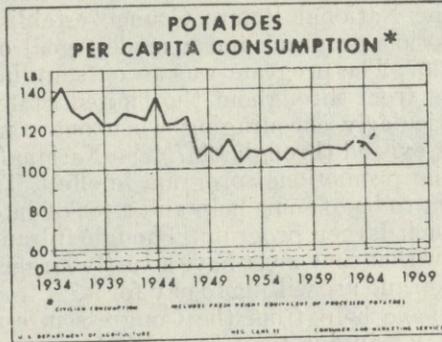
The per capita consumption of potatoes has been falling steadily for many years. See attached diagram.
(The diagram referred to follows:)

Per Capita Consumption - Fresh and Processed

POTATOES: ANNUAL PER CAPITA CONSUMPTION, 1930-1965

YEAR	FRESH (POUNDS)	TOTAL (POUNDS)
1930	132	132
1931	136	136
1932	134	134
1933	132	132
1934	135	135
1935	142	142
1936	130	130
1937	126	126
1938	129	129
1939	122	122
1940	123	123
1941	128	128
1942	127	127
1943	125	125
1944	136	136
1945	122	122
1946	123.3	123.3
1947	125.5	125.5
1948	105.4	105.4
1949	110.5	110.5
1950	100.0	106.3
1951	106.8	113.6
1952	93.8	101.9
1953	99.1	107.8
1954	98.1	107.1
1955	98.1	108.9
1956	90.3	102.8
1957	94.2	109.4
1958	87.6	104.5
1959	86.2	106.5
1960	84.4	108.2
1961	84.4	109.3
1962	80.4	108.1
1963	81.8	112.1
1964	75.6	110.3
1965 ²	64.8	103.1

YEAR	PROCESSED (POUNDS) ¹
1949	6.3
1950	6.8
1951	8.1
1952	8.7
1953	9.0
1954	10.8
1955	12.5
1956	15.2
1957	16.9
1958	20.3
1959	23.8
1960	24.9
1961	27.7
1962	30.3
1963	34.7
1964	38.3



NOTE: Figures are based on calendar year, not marketing year.

¹ Fresh weight basis. Adequate processing data not available prior to 1950.

² Preliminary.

Mr. JOHNSTON. The reason for this is abundantly clear. We are losing out to competitive foods. We are losing out to them because of their massive outlays of money for development of new and different products and for sales promotion at all levels. It is apparent that the potato industry must fight back to improve its image with the consumer. We must have a means to tell the story of potatoes' nutritious value and low calorie content. We must have a vehicle by which we can help to increase the domestic and foreign consumption of our potatoes.

There is no question as to who must finance the program. The grower must do it. I can assure you that the grower leaders and grower organizations across the country are in support of this enabling legislation that will allow the grower the opportunity to compete fairly and equitably against his competitor in the marketplace.

In 1966 the National Potato Council established a voluntary national promotion program and a modest goal of \$75,000 was established for 1967. The program was an outstanding success. Voluntary contributions from throughout the United States exceeded our goal. This is particularly encouraging when one considers the depressed markets that existed through 1967. The National Potato Council now has an interim promotional program in effect. This program appears at the present to be of some help and a lot of interest has been generated in a much larger program. Thoughtful and responsible potato growers know that they must have a vastly larger program of research and promotion and are willing to pay for it.

We must have help from the Congress in establishing a suitable mechanism for bringing this about. We have searched for some other way. We have found none. The proposal before this committee is the only answer that we have found and we have tremendous support from the entire potato industry.

There is no point in my discussing all of the various details of the Potato Research and Promotion Act that is before you, but I would like to make a few brief comments regarding section 8, "Required Terms in Plans."

First, I think this bill is just as nonpolitical as any legislation could be. It specifically bans the use of any funds for the purpose of influencing governmental policy or action and consequently should have bipartisan support. It should not become embroiled in controversy.

Second, I want to emphasize that participation in the program would be voluntary on the part of the individual growers. Any farmer against whose potatoes any assessment is made can request and receive a complete refund of such assessment. The bill provides for uniform collection of funds through the first handler where potatoes become concentrated, eliminating the self-defeating and prohibitive cost of a central organization trying to deal with each of the thousands of potato farmers individually. Further, a uniform collection procedure eliminates an undesirable competitive factor between handlers.

Third, the bill provides for participation of potato growers in the program. We feel that this participation is not only highly desirable but completely necessary if the program is to be successful. The National Potato Promotion Board shall be composed of producers, selected by the Secretary of Agriculture from nominations made by producers. This program will be producer-financed and producer-con-

trolled. Through the board, the funds will be producer-collected, producer-spent, and producer-administered. We think it has one further advantage, and that is that, in effect, this is a self-policing program. The potato farmer himself is not going to participate unless it is a well-administered program.

Fourth, we recognize the Government's responsibility to see that the money is spent for the purposes intended. We think the bill contains fully adequate safeguards in this respect. At the same time, we do think that producers can and must have the right to decide how their own money will be spent.

Fifth, the funds collected shall be used specifically for research, development, advertising, or promotion of potatoes and potato products and for administration, maintenance, and functioning of the board. In these programs no false or unwarranted statements can be made in behalf of potatoes or potato products or with respect to the attributes or use of any competing products. We can then be assured that these funds will be spent in a constructive and effective program.

Sixth, the maximum assessment rate established in the bill shall not exceed 1 percent per 100 pounds of potatoes handled. At the maximum assessment rate the board could reasonably expect a budget of about \$2 million annually. The cost to the grower would average less than \$2 per acre. This is a very small price to pay for the gains that can be made with an effective research and promotion program. We can afford the price of sales promotion designed to increase the general demand for potatoes. We can afford the price of research and development projects and studies designed to improve the quality of potatoes that are made available to the consumer.

Our understanding of how the program would work is this: The National Potato Promotion Board would be composed of approximately 100 directors, selected by the Secretary of Agriculture from nominations made by producers, on the basis of production from each area or State. The board would administer the policies of this act and any plan issued pursuant to this act. This administrative organization would have the authority for initiating and developing and supervising the program; in so doing, it would have the authority to consult with and utilize the resources of the U.S. Department of Agriculture, the land-grant colleges, private research and promotion agencies, and any other groups or organizations which can contribute toward the program's objectives. The program would be subject to review and approval by the Secretary of Agriculture. After approval, the board would contract and dispense funds for the programs. The intent is for producers themselves, through the board, to make decisions on how their money is to be spent.

In conclusion, I want to stress the urgent need for speedy passage of the bill. We do not want to lose the momentum that our present efforts have generated. All we are asking for is a fair chance to use our own money to build a program that would be capable of expanding our markets and preserving an industry that means so much to our national economy and to so many Americans. We feel we deserve the opportunity to have the democratic right to vote in a referendum. We trust and hope you will permit us to have it.

Mr. ABERNETHY. Thank you.

Would the expenses of this board be paid from this fund?

Mr. JOHNSTON. Yes, sir; they would.

Mr. ABERNETHY. They would be approximately how much?

Mr. JOHNSTON. Well, this would be developed after the bill was approved. We are hopeful that a rather large board would be established.

Mr. ABERNETHY. Thank you.

Are there any questions?

Mr. Mathias?

Mr. MATHIAS. Don, in California, have you had any opinions on this legislation in your county?

Mr. JOHNSTON. In California, we have had an unanimous vote of the California State Potato Growers. In addition, we explored, on March 21, or have been exploring with our county Farm Bureau this promotional program, and on the evening of March 21 we were given unanimous vote of approval by our own Farm Bureau group, and we are very grateful for it.

Mr. MATHIAS. Does California have a similar assessment program like the one of the State of Idaho?

Mr. JOHNSTON. We have no assessments. We are strictly a voluntary organization. I am sure, in connection with these funds, we do a limited amount of promotional work.

Mr. MATHIAS. Mr. Chairman, I think that in California, in Kern County, without question, they have the best potatoes.

Mr. ABERNETHY. I think that is very good.

Thank you very much, Mr. Johnston.

Call your next witness.

Mr. BURNS. Our next witness is Mr. James D. Paul.

**STATEMENT OF JAMES D. PAUL, IMMEDIATE PAST PRESIDENT,
POTATO GROWERS ASSOCIATION OF CALIFORNIA, AND MEMBER,
BOARD OF DIRECTORS, NATIONAL POTATO COUNCIL**

Mr. PAUL. Mr. Chairman and members of the committee, my name is James D. Paul. I reside in Shafter, Calif., and am engaged in farming—producing potatoes along with other crops common to the area. In addition to farming, I am an officer with management and administrative duties for a cooperative harvesting, processing, and marketing firm which handles from 4,000 to 6,000 acres of potatoes annually. I am the immediate past president of the Potato Growers Association of California and a member of the board of directors of the National Potato Council.

