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# POTATO RESEARCH AND PROMOTION ACT

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## HEARING

BEFORE THE

### SUBCOMMITTEE ON AGRICULTURAL PRODUCTION, MARKETING, AND STABILIZATION OF PRICES

OF THE

### COMMITTEE ON AGRICULTURE AND FORESTRY UNITED STATES SENATE

NINETIETH CONGRESS

SECOND SESSION

ON

## S. 2862

A BILL TO ENABLE POTATO GROWERS TO FINANCE 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

SEPTEMBER 11, 1968

Printed for the use of the Committee on Agriculture and Forestry



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(II)

## CONTENTS

Statement of—

	Page
Anderson, Merle, Red River Valley Potato Growers Association, Climax, Minn.....	38
Barkley, Owen L., general manager, Pennsylvania Co-operative Potato Growers, Harrisburg, Pa.....	57
Barnes, George H., Maine Potato Council, Presque Isle, Maine.....	42
Bryant, Harold E., executive vice president, Maine Potato Council, Presque Isle, Maine.....	48
Burns, Doyle, executive director, National Potato Council.....	36
Clark, David R., steering committee, National Potato Council, Grandview, Wash.....	58
Datt, John C., assistant director, Washington office, American Farm Bureau Federation.....	25
David, Joffre C., secretary-treasurer, Florida Fruit & Vegetable Association, Orlando, Fla.....	44
Drake, Carol M., manager, Colorado Potato Administrative Committee, Greeley, Colo.....	40
Espelin, Dalyle, executive secretary, Potato Growers of Idaho, Blackfoot, Idaho.....	41
Hagen, Cliff, executive secretary, Red River Valley Potato Growers Association, East Grand Forks, Minn.....	39
Hales, Howard A., secretary, National Potato Council, Pasco, Wash.....	57
Hampton, Robert N., director of marketing and international trade, National Council of Farmer Cooperatives.....	80
Hansen, Hon. George V., Representative in Congress from the second Congressional District of Idaho.....	80
Hedlund, Floyd F., Director, Fruit and Vegetable Division, Consumer and Marketing Service, U.S. Department of Agriculture.....	10
Hirai, Oregon Potato Commission, Nyssa, Oreg.....	56
Hulse, Jay A., Wading River, N. Y.....	37
Jablonski, Ted, vice president, National Potato Council, Phoenix, Ariz.....	82
James, Vernon G., steering committee, National Potato Council, Elizabeth City, N. C.....	50
Johnston, Don M., steering committee, National Potato Council, Bakersfield, Calif.....	50
Jones, Robert H., Bath, Pa.....	83
Larsen, Alan F., president, National Potato Growers, Blackfoot, Idaho.....	44, 75
Lewis, William C., executive assistant to Senator Smith.....	9
Lynn, John C., legislative director, American Farm Bureau Federation.....	25
Mathias, Hon. Robert B. (Bob), Representative in Congress from the 18th Congressional District of California.....	8
Mercker, Albert E., executive secretary, Vegetable Growers Association of America.....	78
Mooers, John, president, Maine Potato Council, Houlton, Maine.....	47
Newsom, Herschel D., master, National Grange.....	81
Parr, Clarence Alan, president, Potato Growers of Idaho, Burley, Idaho.....	46
Paul, James D., steering committee, National Potato Council, Shafter, Calif.....	53
Penzien, Joa, Mount Clemens, Mich.....	43
Pusateri, Francis P., executive manager, Potato Growers Association of California, Bakersfield, Calif.....	82
Sawyer, T. C., Jr., Belcross, N. C.....	39
Seymour, Joe, president, North Carolina Potato Association, Raleigh, N. C.....	38
Shisler, Karl, president, Utah-South Idaho Farmers Union, Salt Lake City, Utah.....	81