Mr. ABERNETHY. Are you running again?

Mr. PAUL. No; I am not. I have kept my promise. [Laughter.]

My purpose here today is to urge your favorable and prompt action on the legislation being considered. During my term as president of the Potato Growers Association of California, this proposed legislation has been well publicized, not only through news media within the State but by special bulletins circulated by the association, and has been included as a regular feature in the monthly publication of the association, circulated within the State to members and nonmembers as well. To this date, I have not had, nor has the office of the association had, one single dissenting voice concerning the legislation proposed here today.

The governing board of the association, at a recent meeting voted unanimously to support the bill which we are discussing. I have a copy of the minutes of that meeting, which I will offer as evidence if you so desire.

Per capita consumption of potatoes has been steadily declining since early this century. Recently, thanks mainly to processed potatoes, this trend appears to be momentarily halted. However, the steady increase of population has partially masked this decline.

Equally important as total market size is the price growers receive for their potatoes. The total potato market has recently been inelastic. Prices at each level of marketing depend upon supply and demand. Increased potato supplies—whether at a given season or for a particular year—decrease the price. The brunt of this cause-and-effect relationship is borne by the grower, since the price paid to the grower depends upon the price at which potatoes can be sold to the consumer, less all other marketing expenses.

Realizing that because of reapportionment and the gradual urbanization of our country, agriculture is rapidly becoming a minority group, and also recognizing that many millions of taxpayers' dollars are being expended to aid other minority groups, it seems only logical to me that we should be allowed to vote among ourselves to determine if we as growers of a product which is essential to the economy of ourselves and our country, will be allowed to spend our own money—not taxpayers' dollars—to improve our own lot and at the same time educate the Nation's consumers that potatoes are, indeed, the most nutritious and least expensive food they can purchase today.

The ultimate consumer is all important to us—in terms of increasing consumption and in maintaining satisfactory dollar returns; and the consumer who can make us or break us is the housewife and the many institutional feeders. They do it by the frequency and amount of potatoes served.

The housewife is a product of a new age. She most likely lives in an urban area. She was probably born and raised there. She is younger. She is more affluent. She is better educated. There is a 50-50 chance that she works outside the home in addition to being a full-time homemaker. She is obsessed with diet and nutrition ideas. Convenience is essential when it comes to preparing meals for her family. When she goes to the supermarket, she is faced with making split-second decisions on over 6,000 items.

All these factors appear to negatively influence her attitude toward potatoes. Potatoes are a staple she takes for granted. She has been led to believe they are starchy—fattening—monotonous if served too often—and time consuming to prepare. But if we are given the opportunity to inform this housewife of the facts, she is intelligent enough and concerned enough with the health and finances of her family that she, being the consumer, and we, being the producer, will both benefit immensely.

She may have a special preference in potatoes—an Idaho baker, a Maine boiler, or an extra fancy California all-purpose Long White. If she does, it's because the producers involved, through regional promotional efforts, have given identification to the particular product of their area.

But it appears that while this type of promotion is valuable, we have been winning the battles but losing the war—the battle for our own regional product, but the war of all food products for a share of each American's stomach. At the risk of stating the obvious, a person can only eat so much.

Potatoes have been giving more than their share. And now, substitute products have been giving them an extra downward push by promoting their products at the expense of potatoes.

A massive program to educate and reeducate housewives and institutional feeders is needed if this situation is to be changed. Nearly 50 percent of our population is under 25 years of age. A continuing educational and promotional approach is necessary if these consumers are to be convinced or reconvinced of the value of potatoes as a major part of their daily diet.

Other promotions have been and will continue to snipe at potatoes. While this is annoying to anyone connected with the potato industry, we cannot presently afford to return their promotional fire. With the Promotion and Research Act in effect, we can.

Potatoes are still a highly popular vegetable, served more than any other. Processed potatoes, because of their convenience only, have overcome the objections of many housewives who are intent upon meal preparation short cuts. Pound for pound, potatoes are one of the most inexpensive foods available. Nutritionally, potatoes are superior to most other foods; and, far from being fattening, potatoes can actually serve a big role in dieting, especially on low sodium and low fat diets.

This is the job of communication that we have to do. With your favorable action on this proposed legislation I feel confident that it can be done and another industry will be able to say, in the American tradition, that we helped ourselves.

Thank you.

Mr. ABERNETHY. Thank you.

Call your next witness.

Mr. BURNS. Mr. Merle Anderson.

STATEMENT OF MERLE ANDERSON, REPRESENTING THE RED RIVER VALLEY POTATO GROWERS ASSOCIATION, CLIMAX, MINN.

Mr. ANDERSON. Mr. Chairman and members of the subcommittee, my name is Merle Anderson, and I am a farmer from Climax, Minn. I have been a potato grower for 26 years. Today I represent the Red River Valley Potato Growers Association of North Dakota and Minnesota. This area annually has an acreage of approximately 180,000 acres planted to potatoes with an average production of from 20 to 25 million hundredweight.

Growers of the Red River Valley have evidenced support of this type of program by supporting on a voluntary basis the "kickoff" fund for the national potato promotion program. Both States exceeded their quota on the voluntary basis.

Growers in each of these States favor legislation for advertising, promotion, and research, as the last sessions of these legislatures passed legislation very similar to that now being proposed on a national level, and over 80 percent of the acreage is signed up this year. This is con-

sidered a very good percentage since this is the first year the program has been in operation.

The Red River Valley potato growers strongly feel that the healthy aspects of potatoes, plus the dollar value to the homemaker when buying potatoes, are two important items that need to be brought to the attention of the consumer on a national level. The legislation being discussed today would make it possible to do this.

Section 4 of the proposed legislation gives the Secretary of Agriculture authority to issue and to amend orders applicable to those who are in the business of handling potatoes. He would also have the authority to issue orders authorizing the collection of assessments. It is my opinion that the Secretary would do this upon the recommendation of the board representatives of the potato industry.

He would authorize the use of such funds for research development, advertising, and promotion.

A. Research could be research which could benefit producers and consumers, as well as market research. Presumably this would be research not already being carried on.

B. Development could be domestic and foreign market development and promotion of potatoes into large market outlets, such as school lunch, institutions, hotels, and restaurants.

C. Advertising would be a broad advertising program that would cover newspapers, magazines, radio, television, point-of-sale material, brochures, et cetera.

D. Promotion would be to develop a program to show the consumer what a wonderful healthful food potatoes really are.

The end result of such a program would be to increase consumption of potatoes.

We also want to show the public that potatoes are no more fattening than many other foods we eat. This plan would be applicable to all potatoes produced in the 48 contiguous States of the United States.

Section 5 of this proposed legislation makes provision for the Secretary of Agriculture to call for hearings to establish this plan. If he, potato producers, or other industry people, believe that this plan would be beneficial to the industry, he can, with due notice, call for hearing.

Section 6 provides for the Secretary of Agriculture to issue a plan, if he finds that testimony presented at hearings provides proper justification for this plan. Such plan will be developed by evidence and testimony presented at the hearings.

Such plan would be intended to carry out the declared policy of this act.

Section 7 gives the Secretary authority to make such regulations with the force and effect of law, as may be necessary to carry out the provisions of this act and the powers vested in him by this act.

Mr. ABERNETHY. I have one question. Is there unanimity of opinion prevailing in your area regarding this legislation?

Mr. ANDERSON. Yes, sir.

Mr. ABERNETHY. Have they discussed the bill?

Mr. ANDERSON. I am a member of the board of directors of the association, and I would like to say that this is about a 25-man board of directors. They have seen fit in the past year to back me and to sponsor me in being a member of the legislative committee that worked on the

draft of this bill, and they have asked me to represent them in helping pass this legislation. I am very proud of that fact.

I would like to add also that I have found no man in the Red River Valley who has opposed this type of plan. We are doing it on the State level now, and we are finding that it is working.

Mr. ABERNETHY. Thank you very much.

Mr. Kleppe?

Mr. KLEPPE. The Red River Valley is not in my district but is very close to home. I just want to emphasize and reemphasize the figure that you just gave which was roughly 1,400 growers belong to the Red River Valley Association. I think that gives you an idea of the extent of this industry in that part of the country. I appreciate your testimony. I thank you for it.

Mr. ANDERSON. Thank you very much, Mr. Kleppe.

Mr. ABERNETHY. Are there any further questions?

Call your next witness.

Mr. BURNS. We have one other, which will conclude our list of witnesses.

Mr. Vernon G. James.

**STATEMENT OF VERNON G. JAMES, MANAGER, JAMES BROS., INC.,
ELIZABETH CITY, N.C.**

Mr. JAMES. Mr. Chairman and members of the committee.

My name is Vernon G. James, and I am a manager of James Bros., Inc., Route 4, Elizabeth City, N.C.

We grow and ship about 700 acres of potatoes each year.

I am a past president of the National Potato Council, and a past president of the North Carolina Dealers and Growers Association.

The North Carolina Dealers and Growers Association voted in support of H.R. 15030 at their semiannual meeting this year in February.

Mr. JONES of North Carolina. Mr. James is one of my constituents. He and I also attended North Carolina State University at the same time.

Mr. ABERNETHY. We are very glad to have you here, and also we are glad to have Mr. Jones as a Congressman.

Mr. JAMES. We are happy to have him here, too. We think he is doing an excellent job.

Some time ago I heard Senator Ervin say that he could not read very well and what he wrote did not sound very well, and I was never a very good reader but I am loaded with nothing. You might call this thing a poor potato people's march on Washington, and we may come up with even more later on.

I live in an area where the telephones are ringing all the time. I have had one grower in the State of North Carolina call me and say that he did not like it, because he wanted to have a different sort of program.

The passing of this bill would allow the potato growers to tax themselves in order to advertise, promote, and do research—to help production, distributing, and preparing a more attractive package for the consumer. It will also help us as growers to give a true picture of the nutritional value of the potato.

The potato growers are interested in a program—they finance. This program will not be compulsory as the growers may request and receive a refund for the money they have been assessed.

We feel, if the facts are told—the consumption of the potato will be stimulated—and the farmer can earn a living growing and marketing potatoes.

The cost of production has risen sharply—labor, fertilizer, insecticides, and farm machinery. All supplies have increased tremendously except the cost of seed. The present price of certified foundation seed in Maine today is less than one-half the cost of production.

There are unexpected costs—such as we have just experienced in our area in North Carolina. On March 11, there were heavy rains and high winds. Our crop was 75 percent planted. Nearly, all seed rotted and had to be replaced, replanted, at roughly \$100 per acre cost. In 1966—2 weeks prior to the harvesting—unseasonable temperatures and heavy rains caused our farmers to lose about one-half their crop. Unfortunately, events of this nature are constantly happening in various areas.

California people have their dry seasons, and in some of the other Northern States they have their frosts in the fall. These things sometimes can almost wipe out a crop or double your costs per hundred pounds of production. If we do not have some sort of program to help ourselves, we are going to be in a lot of trouble.

Only 1 year out of the last 12—the potato grower has received more than the Government average supported crops.

We feel H.R. 15030 will help us—to help ourselves.

Mr. ABERNETHY. We thank you.

Mr. JONES of North Carolina. This gentleman who opposed this bill, was he a resident of North Carolina?

Mr. JAMES. Yes, sir; he was.

He is usually opposed to everything. He was opposed to free delivery of mail and several other things that I could mention, too.

[Laughter.]

Mr. JAMES. In North Carolina we have at the present time a State tax of 1 percent per hundredweight on potatoes and it is refundable if you request a refund within 60 days. After the 60 days have passed, you cannot request it.

Based on previous history we have some refunds, if the farmer has a bad year, but if he has a good year we have no refunds.

Mr. ABERNETHY. Is getting the refund a difficult type of thing?

Mr. JAMES. There is absolutely no trouble at all. We do not even require a registered letter. It is a matter of record.

Mr. KLEPPE. You just ask for it?

Mr. JAMES. You have a written request for a refund.

Mr. KLEPPE. You just ask for it, with no stipulation other than that?

Mr. JAMES. You do not have to give any reason. Quite often we do give reasons. Some man may say that he would like to have 25 percent of his contribution or his assessment refunded. Some may want 50 percent of it refunded. In rare cases they will ask for all of it. It is very rare, however. I think, over a period of 5 to 10 years, you will have less than 2 percent of such requests.

Mr. ABERNETHY. To whom is the request made?

Mr. JAMES. It is made to the secretary-treasurer of the North Carolina Potato Dealers Association. He is an employee with the Division of Markets.

Mr. ABERNETHY. Thank you very much.

We have another out-of-town witness, Mr. Shisler, president of the Utah-South Idaho Farmers Union. We will be pleased to hear from you now.

STATEMENT OF KARL SHISLER, PRESIDENT, UTAH-SOUTH IDAHO FARMERS UNION

Mr. SHISLER. Mr. Chairman and members of the subcommittee, thank you for the opportunity of being able to be heard today. I am here as the president of the Utah-South Idaho Farmers Union, and I have also served as chairman of the potato section of the National Farmers Union. I would like to appear here today in support of the Potato Research and Promotion Act with some minor modifications.

Certainly, the potato producer today finds himself in an extremely adverse economic condition because of the large oversupply of potatoes which are in storage and which are acting as a depressant upon the market.

I would like to respectfully point out to the members of this committee the drastic decline in prices which can result from an oversupply of potatoes.

As an example, in 1965, the potatoes produced in the United States, from a harvested average of 1,383,500 acres, was estimated at 291,169,000 hundredweight, bringing the grower an average price of \$2.53 per hundredweight. Total value of potato production to the grower in 1965 amounted to \$730,750,000.

In 1966, the production of potatoes increased, with our growers harvesting 1,497,000 acres which produced a total of 306,902,000 hundredweight, bringing an average price of only \$2.05 per hundredweight. Total value of potato production in 1966 amounted to \$625,439,000 or a decrease in production value from the 1965 figure amounting to \$105,311,000 despite the increased acreage.

From the above-cited figures, we see that with other variables unchanged that a 5-percent increase in production resulted in the 19-percent decrease in the average price per hundredweight received by the potato grower for his product, and a 14.4 percent decrease in the total value of the potato crop despite greatly increased costs of production.

The potato producer, because of his lack of inclination or lack of proper information, has failed to utilize either a marketing order or a program which somehow would bring the production of potatoes in conformity with expected usage.

Storage stocks of potatoes held by growers and local dealers in all producing areas of the country totaled 86.6 million hundredweight on March 1, 1968, according to the Crop Reporting Board of the U.S. Department of Agriculture. This was 9 percent more than the previous record high holdings of 79.5 million hundredweight on hand March 1, 1967.

Idaho had 13 percent more potatoes in storage this year on March 1 than it had a year ago. Holdings in Colorado were up 16 percent

from 1967 and in the State of Washington, stocks were 11 percent higher.

The above-cited statistics mean more than just an oversupply of an agricultural commodity. In human terms they mean a larger group of farmers forced further into debt; they mean a continued exodus of bankrupt people from our Nation's farms into our cities, and they mean a further deterioration of our rural communities which are dependent upon the farmer for their economic lifeblood.

If new uses of potatoes can be found and new markets develop for products from potatoes, certainly both producer and processor would benefit from this legislation.

However, I would like to point out that all segments of the potato industry would benefit from an increased usage of potatoes.

The processing industry would benefit from the increased volume of potatoes which it would handle.

Consequently, I do not think it unreasonable to request in any potato promotional program, such as is proposed in this bill, that part of the costs of research and promotion be borne by the processing industry.

I would suggest that the potato grower be assessed up to one-half cent per hundredweight, with the processing industry providing a matching equivalent.

Mr. ABERNETHY. This bill does not carry any provisions for the processing industry to share any of the cost?

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

Mr. ABERNETHY. You would suggest that?

Mr. SHISLER. That is right, sir.

Mr. ABERNETHY. I did not think that it did. I think you will run into trouble if you try to include such in the bill.

Mr. SHISLER. Our growers thought that this would be of benefit to the entire industry. It was our plan to ask the entire industry to carry a part of the load for such promotional activity.

Mr. ABERNETHY. Are there any questions?

Mr. MAYNE?

Mr. MAYNE. Mr. Shisler, would your organization be in favor of the bill without their suggestion being in it?

Mr. SHISLER. I would like to take that back to the executive board of the National Farmers Union before I could answer it, sir.

Mr. MAYNE. Then, you are unable to state whether or not your organization is in support of or is against the bill in its present form?

Mr. SHISLER. Not in its present form, no, sir.

Mr. MAYNE. What is your personal view?