## Statement of—Continued

	Page
Smith, Hon. Margaret Chase, a U.S. Senator from the State of Maine.....	10
Smith, Stewart, steering committee, National Potato Council, Exeter, Maine.....	48
Stastny, Edwin, Malin, Oreg.....	37
Williams, Richard V., chairman, District 111, Potato Growers of Idaho, Pingree, Idaho.....	41
Wright, Headlee, manager, San Luis Valley Potato Administrative Committee, Monte Vista, Colo.....	55
Young, Darwin, chairman, County Commissioners of Bingham County, Moreland, Idaho.....	40
Miscellaneous documents:	
S. 2862, 90th Congress.....	1
Report from Department of Agriculture.....	6
Potato production by size of farms.....	15
Refunds requested under cotton promotion program.....	15
Petition signed by North Dakota and Minnesota potato growers.....	40
Potato production and utilization.....	79

# POTATO RESEARCH AND PROMOTION ACT

WEDNESDAY, SEPTEMBER 11, 1968

U.S. SENATE,  
SUBCOMMITTEE ON AGRICULTURAL PRODUCTION,  
MARKETING AND STABILIZATION OF PRICES  
OF THE COMMITTEE ON AGRICULTURE AND FORESTRY,  
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:10 a.m., in room 324, Old Senate Office Building, Senator Spessard L. Holland (chairman) presiding.

Present: Senators Holland, Young of North Dakota, and Miller.

Senator HOLLAND. The subcommittee will please come to order.

The subcommittee is holding hearings today on S. 2862 to authorize a research and promotion program for potatoes, much like that provided for cotton by the Cotton Research and Production Act approved in 1966. The program would be financed through assessments of not more than 1 cent per hundred pounds of potatoes collected from producers by handlers. Any producer who did not desire to support the program could obtain a refund of his assessments.

The program would go into effect only if the Secretary of Agriculture, after due notice and opportunity for hearing, found that a proposed order establishing the program would tend to effectuate the policy of the act and was approved by at least two-thirds in number or volume of the producers voting in the referendum.

A copy of the bill and a copy of the report of the Department of Agriculture recommending enactment with amendments will be inserted in the record at this point.

(S. 2862 and the Department report, dated June 21, 1968, follow:)

(S. 2862, 90th Cong., 2d 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, That this Act may be cited as the Potato Research and Promotion Act.*

## 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 position 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 hearings, 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 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 6(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 years' 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 shall 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 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 provision 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 SUBPENA

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 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 whereof 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.

#### 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.

#### SEPARABILITY

SEC. 16. 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. 17. 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.

DEPARTMENT OF AGRICULTURE,  
Washington, D.C., June 21, 1968.

HON. ALLEN J. ELLENDER,  
Chairman, Committee on Agriculture and Forestry,  
U.S. Senate.

Dear MR. CHAIRMAN: This is in reply to your request of January 24, 1968, for a report on S. 2862. 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 hundredweight. Handlers are responsible for payment of the assessments, and they shall 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 the bill:

(1) In Section 6, page 5, lines 9 and 10, delete "or modifications", as being unnecessary and confusing in as much 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.

(2) 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 has the express responsibility to recommend to the Secretary amendments to such plan.

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

(4) 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.

(5) 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.

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

(7) Subsection 10(a), page 10, line 23, substitute the word "may" for the word "shall" to permit handlers to absorb the assessments if they do not wish to pass them on to the producers.

(8) Subsection 10(c), page 11, line 22, delete "and section 14". As written, this section does not adequately provide for reporting the results of a referendum. This can be provided for in the Section on referendum procedure by the addition to the end of Section 14 (page 16, line 18) the following sentence: "The ballots or other information or reports which 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."

(9) Subsection 12(b), page 14, lines 1 and 3, delete the word "willfully" in two places. "Willfully" is an undesirable term because it is difficult to prove and would result in administrative difficulties.

(10) An additional section should be added to the bill to read: "The provisions of this act applicable to plans shall be applicable to amendments to plans." The addition of this section will provide for amendment procedure on "Plans" issued pursuant to this bill.