Mr. SHISLER. My personal opinion on this, sir, would be that even without the provision that the processing industry should carry part of this load, that the bill should be passed with the recommendation that at the end of the year we would refer to our potato statistics just exactly the summation of what this bill has achieved: Has it achieved a greater usage of potatoes? Has it achieved a greater price increase to these growers who desperately need it, and allow these growers at that time to vote upon whether it had achieved the results they had hoped for?

Mr. MAYNE. Thank you.

That is all, Mr. Chairman.

Mr. ABERNETHY. Mr. Jones of North Carolina?

Mr. JONES of North Carolina. Would you expect to find results within less than a year?

Mr. SHISLER. Well, I would hope so. Yes, sir; I would hope that the promotional activities that started in the spring of the year would promote by the middle of the summer for the total crop an increase—that the advertising would certainly show an increased usage of potatoes over the expected normal rise in usage, yes, sir. I would hope, sir, that at the end of 1 year that an evaluation along these lines would be had. The research would not show up, in my estimation, in that period of time.

Mr. JONES of North Carolina. Thank you.

That is all, Mr. Chairman.

Mr. ABERNETHY. Are there any other out-of-town witnesses in the room who would like to be heard?

Mr. JONES of North Carolina. I have another question, if I may, of Mr. Larsen.

Mr. ABERNETHY. Will you come back, please, Mr. Larsen?

Mr. JONES of North Carolina. This suggestion on the part of the last witness that the processors be included in the bill, has this been considered by your organization, and, if so, what was the results?

Mr. LARSEN. I do not remember that we ever gave it any serious consideration, that our organization ever gave it any serious consideration, that is, in Idaho, so far as that is concerned. We assess our growers pretty heavily. During one session of the State legislation, the processors and the shippers were included in that provision. It is my firm conviction that the right way to do it is on the grower, because any processor, any handler, will write this in as a part of his operating costs and the like.

Mr. ABERNETHY. If you will yield?

Mr. JONES of North Carolina. Yes.

Mr. ABERNETHY. This is supposed to be a voluntary bill, is it not?

Mr. LARSEN. Yes, sir.

Mr. ABERNETHY. It is involuntary in so far as collecting the initial 1 cent per hundred payment, and then you say that it becomes voluntary thereafter, that the person can get his money back. If you include the processors, it then becomes compulsory on the processor, does it not?

Mr. LARSEN. Yes.

Mr. ABERNETHY. And without any criticism whatever of Mr. Shisler, I think the bill would go out the window the moment you attempted to include anyone except on a voluntary basis.

I do not know how you could include the processors on a voluntary basis. I would imagine that the people who process and handle these products, potatoes, also handle competitive products, and some have been mentioned this morning. My opinion is that I think that the potato industry, the farmers, would be left at a disadvantage if they attempt to include the processing industry. I want to emphasize, Mr. Shisler, that I am not offering any criticism. I am just expressing an opinion of what I think would result.

Mr. LARSEN. In answer to this question, we made a concerted effort on the part of the National Potato Council to bring in the processing and shipping industries completely into our organization, and they have their own organizations, and they like to run their own orga-

nizations. This is a grower-oriented organization. I feel sure that the intention of the last witness was well intended, but I am also confident that the way we want to do this is to do it ourselves. I am also confident that it will be just as good as if we did it otherwise.

Mr. ABERNETHY. If you did bring the processing industry into it, then you would have a prospect of trying to get them into it and running your organization, too.

Mr. LARSEN. That is right.

May I make a comment on a question that Mr. Kleppe asked another witness earlier?

Mr. ABERNETHY. Yes, sir.

Mr. LARSEN. He asked about these rice ads that are appearing in Life magazine, and the like. I take just a little different view.

You realize that this is the first time that anybody has ever been able to put up enough money to say anything about potatoes in Life magazine. I take a more optimistic view than that. We feel pretty hard about this kind of advertising. I do not know that it has done damage to the potato industry that some people feel.

Mr. KLEPPE. The ad contained some false statements which is what I did not like about them. I commended them for what they were doing. I have not anything against the rice people or the rice industry, but I do not think they should make false statements. We might receive that impression along that line, from the promotion. Promotion in itself is all right.

Mr. JONES of North Carolina. I share your concern; however, I agree about its effect in such statement.

Mr. ABERNETHY. Thank you very much.

I desire to include in the record at this point a telegram from the past president of the National Potato Council, and another one from Mr. Edwin Stastny. Without objection, they will be made a part of the record at this point.

(The telegrams referred to follow:)

TULELAKE, CALIF., April 4, 1968.

HON. THOMAS ABERNETHY,
*Chairman Agricultural Subcommittee on Research and Extension,
Washington, D.C.*

Potato growers in Klamath Basin of Oregon strongly urge you to support H.R. 15030 and other related bills at hearings April 4th. This is self-help legislation for the lagging potato industry. I represent Klamath Potato Growers Association, am vice chairman Oregon Potato Commission, on Advisory Committee National Potato Council, and a potato grower.

EDWIN STASTNY.

NYSSA, OREG., April 4, 1968.

Congressman THOMAS ABERNETHY,
*Chairman, Agriculture Subcommittee on Research and Extension,
House Office Building, Washington, D.C.:*

In connection with H.R. 15030 and other related bills, we are in favor of these bills on promotion and research of potatoes. H.R. 15030 will enable potato growers to finance nationally coordinated research and promotion program to improve their competitive position and expand markets for potatoes. This is a self-help program, cost of program to be borne by potato producers. Those wishing not to participate may request refund of funds. Due to prior commitments, unable to attend and testify, at your April 4th hearing. Details will be outlined by Congressman Al Ullman, cosponsor of H.R. 15030 and colleagues attending. Thank you

ROY HIRAI,

*Immediate Past President of National Potato Council
and Member of State of Oregon Potato Commission.*

Mr. ABERNETHY. I might also say that if any member of the subcommittee should receive any other communications, if they wish, they will be included in the record.

May I ask if there are any other out-of-town witnesses?

I would like to call attention to what appears to be an omission in the bill, on page 8, beginning with the proviso at the bottom of page 7.

Do you have the bill in front of you, Mr. Burns?

Mr. BURNS. Yes, sir.

Mr. ABERNETHY. It reads: "*Provided*, That such demand shall be made by such producer as prescribed by the board and approved by the Secretary, and upon proof satisfactory to the board that such assessment, for which refund is sought, was deducted from settlement on such producer's potatoes or was otherwise paid by him."

Is there something left out there?

Mr. BURNS. Mr. Chairman, the procedure to handle that will be set up and established in a subsequent hearing.

Mr. ABERNETHY. That is what I had reference to, "*Provided*, That such demand shall be made." To me, the language there seems to be deficient, that perhaps it should be in such manner as may be prescribed by the board.

Mr. BURNS. I think the intention is that the board will establish the procedures by which the refund will be made.

Mr. ABERNETHY. I thought that the original language contained such language and that it was just unintentionally dropped out.

Mr. BURNS. I think the phrase you have made would make it clearer.

Mr. ABERNETHY. We will get to that later. I thought I would mention it now, however.

The bells have not rung. Does anyone else want to testify? If so, they may do so. Is there anyone scheduled to testify who would like to be heard now?

Mr. HEDLUND. The Department wants to be heard sometime.

Mr. ABERNETHY. I thought we had excused you. Off the record.

Mr. HEDLUND. Not necessarily today, but at your pleasure.

Mr. ABERNETHY. What would be the length of your testimony?

Mr. HEDLUND. It will probably take about 12 or 15 minutes.

Mr. ABERNETHY. Let us start then. We will be pleased to hear from you.

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

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

H.R. 15030 is a bill to enable the potato industry to finance a nationally coordinated research and promotion program to improve their competitive position and to expand their markets for potatoes and potato products.

The Department recommends that H.R. 15030 be passed with some modifications.

The bill provides authority to establish a "plan" to collect assessments on potatoes produced in the 48 contiguous States of the United

States. The funds would be used to administer the plan and to finance a program of research, development, advertising, and promotion of potatoes and potato products.

A public hearing would be required to consider any plan. The Secretary of Agriculture could give notice and opportunity for hearing on a proposed plan whenever he had reason to believe it would carry out the declared policy. Any proposed plan must contain the following terms:

1. Provide for the establishment of a National Potato Promotion Board to be selected by the Secretary from nominations made by potato producers to administer the plan. The board members serve without compensation.

2. Provide for the board to submit to the Secretary a proposed annual budget and to recommend a rate of assessment, which may not exceed 1 cent per hundredweight. The budget and the assessment rate are subject to approval by the Secretary. Producers not in sympathy with the plan could demand and receive a refund of assessments paid.

3. Assessment moneys could be used for administering the plan and for the cost of research, development, advertising and promotion of potatoes and potato products. No reference to private brand names could be used nor could any false or unwarranted statements be made in behalf of potatoes or the attributes or use of competing products. Prior approval by the Secretary is required for all projects.

In addition to the mandatory provisions, any plan may include certain permissive terms. These include authority to exempt potatoes used for nonfood uses; the accumulation of reserve funds, but not to exceed the amount budgeted for 2 years' operations; the development and expansion of potato and potato product sales in foreign markets; and such incidental terms and conditions as are necessary to effectuate other provisions of the plan.

It is our interpretation that it is the intent of this proposal to cover all potatoes produced in the 48 contiguous States of the United States and entering commercial channels, except those specifically exempted. Processed potatoes, as well as those marketed in fresh form, are included. Potatoes marketed for nonfood uses would be covered unless expressly exempted by the plan.

The first handler of potatoes would be responsible for paying the assessment. Such handler may collect the assessment from the producer or deduct the amount from the proceeds due the producer.

MR. ABERNETHY. Who is the first handler?

MR. HEDLUND. The first handler is the one who puts the potatoes in the chain of commerce. Normally, he would be the packer and the shipper of the fresh potatoes, and, if I understand it correctly it would be the processor in the case of processed potatoes.

Handlers are required to keep adequate books and records involving transactions in potatoes which are subject to assessment. All such information is confidential and may be disclosed only in general statements which do not identify the information by any person.

Potatoes grown by producers with less than 5 acres of potatoes would be exempt from assessments. There are 310,008 potato producers in the

United States, but only 16,990 produce 5 acres or more according to the 1964 agricultural census.

No plan could be made effective without the approval of producers voting in a referendum conducted by the Secretary. A plan must be favored by at least two-thirds of the producers voting (by number of producers or volume of production) who, during a representative period determined by the Secretary, have been engaged in the production of potatoes. All ballots and other information relating thereto are confidential and may not be disclosed.

Any handler who willfully violates any plan is subject to criminal prosecution and liable to a penalty of \$1,000 for each offense.

Mr. ABERNETHY. "Any handler" would be the original purchaser or distributor or who?

I do not like a bill that puts people in jail.

I wonder if there is some way to avoid this?

I did not understand that it imposed a penalty.

The penalty was imposed upon people for disclosing certain information. I think that is on page 12 of the bill, which reads:

Any such officer or employee violating the provisions of this subsection shall upon conviction be subject to a fine of not more than \$1,000 or imprisonment for not more than one year, or both, and shall be removed from office.

That does say "an officer or employee." That, I thought, was with reference to the people in the Department administering the program.

Mr. HEDLUND. That is true. That is a penalty for disclosing information that is not supposed to be disclosed, but on page 14, you will note, in section 12(b), it says as follows:

Any handler who willfully violates any provisions of any plan issued by the Secretary under this Act, or who willfully fails or refuses to remit any assessment or fee duly required of him thereunder shall be subject to criminal prosecution and shall be liable to a penalty of not more than \$1,000 for each offense which shall accrue to the United States.

Mr. ABERNETHY. I think we have a similar section in the cotton program. I think that we amended it. I am not sure. We will look into that. You may proceed.

Mr. HEDLUND. Unpaid assessments may be collected under a civil suit brought by the United States. The Secretary may make such investigation as deemed necessary to carry out the act and to determine compliance therewith.

Any person subject to a plan may petition the Secretary urging that the obligations imposed by the plan are not in accordance with law and praying for exemption or modification. After an opportunity for hearing, the Secretary shall rule on the petition. Such ruling is subject to review by the U.S. district courts.

Any plan could be terminated or suspended by the Secretary if it does not effectuate the declared policy of the act or if a majority of the potato producers, who produce more than 50 percent of the volume of potatoes produced by potato producers voting in the referendum, favor such termination. The Secretary may conduct a referendum at any time and shall hold a referendum on request of the Board or on the request of 10 percent or more of the potato producers.

Potatoes are one of our most important crops. The value of potato sales at the farm during the past decade has ranged from \$306 million to \$765 million, averaging \$482 million. The acreage devoted to pota-

atoes in the United States has been declining. Thirty years ago, potatoes were grown on 3.1 million acres. The acreage declined to 1.3 million acres, and in 1967 was 1.5 million acres. On the other hand, yields per acre have increased sharply from 74 hundredweight per acre in 1937 to 210 hundredweight per acre in 1967. As a result, production has increased from 226 million hundredweight 30 years ago to 306 million hundredweight in 1967.

The number of potato producers has declined but the size of the farms has increased. According to the 1949 census, there were 1.65 million farms producing potatoes. This number declined to 310,008 potato farms in the 1964 agricultural census.

The per capita use of potatoes, which was 126 pounds per person 30 years ago, declined during the 1940's and early 1950's and leveled off at approximately 110 pounds per person during the last few years. Ten years ago, approximately 86 percent of the potatoes were consumed in fresh form, and 14 percent were processed. By 1966, processed potatoes accounted for 41 percent of the total food use, and fresh potato consumption had declined to 59 percent.

Potatoes are frequently in excess supply. In attempts to aid potato producers, the Department of Agriculture has frequently operated potato surplus removal programs. These programs were in effect in all crop years between 1953 and 1963 except 1959. No assistance was necessary for 1964, 1965, or 1966 crops. An assistance program is in effect again this season for the 1967 potato crop. The purpose of such programs is to help correct the imbalance between supply and demand for potatoes and improve returns to producers.

Potato producers have been confronted in recent years with increased competition from other products marketed as easily prepared convenience foods. Some of these products are promoted on a national basis at industry expense. Many of these products have been developed as a result of extensive research and promotion. Potato producers have not been able to match effectively this competition because production and marketing of potatoes are performed by numerous individual farmers in every State. This has made it difficult to finance and carry out adequate research and promotion projects to maintain a competitive position in the markets.

Several potato-producing areas have State marketing orders or commissions to promote potatoes produced in their specific areas. This bill is intended to supplement these existing programs with nationally coordinated research and promotion programs. It will provide potato producers with authority to assess themselves to finance such programs. We believe they should be given an opportunity to do so.

The Department recommends the following modifications of the bill:

These citations are specifically with reference to H.R. 15030:

1. Section 9(c), page 9, line 22, the reference to " * * * section 6(f) of this Act." should be corrected to read " * * * section 8(f) of this Act."
2. In section 10(c), page 11, line 22, delete "and section 14" as this is adequately covered in section 14, page 16, beginning with line 21.

3. In section 12(b), delete the word "willfully" in two places on page 14, lines 3 and 5. "Willfully" is an undesirable term because it is extremely difficult to prove and would result in administrative complications.

We are recommending a number of other minor modifications which are outlined in full in our report on the bill. These are technical in nature and need not be repeated here.

Mr. ABERNETHY. Let me ask you a question there. As to this penalty of a jail sentence and fine of \$1,000. If he does not do it willfully, what about that?

Mr. HEDLUND. There is no jail term provided.

Mr. ABERNETHY. But the fine is in here, it is a \$1,000 fine. I do not know anywhere, except in involuntary manslaughter, where any man has been prosecuted for a criminal offense unless he had acted willfully and deliberately.

Mr. HEDLUND. If the handler refuses to pay the assessment, did he willfully or just unwillingly do so?

Mr. ABERNETHY. That is for a jury determination. Anyhow, that is your recommendation?

Mr. HEDLUND. That is our recommendation.

We believe enactment of the bill would result in a cost of \$325,000 to conduct promulgation proceedings, a referendum and related items to initiate a plan. Additionally, the department's annual cost for administration is estimated to be \$80,000.

We recommend that the bill be amended to provide that any costs to the U.S. Department of Agriculture incurred in administering any program developed pursuant to this legislation shall be financed from funds appropriated pursuant to section 32, Public Law 320, 74th Congress, as amended.

Mr. ABERNETHY. Thank you, sir.

Mr. KLEPPE. What is that last public law that you referred to?

Mr. HEDLUND. It is section 32 of Public Law 320, which is the continuing appropriation of the Congress.

Mr. ABERNETHY. I have not thoroughly studied this bill. The two-thirds vote which is required in the referendum—is that by acreage or by farmer?

Mr. HEDLUND. It is by either, farmers or production; not acreage, but production.

Mr. ABERNETHY. And when you say "production," what do you mean?