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.

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

Sincerely yours,

/s/ ORVILLE L. FREEMAN.

Senator HOLLAND. I have a list of witnesses here, headed by Representative Robert B. Mathias, of California. We will hear you first.

**STATEMENT OF HON. ROBERT B. (BOB) MATHIAS, REPRESENTATIVE IN CONGRESS FROM THE 18TH CONGRESSIONAL DISTRICT OF CALIFORNIA**

Mr. MATHIAS. Mr. Chairman and members of the subcommittee, it is a pleasure for me to be here. I know that we are very limited for time this morning, and I would like to say that I wholeheartedly support the potato promotion bill. It will be a fine thing, I know, for our California potato growers and, also, the other States that grow potatoes.

So I do support the bill very much.

At this time I would like to submit into the record a statement.

Senator HOLLAND. We will be very glad to have the statement included in full in the record. It will appear at this point.

Thank you very much.

Mr. MATHIAS. Thank you, Mr. Chairman.

(The prepared statement of Representative Mathias is as follows:)

Mr. Chairman, it is an honor to appear in support of Senator Margaret Chase Smith's bill to establish a nationally coordinated research and promotion program for potatoes. I am the sponsor of similar legislation on the House side. The potato promotion bill is truly a national piece of legislation with national support. The best way I can demonstrate its importance is by describing the position of the potato grower in our agricultural economy.

The value of the national potato crop over the past few years has ranged from \$436 million to \$265 million. The size of the crop has ranged from 241 million to 306 million hundredweight and the average price per hundredweight has been as low as \$1.78 and as high as \$2.50. 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% 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%.

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 Mrs. Smith and 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 market place 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.

Senator HOLLAND. The next witness is Mr. William C. Lewis, Jr., executive assistant to Senator Smith.

Do you wish to have the statement inserted in the record?

#### STATEMENT OF WILLIAM C. LEWIS, JR., EXECUTIVE ASSISTANT TO SENATOR SMITH

Mr. LEWIS. Yes, Senator. Senator Smith regrets very much that she is in the hospital and that she is not able to be here today for the hearing. She wants to express her appreciation to you for holding the hearing and her hopes that there will be favorable action on the bill, and the further hope that it will be amended in conformity with the form in which it has passed already the House Agriculture Committee, to facilitate final action on the bill.

Senator HOLLAND. Thank you. I ask that there be inserted in the record a letter dated September 10, from Senator Smith to me on this subject.

(The letter follows:)

U.S. SENATE,  
Washington, D.C., September 10, 1968.

HON. SPESSARD L. HOLLAND,  
Chairman, Subcommittee No. 3,  
Committee on Agriculture,  
U.S. Senate, Washington, D.C.

MY DEAR MR. CHAIRMAN: As you know, I am presently in the hospital and consequently unable to testify in behalf of my bill, S. 2862.

I would like to express my personal appreciation to you and members of the subcommittee for holding the hearing on this bill.

I would also like to request that you report the bill favorably with amendments that make it the same as a similar bill earlier approved and reported out by the House Agriculture Committee.

I make this request in the interest of expediting action on this legislation and in the hope that should the Senate pass this bill before the House acts on the bill now before the House Rules Committee, it will be in the form already approved by the House Agriculture Committee. This might eliminate the necessity of a conference on the bill.

Sincerely yours,

MARGARET CHASE SMITH,  
U.S. Senator.

Senator HOLLAND. Our next witness is Mr. Floyd F. Hedlund, Director of the Fruit and Vegetable Division, Consumer and Marketing Service, USDA. We will be glad to hear from you now.