Mr. HEDLUND. By hundredweight of potatoes.

Mr. ABERNETHY. What—the production a year before?

Mr. HEDLUND. It is during the base period that is selected by the Secretary.

Mr. ABERNETHY. He would select a base period?

Mr. HEDLUND. Yes.

Mr. ABERNETHY. And there must be a two-thirds vote either by production or by farmers before this can go into effect?

Mr. HEDLUND. Yes, sir.

Mr. ABERNETHY. Any further questions?

Thank you very much.

Is Mr. Harry L. Graham in the room?

Mrs. GALLAGHER (clerk). He had to go to the Senate committee. Mr. Datt is here for the American Farm Bureau Federation.

Mr. ABERNETHY. We will be pleased to hear from you now, Mr. Datt.

STATEMENT OF JOHN C. DATT, ASSISTANT DIRECTOR, WASHINGTON OFFICE, ACCOMPANIED BY RENO WALKER, ASSISTANT LEGISLATIVE DIRECTOR, AMERICAN FARM BUREAU FEDERATION

Mr. DATT. Mr. Chairman and members of the subcommittee, my name is John C. Datt, assistant director of the Washington office, and I am accompanied by Reno Walker, assistant legislative director.

On behalf of the American Farm Bureau Federation, which represents 1,753, 532 paid-up member families in 49 States and Puerto Rico, I want to express my appreciation for the opportunity to appear before this committee with respect to the provisions of H.R. 15030.

Farm Bureau is a voluntary, nongovernmental organization wholly controlled by its members. It is financed by membership dues. It is organized to provide a means through which farmers can work together toward the goals upon which they agree.

It represents farmers from every part of the country, producers of every kind of agricultural commodity. The policy resolutions that guide Farm Bureau during the year are developed through a program featuring individual member participation and including study, discussion, and development of policy recommendations at local, county, State, and national meetings.

Farm Bureau has a long record of experience in the promotion of agricultural commodities. At our most recent annual meeting, in December 1967, the official voting delegates of the member State Farm Bureaus adopted the following resolution on this subject:

It is important that farmers promote the increased sale and consumption of farm products without duplication of effort. We support—and will continue to seek improvement of—sound, well coordinated promotion programs, including those on an industrywide basis having adequate producer representation.

We oppose any and all check-off programs for the promotion of agricultural commodities when the power of the Federal Government is used to collect funds or when the Federal Government administers, or has veto power over, the program.

Programs for the promotion of agricultural commodities which involve the check-off of funds from agricultural producers should meet the following criteria:

(1) The program must be initiated and developed only by the producers of the commodity involved.

(2) Funds collected must be used only for research, education, and promotion and not for legislative or political activities.

(3) Each producer shall have the right to refuse to pay at the first point of collection.

(4) The program must be approved or amended by two-thirds or more of the eligible producers voting in a referendum, and these must represent two-thirds or more of the production of the commodity involved.

(5) Continuation of the program after each three-year period shall require approval by two-thirds or more of the eligible producers voting in a referendum, and these must represent two-thirds or more of the production of the commodity involved.

(6) Funds collected should be administered by a producer board elected by the producers of the affected commodity.

(7) Handlers may be included on the administrative governing board when it is mutually agreed that they should be included.

(8) Provision should be made for an annual certified audit. This will provide producers and the general public with an adequate accounting of expenditures.

Producers should recognize that funds "checked off" for promotion programs are deductions from their incomes. Therefore, they should periodically review these programs to determine their effectiveness. Participating producers and their organizations should be encouraged to seek an evaluation of these programs and to recommend improvements.

This policy statement makes it clear that the Farm Bureau supports programs for the promotion of agricultural commodities. However, H.R. 15030 is contrary to this statement of policy because it provides for the use of the power of the Federal Government to collect potato promotion funds and provides that the Federal Government shall administer and have the veto power over the program.

I should like to enumerate some of the authorities which would be given to the Secretary if this legislation were enacted.

(1) The Secretary would establish a National Potato Promotion Board composed of representatives of producers selected by the Secretary from nominees made by producers in such manner as he may prescribe. In the event producers fail to nominate representatives for appointment to the Board, the Secretary would appoint producers on the basis of representation provided in the potato "plan."

(2) The Secretary could require handlers who collect the assessments to keep and produce to the Board and to the Secretary, books, records, and other information as he deemed necessary. The plans for advertising, promotion, or research and development would be submitted to the Secretary for his approval.

(3) The contracts which the National Potato Promotion Board proposed to make with any other organization would be subject to approval by the Secretary.

(4) The rate of assessment would be fixed by the Secretary, but in no event could it exceed 1 cent per 100 pounds of potatoes handled. A producer could obtain a refund of his assessment from the Board, provided (1) that the demand for the refund is made by the producer under conditions prescribed by the Board and approved by the Secretary, and (2) that the producer has proved to the satisfaction of the Board that the assessment had been paid.

(5) The Board would be required to prepare and submit to the Secretary for his approval a budget covering the various research, development, advertising, and promotion activities.

(6) The first handler of potatoes would be responsible for collecting the assessments, and the Secretary would have the authority to make such investigations as he deems necessary to determine whether handlers are carrying out their responsibility under the act.

Our only experience to date with a nationwide checkoff program for any agricultural commodity that involves the use of the power of the Federal Government to collect the funds, administer the program, or have veto power over it has been with the Cotton Research and Promotion Act of 1966.

Experience under the Cotton Research and Promotion Act makes it clear that the Federal Government becomes deeply involved in the administration of promotion programs whenever Federal power is used to collect funds for them.

We have cited the various provisions of the proposed potato promotion "plan" or "order" to make it quite clear that this is not a "potato grower promotion program." It is, in fact, a potato promotion, research, and market development program where the Federal Government collects the funds, administers the program, and has a veto power of the program. We do not believe that this type of Federal Government-controlled promotion activity is in the best long-run interest of potato producers or the potato industry.

Let me reemphasize the first part of the policy statement mentioned earlier—that Farm Bureau realizes the importance of farmers promoting the increased sale and consumption of their farm products. We support a promotion, research, and market development program for potatoes that does not involve the power of the Federal Government and is truly a "potato grower promotion program."

Currently there are potato promotion programs which do not involve the Federal Government. The United Fresh Fruit & Vegetable Association, a private organization that includes potato growers, has for a number of years carried on a successful program to promote the sale of potatoes.

Recently, the National Potato Council has started a program on a national basis to raise funds from potato growers to conduct a program of promotion, research, and market development. We believe that this approach—where potato producers decide themselves that they want to invest their money in promotion, research, and market development—is the best in the long run. It encourages potato producers to feel responsibility for their promotion program, to take an interest in it, and to be sure that they get their money's worth.

It has been indicated earlier that in the first year of this program that they collected or would collect approximately \$75,000, which we would feel is some indication of the willingness of the potato growers to participate in the program which does not contemplate the Federal Government being involved.

In addition to these nationwide efforts to promote potatoes, growers in a number of States have for many years carried on effective programs to promote the sale of the products of their own States. Farm Bureau members, who are potato producers, have a record of supporting these State potato promotion efforts.

Farm Bureau has supported the efforts of the livestock industry to carry on red meat promotion programs through the National Live Stock and Meat Board; the dairy industry through the American Dairy Association; and the poultry industry, through the Poultry and Egg National Board; as well as other similar national promotion programs that do not involve the Federal Government. One of the strengths of these promotion programs is the feeling on the part of producers who participate that these are their programs. As a result, there has been constant pressure to make sure that these promotion programs are as effective as possible.

If the Federal Government were to become involved in the collection of the funds, administer the program, and have veto power, the philosophy and the attitude that producers have had toward these national promotion programs would certainly be changed.

One of the unanswered questions in this whole bill is: "What will happen to existing nationwide potato promotion programs that do

not involve the Federal Government, and to the many State promotion programs, if a 'Federal potato promotion plan' such as provided in H.R. 15030 is enacted?"

Potato growers have evidenced their willingness to contribute a part of their incomes to the promotion of their products and will continue to do so, but they want to be sure that they get results for the money they spend.

Farm Bureau has supported, and will continue to support sound promotion and research programs for potatoes. We do not believe that the approach contained in H.R. 15030 is in the best interest of the potato industry, and we respectfully recommend that this legislation not be approved.

I would like to add one additional comment, Mr. Chairman, because there have been some efforts made here already this morning to include the various parts of the Farm Bureau organization. With the cooperative agreement that we have with the State Farm Bureaus, if they find after our annual meeting—There is a period of 60 days in which they have the opportunity to officially absent themselves from any policies that were adopted by the member-state Farm Bureaus. At the end of that 60-day period this year, we did not have any official dissent as it relates to this particular policy.