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

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

S. 2862 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 S. 2862 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 a 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 shall collect the assessment from the producer or deduct the amount from the proceeds due the producer. 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 furnished 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. 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 to \$765 million; averaging \$482 million. The acreage devoted to potatoes 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 75 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 1967 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 the 1964, 1965, or 1966 crops. An assistance program was in effect again this past winter and spring for the 1967 potato crop. The purpose of such programs was 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:

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

(2) Subsection 10(a), page 10, line 23, substitute the word "may" for the word "shall" to permit handlers to absorb the assessments if they do not wish to pass them on to the producers.

(3) Subsection 10(c), page 11, line 22, delete "and section 14". As written, this section does not adequately provide for reporting the results of a referendum. This can be provided for in the section on referendum procedure by the addition to the end of section 14 (page 16, line 18) the following sentence: "The ballots or other information or reports which 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."

(4) Subsection 12(b), page 14, lines 1 and 3, delete the word "willfully" in two places. "Willfully" is an undesirable term because it is difficult to prove and would result in administrative difficulties.

(5) An additional section should be added to the bill to read: "The provisions of this act applicable to plans shall be applicable to amendments to plans." The addition of this section will provide for amendment procedure on "plans" issued pursuant to this bill.

We are recommending a number of other minor modifications which are outlined in full in our June 21, 1968, report on the bill. These are technical in nature and need not be repeated here.

We believe the 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.

Senator HOLLAND. Thank you, sir. I have one or two questions. You state that the Board members serve without compensation. What about the expense of their travel and other expenses in connection with their going to meetings?

Mr. HEDLUND. Mr. Chairman, the expenses and out-of-pocket costs in going to meetings would, normally, be allowed. This means that they would not be permitted any salary or any pay in connection with their service.

Senator HOLLAND. I note that this would apply to all of the mainland States but not to Hawaii and Alaska. Is that because no potatoes are produced in those two States that come to the mainland?

Mr. HEDLUND. That is true. There are no potatoes from Hawaii or Alaska coming to the mainland. Also, potatoes are a very unimportant crop in those two States, as related to total potato production. And furthermore, it would be very complicated administratively to include those States.

Senator HOLLAND. I notice that you say that processed potatoes, as well as those marketed in fresh form, are included; and then, continuing, you state that potatoes marketed in nonfood uses would be covered, unless especially exempted by the plan. There are some potatoes, as I understand, still used for nonfood purposes, such as for the production of starch and the production of beverages of one kind or another. Am I correct in that understanding?

Mr. HEDLUND. Yes, sir, you are, Mr. Chairman. A substantial quantity is used for starch. I think the amount used for beverages is very, very small. I think that one of the big items that is in question in this instance is what would be done with respect to seed potatoes.

Senator HOLLAND. What would be the recommendation of the Department with reference to the inclusion or the exclusion of seed potatoes?

Mr. HEDLUND. We have made no recommendations on that. Seed potatoes are sometimes grown on the farm, and they are sometimes purchased elsewhere. I believe that about two-thirds are purchased from off the farm; and one-third are produced on the farm.

It seems to us that if you are going to cover the potatoes that are grown for seed right on an individual farm, it would be extremely difficult to collect an assessment on that quantity—you would never know how much it was or what happened to it. And this is an item, I think, that is going to have to be covered in detail at any public hearing that is called on this, on any such proposal.

Senator HOLLAND. In other words, this is a matter to be included or excluded from the proposed marketing agreement and order, and to be decided upon the basis of the hearings held upon that order?

Mr. HEDLUND. Very definitely.

Senator HOLLAND. The next question is with reference to volume produced by the 16,990 growers who you say produce 5 acres or more of potatoes, according to the 1964 Agricultural Census. What is the total volume produced by those larger growers, as compared with the total volume produced in the 48 States?

Mr. HEDLUND. Senator, I do not know the exact figures; but a very, very small part of the potato crop is produced by other than a few thousand large producers. I believe that the 6,600 largest producers produce in excess of 90 percent of the crop.

Senator HOLLAND. Would you supply the exact figures for the record—they must be in the possession of your Department—will you supply that for the record at this point?

Mr. HEDLUND. Yes, sir. I will provide the exact figures.

(The information follows:)

U.S. DEPARTMENT OF AGRICULTURE,  
CONSUMER AND MARKETING SERVICE,  
*Washington, D.C., September 13, 1968.*

MR. JAMES M. KENDALL,  
*Assistant Chief Clerk,  
Committee on Agriculture and Forestry,  
U.S. Senate.*

DEAR MR. KENDALL: During the course of the hearing before the Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices on S. 2862, the Chairman requested that we provide information concerning the quantity of potatoes produced by potato growers with five or more acres of potatoes. This appears on page 15 of the draft copy of the record.

According to the 1964 Census of Agriculture, United States Bureau of the Census, there were 310,008 farms reported growing potatoes in that year. These farms produced 221,874,000 hundredweight of potatoes. Of the total number of potato farms, 16,990 reported growing five or more acres of potatoes. These farms produced 217,228,000 hundredweight of potatoes. These data indicate that 5.5 percent of the potato farms produced 97.9 percent of the potatoes in 1964. There is enclosed a tabulation which sets forth the acreage and production of potato farms in the various size categories.

Later in the hearing, the Chairman requested the Department to furnish information on the number and amount of refunds requested in the first year of operation of the cotton research and promotion program. The Director of the Cotton Division, Consumer and Marketing Service, has advised that through September 6, 1968, for the 1967 cotton crop 2,756 cotton producers had requested refunds totaling \$217,323. The refunds are equivalent to 3.08 percent of the total funds collected.

Sincerely yours,

FLOYD F. HEDLUND,  
*Director, Fruit and Vegetable Division.*

POTATOES, UNITED STATES—NUMBER OF FARMS, ACREAGE, AND PRODUCTION, WITH PERCENTAGE COMPARISONS; CENSUSES OF 1954, 1959, AND 1964 CROPS

Acre(s):	Farms reporting						Acres harvested <sup>1</sup>						Quantity harvested (1,000 cwt.)					
	1954 <sup>2</sup>		1959		1964		1954 <sup>2</sup>		1959		1964		1954 <sup>2</sup>		1959		1964	
	Number of farms	Percent of total farms reporting	Number of farms	Percent of total farms reporting	Number of farms	Percent of total farms reporting	Number of farms	Percent of total farms reporting	Number of farms	Percent of total farms reporting	Number of farms	Percent of total farms reporting	Number of farms	Percent of total farms reporting	Number of farms	Percent of total farms reporting	Number of farms	Percent of total farms reporting
Potato acreage per farm																		
Under 1	1,347,894	635,383	281,890	64,514	38,232	12,987	5,625	2,472										
1 to 1.9	36,307	17,419	6,895	38,032	18,378	7,438	1,104	674										
2 to 2.9	8,436	4,119	2,246	17,696	8,492	4,673	1,748	903										
3 to 4.9	6,755	3,578	1,987	23,495	12,278	6,870	4,418	357										
5 to 9.9	8,400	4,366	2,344	55,614	28,843	15,431	7,706	2,278										
10 to 24.9	12,359	7,668	4,289	188,801	120,746	68,027	31,994	11,569										
25 to 49.9	6,805	5,828	3,835	229,877	205,765	133,390	40,224	24,352										
50 or more	5,510	6,492	6,522	592,883	767,697	925,102	107,982	179,042										
Total	1,432,466	684,853	310,008	1,210,872	1,200,431	1,173,918	204,113	224,140										
Potato acreage per farm																		
Under 1	94.0	92.8	91.0	5.3	3.2	1.1	2.5	1.1										
1 to 1.9	2.5	2.5	2.2	3.1	1.5	.6	.5	.3										
2 to 2.9	.6	.6	.7	1.5	.7	.4	.3	.4										
3 to 4.9	.5	.5	.6	1.9	1.0	.6	.6	.4										
5 to 9.9	.9	.7	.8	4.6	2.4	1.3	2.0	1.0										
10 to 24.9	.9	1.1	1.4	15.6	10.1	5.8	10.0	5.1										
25 to 49.9	.5	.9	1.2	19.0	17.1	11.4	17.9	11.1										
50 or more	.4	.9	2.1	49.0	64.0	78.8	66.2	80.7										

<sup>1</sup> Does not include acreage on farms with less than 10 hundredweight or 10 barrels (1,650 pounds) in Maine harvested in 1964, and 20 bushels (1,200 pounds) in 1959 and 1954.