Since that period, we do have a letter from the Maine Farm Bureau indicating that one of the counties in Maine, and the Maine Farm Bureau itself, has raised a question about ability to support the Farm Bureau policy as it relates to this particular question. But that is the only letter of that kind that we have, as a part of our official records, at this time.

Thank you.

Mr. ABERNETHY. Thank you very much, Mr. Datt.

The bells have rung. We may have a few more minutes.

Do you gentlemen have any questions?

Thank you, very much, Mr. Datt, again, and your associate.

I think we have heard everyone this morning who is scheduled to be heard, excepting the National Grange. I do not want to cut Mr. Graham off, and if anyone feels that we should have the subcommittee come back here to hear him, we will do so. He can however, submit his statement and then, some day soon, the subcommittee will be recalled for the purpose of considering this measure in executive session.

Thank you all very much.

Mr. BURNS. Would it be possible for the record to remain open for a few days?

Mr. ABERNETHY. Certainly, it will remain open indefinitely, until the bill is considered to be reported out.

I would like to extend my congratulations to you gentlemen, all of you, who have come a long ways to testify and for the earnest effort you are making to put your industry on the finer foundation and a more satisfactory economic basis. I have been particularly impressed with the marketing that I have seen of potatoes in the supermarkets. There was a time, not too long ago, when you would not find this condition. Last night, I went to the Safeway, and I found on the frozen food counter all kinds of processed potatoes and, incidentally, I bought some and liked them. I am sure that this new system of marketing that has grown up in the last few years has been as the result of the efforts

of your organization, of your council and that of Mr. Burns. I like to see people put forth an effort to help themselves; and that, you are doing as a council. I want to congratulate you.

(The following statements and letters were also submitted to the subcommittee, including a supplementary statement of Doyle Burns, executive director of the National Potato Council:)

STATEMENT OF HON. GEORGE V. HANSEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IDAHO

Mr. Chairman and Members of the Committee, I appreciate this opportunity to testify in behalf of H.R. 15030, of which I am a co-sponsor. In fact, it was through my office that the proper public and potato industry officials were brought together to make possible the research and drafting of this legislation.

Mr. Chairman, I believe this is a bill which, if enacted into law, will appreciably benefit a sizeable portion of our farm community—the potato grower. It should be emphasized that this proposed Act is not a marketing order. Marketing orders regulate quality, volume, containers or other factors on a compulsory basis. There is no provision for anything except research and promotion in this Act.

Under the provisions of the proposed Act, potato growers would be assessed to support the program. Such assessment, however, could not exceed one cent per hundred-weight of potatoes sold. Before such assessment could take place, and before the provisions of the proposed Act could go into effect, a referendum of all potato growers would be held in which the plan must be approved by not less than two-thirds of the growers voting in the referendum. However, any grower, subject to this act, who has paid an assessment can get a refund of any amount he has paid.

Mr. Chairman, since most of the testimony, I am sure, will relate to the general provisions of the bill, I would like to direct my remarks primarily to Section 9 (f) of the proposed Act which states: "Providing for authority to use funds collected herein, with the approval of the Secretary, for the development and expansion of potato and potato product sales in foreign markets."

As a member of the Foreign Operations Subcommittee of the House Committee on Agriculture, I recently attended a European Market Development and Trade Seminar held in Madrid, Spain. Also attending, in addition to other subcommittee members, were agricultural attaches of United States Embassies in Europe and representatives of the Foreign Agricultural Service of the U.S. Department of Agriculture.

I broached to them the possibility of promoting processed potatoes in the countries in which they are stationed. They expressed great interest in the idea and promised their fullest cooperation.

Prior to my visit to Spain, I had been in Japan where I had met with similar officials and where I had discussed the feasibility of potato promotion in that country. Again, the response was excellent.

Section 9(f), Mr. Chairman, would provide the necessary funds for such promotions. If successful, these promotions could very well lead to the opening of vast new dollar markets for potatoes thereby not only providing income for the potato grower, but also easing our balance of payments situation.

I would like to point out that the Potato Growers of Idaho, Inc., passed a resolution last December urging that legislation such as H.R. 15030 be enacted. In addition, Idaho growers have already indicated their willingness to participate in such a campaign by voluntarily contributing about \$8,000 to a campaign conducted by the National Potato Council.

Again I wish to thank the Chairman and Committee members for the opportunity of presenting this statement, and I urge approval of H.R. 15030.

SUPPLEMENTARY STATEMENT OF DOYLE BURNS, EXECUTIVE DIRECTOR, NATIONAL POTATO COUNCIL

One of the questions frequently asked during the recent hearing on the above captioned bills pertained to the procedure involved whenever a grower wished to obtain a refund. The only principal concern of the board before granting a refund

would be that the producer who has requested the refund had paid the assessment in the first place. A producer who wishes to ask for a refund should be sure that the withholding of the assessment is properly identified on his settlement sheet with the first handler. The only other stipulation of the seeking of refunds should be the necessity of setting a deadline for requests. The board must be reasonably sure of the amount of funds it will have for promotion and refunds could not be made one, two, or three years after the assessment has been paid. The actual details of the refund procedure will be largely determined by the testimony given in an administrative hearing held on behalf of this act.

Another question asked had to do with the size of the board. This problem is explained in my testimony on the bottom of page 6, and completed on the top of page 7.

Some of the opposition testimony dealt with the frequency and undesirability of the term, "approval by the Secretary". In our opinion this should not be considered as a restriction on the board, but rather an assurance that the best interests of all producers is being protected. I would refer you to my testimony, addenda, pages 1, 2, and 3. The powers of the Secretary are spelled out in the act. He does not have powers not granted to him by the provisions of the act.

There were three basic allegations made in the testimony in opposition to this proposed legislation. They were as follows:

1. The Federal Government collects the funds.
 2. The Federal Government administers the program.
 3. The Federal Government has veto power over the program.
1. Collection of funds: This is a primary responsibility of the Potato Promotion Board. All funds are paid by the first handler directly to the board. The only time the Government would become involved in collections would be when the board requests assistance on accounts which they, the board, cannot collect through normal means. Such funds, collected through court action if necessary, would be turned over to the board as soon as they are collected.
 2. Administration of the program: The actual administration of the program is in the hands of the board. I would refer you to my testimony, addenda, pages 3, 4, and 5. The first and primary responsibility of the board is to administer the plan.
 3. Veto power over the program: There is no veto power as such within the scope of this act. The term "approval by the Secretary" is not a veto power. Such approval is only an assurance that the program is in compliance with the provisions of the act. In all cases where the approval of the Secretary is called for in this act, it specifically states the extent of the scope of that approval.

At the present time there is only one national potato promotion program in this country. The United Fresh Fruit and Vegetable Ass'n. does not have a potato promotion program. Under its "Fresh for Health" program it is doing a commendable job for all fruits and vegetables as a group with the emphasis on the fresh aspect.

The National Potato Council has recently launched a voluntary, temporary program to promote potatoes on a limited scale until such time as this legislation can be enacted. It was not undertaken as a permanent promotion effort. All projects under its program are planned in such a way that they will dovetail with the plan to be developed under H.R. 15030. They will be phased out as soon as this Act becomes law. We have explored the possibilities of voluntary programs and the history of most of them has been failure after two or three years. It might be worthwhile to note that most of the state promotions are conducted under a compulsory collection procedure with no refunds made.

Thus the answer to what will happen to the only nationwide potato promotion program we now have will be that it will be phased into the new and expanded nationwide potato promotion program which, this proposed legislation would make possible.

All of the existing state promotion programs are in complete agreement that a national promotion is necessary. Each of these groups can and will continue to promote their own specific potatoes. Competition between areas or states will be maintained. Each of them must vie for their share of any increase created by the national promotion. All such producer groups are aware of this intent and arrangement. They are ready to put out a better pack or whatever is necessary to get their share of the business. This in itself will be to the benefit of the consumer of potatoes.

May I respectfully ask that this proposed legislation be given due consideration and on the basis of the testimony given in hearing, acted upon with all possible expediency.

NATIONAL FARMERS UNION,
Washington, D.C., April 10 1968.

HON. TOM ABERNETHY,
Chairman, Research and Extension Subcommittee of the House Agriculture
Committee, Cannon House Office Building, Washington, D.C.