<sup>2</sup> Does not include Hawaii and Alaska.

Note.—Data may not tally to total due to rounding.  
Source: 1954, 1959, and 1964 Censuses of Agriculture, U.S. Bureau of the Census.

Senator HOLLAND. Very well. Your statement now is that the smaller number than the 16,990 produce more than 90 percent of the commercial crop?

Mr. HEDLUND. I believe that is correct.

Senator HOLLAND. My next question is this, as to the referendum, do all producers participate, or only those producers producing 5 acres or more of potatoes?

Mr. HEDLUND. Only those producers that would be covered by the plan which would be those growing 5 acres or more of potatoes.

Senator HOLLAND. The testimony does not so show.

Mr. HEDLUND. If it does not so show, I think that it should be stated that the referendum—the people voting in the referendum, in my opinion, would cover only those who are covered by the plan.

Senator HOLLAND. Your paragraph on this subject is near the bottom of page 3 of your statement and I fail to find in there anything indicative of the fact that the referendum would be participated in and could be participated in only by the producers of 5 acres or more. Do you find anything there that so indicates?

Mr. HEDLUND. No, sir; I do not think I said exactly that.

Senator HOLLAND. That is what you mean?

Mr. HEDLUND. That is what I mean.

Senator HOLLAND. All right.

I note in your first complete paragraph on page 4 the statement that any person subject to the 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. And, also, continuing, to provide for a hearing and a review of the ruling on the hearing by the United States district court.

At which stage would this right accrue to the person subject to the plan—would it be while the program was in process of being subjected to referendum and final action by the Secretary, or would it be at any time during the operation of the plan?

Mr. HEDLUND. I think that it could be at any time during the operation of the plan. I do not think that it would be while you were in the process of initiating it.

Senator HOLLAND. In other words, what you mean there is that not only during the time that you have the initiation of the plan, but any time during its operation, any person covered by the plan would have the right of petition as is covered by your testimony, and subject to ruling by the Secretary and the right of appeal upon that ruling to the courts?

Mr. HEDLUND. Yes, Mr. Chairman; but I do not think that you could have anything to petition about until the plan was actually in effect.

Senator HOLLAND. Well, I doubt if that would be the case, because a grower might be producing, for instance, only for by-product use, or might be producing only for some special use and might feel that his type of potato produced by him was in special category, and that would be the intent for gaining exemption before the plan was ever made effective—that would be his intent and there is nothing to prevent his petitioning while the plan is being considered, is there?

Mr. HEDLUND. I suppose that there would be nothing to prevent it, Mr. Chairman, but at the time that the promulgation proceedings are

going on he has an opportunity to appear at the hearing—he has an opportunity to file a brief—he has an opportunity to submit exceptions to the recommended decision. So there are a number of remedies that he could pursue prior to the time of petitioning, but I suppose that in the final analysis he has the right of petition at any time.

Senator HOLLAND. Is there any region that producers of potatoes are in favor of this, to which other regions are opposing this marketing agreement?

Mr. HEDLUND. None that I know of.

Senator HOLLAND. You understand, of course, that potatoes produced in various regions have differing qualities?

Mr. HEDLUND. They certainly do.

Senator HOLLAND. And there have been times in the past, as I recall, when some of the regions very strongly objected to being covered by any national plan. That situation, you say, does not exist now?

Mr. HEDLUND. Well, Mr. Chairman, I do not think it does. I am quite familiar with the fact that potato people across the country do not ordinarily agree on things. I am going on what happened at the hearings in the other chamber, in which there was no opposition presented at that time to the proposal when it was heard there. I have heard of no opposition to it, but, of course, there may be some that we are not familiar with.

Senator HOLLAND. In other words, you keep your fingers crossed until after the hearing, is that it?

Mr. HEDLUND. Well, I have found in programs of this kind that there are always differences of opinion. And, certainly, everyone should have their opportunity in any program of this nature to be heard.

Senator HOLLAND. I note that you propose that certain of the costs which will accrue to the Department should be covered by appropriations out of section 32 funds. This is in accord with the policy relating to other marketing agreements, is it not?

Mr. HEDLUND. Yes, sir.

Senator HOLLAND. You say that some of the competitive products are promoted on a national basis at industry expense, but you do not name the products. What are they?

Mr. HEDLUND. The one that has been feuding with the potato industry and advertising concerning the merits of their product, as well as the characteristics of potatoes, is the rice industry.

Senator HOLLAND. Do you mean that the rice people contend that they do not add to the weight of the consumers, whereas they say that the potato consumers are increasing in weight? [Laughter.]

Mr. HEDLUND. I would rather not conclude on that.

Senator HOLLAND. I do not want you to conclude—I just want the record to reflect where the competition is, because you state that, "Some of these products are promoted on a national basis at industry expense." Do I understand that this is true as to rice?

Mr. HEDLUND. That is true as to rice, it is my understanding.

Senator HOLLAND. What other commodities, if any?

Mr. HEDLUND. Others have been mentioned, such as macaroni, spaghetti products—that type of product.

Senator HOLLAND. In other words, not produced from the soil, but processed from certain grain products?

Mr. HEDLUND. Yes.

Senator HOLLAND. Are competitive?

Mr. HEDLUND. Yes, sir.

Senator HOLLAND. And are they advertising and using sales promotion and other things that would be allowable to the potato industry under this agreement by industry money raised industrywide?

Mr. HEDLUND. I am not positive about how much of it is raised industrywide. On rice, I believe that is the case.

Senator HOLLAND. Are there other competing commodities financed, as you say, on a national basis at the industry expense?

Mr. HEDLUND. No; I think that is about all that I am familiar with.

Senator HOLLAND. You say that several potato-producing areas have State marketing orders or commissions to promote potatoes produced in their States. Will you state for the record and get for the record a list of those States and whether or not they have used their State marketing laws to produce marketing orders for potatoes?

Mr. HEDLUND. Well, a number of States have such programs, including the State of Maine, the State of Idaho, the State of Oregon, the State of Washington, and I believe advertising and promotion is being done in California. A number of these States have State laws that assess a tax, actually, to raise funds for promotion. Most of those people are present here today and can, probably, describe what they are doing under those programs.

Senator HOLLAND. Do the amendments that you suggest from the Department cover the same ground as the amendments that are made in the House, in the House bill?

Mr. HEDLUND. Yes, sir; they are the same.

Senator HOLLAND. Is there any variance at all?

Mr. HEDLUND. There is a little variance, because the two bills are not precisely the same.

Senator HOLLAND. This additional section which you suggest might be added; namely, "The provisions of this act applicable to the plan shall be applicable to amendments to the plan"—was that inserted in the House bill?

Mr. HEDLUND. I believe that was inserted in the House bill, yes.

Senator HOLLAND. I have no further questions. Senator Young and Senator Miller, we will be glad to hear from either of you on any questions that you may have.

Senator YOUNG of North Dakota. Unfortunately, I came in late, because I had other committee work. Do you know of any area in the United States that is opposed to this bill?

Mr. HEDLUND. I do not know of any areas, Senator Young. And no one opposed the proposal when it was up for hearing in the House. There may be opposition, but I am not familiar with it.