DEAR TOM: Mr. Karl Shisler, President, Utah-South Idaho Farmers Union, appeared before your Subcommittee on April 5, 1968 "in support of the Potato Research and Promotion Act with minor modifications."

Mr. Shisler's request that processors be assessed one-half of the cost of any promotion program fully reflects the interests of producers in the Utah-South Idaho area. Frankly, I am convinced too that processors should pay part of the cost since they too will benefit.

Your comments following Mr. Shisler's testimony very accurately summed up the situation. The processors, as you pointed out, will not join in the efforts of farmers to increase the consumption of potatoes. For this reason, and because National Farmers Union wants to lend the full support of our organization to the Potato Research and Promotion Act, *we want the record to be clear, we support the legislation.*

The failure of processors to pay a part of the cost is regrettable. We hope that their attitude will change and that they will join in with the efforts of producers at a later date.

Sincerely,

REUBEN L. JOHNSON,
Director of Legislative Services.

RED RIVER VALLEY POTATO GROWERS ASSOCIATION,
East Grand Forks, Minn., April 11, 1968.

Representative THOMAS ABERNETHY,
Chairman, Subcommittee on Research and Extension of the Agriculture Com-
mittee, Rayburn House Office Building, Washington, D.C.

DEAR CHAIRMAN ABERNETHY: The Red River Valley Potato Growers Association requests that the following information be admitted as testimony relative to H.R. 15030, now under consideration by this committee.

The Red River Valley Potato Growers Association, during the years 1965 and 1966, operated under a 100% voluntary sign up program. This necessitated the organization of local, county and district groups and committees to canvass growers for participation in the program.

Such a program has several major shortcomings. Perhaps the number one being that it is extremely difficult to get a sufficient number of capable and willing growers to completely cover the area and make contacts with all producers.

The second problem is an off-shoot of the first, that being a feeling of animosity on the part of anyone that was not contacted because he then feels that he is not important or not wanted.

Another shortcoming is the expense involved in terms of time and money. A yearly campaign requires considerable time by canvassers and also professional staff, and the expenditures of funds that could better be used for education, information, promotion and research.

Because of these problems, legislation was introduced and passed in the legislatures of North Dakota and Minnesota that established a systematic method for filing reports and making payments. This program is a combination of a 100% voluntary system and a 100% mandatory check-off. It is mandatory in the requirement that all growers must file acreage reports and pay the \$1.00 per harvested acre, whether they are participating or non-participating members. It is voluntary in the respect that any grower can indicate his desire to be a non-participant and can receive a 100% refund of the fee that he has paid.

This program has had good acceptance by the growers and participation in the program during its first year of operation will represent over 80% of the harvested acreage. Some misunderstanding has occurred, but this is probably inevitable when a new program is initiated.

The Board of Directors of the Red River Valley Potato Growers Association, are pleased with the program and feel that participation will increase in the future. They like the fact under a program such as this, the Association must do good work in accomplishing the objectives of the organization, or growers

will request a refund of their acreage fees paid. This, in effect, retains control of the program in the grower's hands.

Based on this very limited experience, it is the opinion of the Board of Directors that H.R. 15030 would operate in a very similar way and the refund provision will provide producers with control of the program. If, at any time, it does not accomplish its objectives, they have the power to cancel the program through the refund privilege.

For these reasons, the Directors of the Red River Valley Potato Growers Association, representing that organization, recommend that your committee give this legislation favorable consideration and recommend its passage by the United States House of Representatives.

Sincerely yours,

MARTIN KASPERSON, *Executive Secretary.*

NATIONAL GRANGE,
Washington, D.C., April 11, 1968.

Hon. W. R. POAGE,
*Chairman, Committee on Agriculture,
House of Representatives, Washington, D.C.*

DEAR CHAIRMAN POAGE: The National Grange has a longstanding history of support for promotional programs agreed upon by the various commodity groups. We have, therefore, supported the promotional efforts that have been made in meat, dairy products, cotton, and other groups.

We would like to extend this support at this time to the legislation concerning the promotional program which has been proposed for the potato industry. We believe that it is a healthy situation when the producers of a commodity are permitted to join together in a unified and unanimous effort to promote their product in the market.

This is especially true in potatoes at the present time because of the widespread belief that has been so frequently stated that potatoes are not a desirable part of the diet, particularly for those who suffer from the problem of overweight. There are obvious answers to this, which the public does not know and which the industry should have the right to disseminate through the various media so that people may understand that the lowly Irish potato is not really as lowly as it might be.

The potato has had a long and rich history of making a major contribution to the feeding of hungry people, both in the Emerald Isle and in other parts of the world. In the midst of the pressure for more exotic food and the turning to animal proteins, we would be very much disturbed if the potato were relegated to the area of the undesirables and that this great source of human energy should be denied to all people, and especially to those who are in the lower income brackets.

We are also concerned that this could be an effort to improve the quality of the potatoes that are sold. Certainly something needs to be done in this area and, once the promotional program begins, I think it is almost axiomatic that it will expand to include quality control and thus upgrade the potatoes that are on the market.

There is also a very great need for the elimination of some varieties of potatoes which are not of good cooking quality, and the proper identification of those potatoes that do have qualities which the housewife desires and which are most acceptable in the market. I, personally, am disturbed at the frequency with which we buy potatoes that have dark layers in them, thereby necessitating an unusually large amount of the potato being lost in the peeling process. The way the potatoes are handled after they leave the farm, whereby they are mixed in with dissimilar varieties and all sold as a particular variety, is a problem which needs to be attacked.

I am not naive enough to assume that this potato promotion bill will solve all these problems, but I do believe that it is a responsible step forward toward the solution of the problem of misinformation concerning the dietary value of potatoes and, eventually and hopefully fairly soon, the beginning of answers to some of the other problems which have afflicted the industry and which also must be solved along with this problem of promotion.

Therefore, Mr. Chairman, we urge you and your distinguished Committee to give favorable action to this bill.

At the same time, if it is the will of the Committee to write general enabling legislation to permit other commodities to use the basic legislation for permission to conduct referendums on programs which have already been cleared through the regular hearing process, then the Grange would be pleased to support this kind of overall legislation to enable these promotional programs without becoming involved in the details of the various programs as they might be proposed for the various commodities. We believe that the details are properly in the field of administration and not necessarily in the field of legislation.

Respectfully yours,

HARRY L. GRAHAM, *Legislative Representative.*

POTATO GROWERS ASSOCIATION
OF CALIFORNIA, INC.,
Bakersfield, Calif., April 15, 1968.

Congressman THOMAS G. ABERNETHY,
Chairman, Subcommittee on Research and Extension of the Committee on Agriculture, Longworth Building, Washington, D.C.

DEAR CONGRESSMAN ABERNETHY: This is to advise that the proposed legislation concerning a National Potato Research and Promotion Act—a self-help program—introduced as HR-15197 by Congressman Robert B. Mathias of California, and heard before your committee on April 4, 1968, has the unanimous support of this Association.

Sincerely yours,

FRANCIS P. PUSATERI, *Executive Manager.*

NATIONAL COUNCIL OF FARMER COOPERATIVES,
Washington, D.C., April 17, 1968.

HON. W. R. POAGE,
*Chairman, Committee on Agriculture,
U.S. House of Representatives, Washington, D.C.*

DEAR MR. POAGE; On behalf of our member cooperatives who market potatoes for farmers in many areas of the United States, we urge your support for enabling legislation toward the establishment of a potato research and promotion program, as proposed by HR 15030 and other identical bills.

HR 15030 would provide an opportunity for potato farmers to act on an industry-wide, unified basis to plan and carry out more effective research and marketing programs. Just as the programs under the Marketing Agreement Act of 1937, these would be truly self-help efforts, planned and administered by producer representatives comprising a National Potato Promotion Board. The Secretary of Agriculture would provide supporting administrative functions, and would enforce provisions of the plan established by the Board.

This approach would enable producers to work together to present their product to the consuming public in its best light, and also would set up a system whereby producers learn more about what qualities or features the housewife is looking for when she buys potatoes or potato products. All this would contribute not only to stronger and broader markets for potatoes, but also to such improvements as better grading, packaging or other marketing and merchandising practices which bring about more orderly marketing to the benefit of consumers and the trade, as well as to producers.

I would appreciate it if this letter is included as a part of your committee record of hearings on HR 15030.

Sincerely yours,

ROBERT N. HAMPTON,
Director of Marketing and International Trade.

Mr. ABERNETHY. If there is nothing further, the subcommittee will stand adjourned.

(Whereupon, at 12 noon the subcommittee adjourned.)