Senator YOUNG of North Dakota. Will this work much the same as the promotional programs for increased sale and use of wool and wheat?

Mr. HEDLUND. Well, I think it will work, generally, in that fashion, simply to collect an assessment and a committee to promote the product in the way that they think is best for their industry.

Senator YOUNG of North Dakota. Would each potato-producing area operate separately from the others?

Mr. HEDLUND. No, no. This is proposed to be one coordinated plan nationwide for the 48 contiguous States of the United States.

Senator YOUNG of North Dakota. This would be aimed at promoting the sale of all potatoes of varying qualities and types?

Mr. HEDLUND. Exactly.

Senator YOUNG of North Dakota. Would you not run into some problems in that some areas think that they have better potatoes than other areas? I know some areas now have their own promotion programs.

Mr. HEDLUND. Well, I suppose that there will be different points of view, just like as I outlined earlier. You have some States now that are advertising their own potatoes, and they all advertise them, perhaps, a little differently: they all think they have the best product. But this bill proposed a nationwide program to promote potatoes as such.

Senator YOUNG of North Dakota. Who would handle that?

Mr. HEDLUND. It would be handled by a board nominated by the potato growers and selected by the Secretary of Agriculture.

Senator YOUNG of North Dakota. Would a State or the local potato-producing area provide any matching funds?

Mr. HEDLUND. No, sir; the funds would all come from an assessment on the potatoes handled. Each hundredweight of potatoes entering commercial channels of trade would be assessed at not to exceed 1 cent per hundredweight, and this would be the sole source of funds for the operation of the program.

Senator YOUNG of North Dakota. The same assessment would apply for every producing area?

Mr. HEDLUND. The same assessment across the board.

Senator YOUNG of North Dakota. Would this be compulsory?

Mr. HEDLUND. Compulsory. Except that any producer could request a refund.

Senator YOUNG of North Dakota. It would be instated only after a referendum?

Mr. HEDLUND. After a referendum.

Senator YOUNG of North Dakota. Thank you. That is all, Mr. Chairman.

Senator HOLLAND. Is there any precedent for any nationwide agreement on perishable crops like this is?

Mr. HEDLUND. We have none up to the present time of a nationwide program such as this, no. Not on a perishable crop.

Senator HOLLAND. I understand that a nationwide program is permissible under the existing law, but I know of none applicable, because of great differences in production in various areas. This would be a new adventure, a new effort to show the usefulness of the Marketing Agreement and Order Act, would it not?

Mr. HEDLUND. Well, sir, this is a separate piece of legislation. This does not amend the Agricultural Marketing Agreement Act. This is entirely separate. And it does not have in it the provision that is contained in the Agricultural Marketing Agreement Act, to the effect that any program must be confined to the smallest regional production area practicable. That provision has always raised questions as to the national application.

Senator HOLLAND. This act, of course, then becomes supplemental to the general act on this subject?

Mr. HEDLUND. Yes, supplemental, in addition to what is now available.

Senator HOLLAND. Who would collect the contribution made on the hundredweight basis?

Mr. HEDLUND. Well, it would be the job of this Board that is established, composed of producers and nominated by the producers and selected by the Secretary—it would be their task to collect the assessments. Now if you come to the time that they cannot be collected and you have to take legal action, then it is up to the Department of Agriculture, through the Department of Justice, to take the action.

Senator HOLLAND. As I recall the Cotton Act, and you stated in the beginning that this was somewhat similar to the Cotton Act—it provides that the first handler—what amounts to the first handler—shall make the collection and remit it. There was not any such provision as that in this bill.

Mr. HEDLUND. Yes, there is—the first handler is the person who is responsible for paying the money to the Board.

Senator HOLLAND. Who is the first handler?

Mr. HEDLUND. The first handler is normally the man who enters the commodity into the commercial channels of trade. He purchases or acquires the potatoes from the producers and he is required to make the payment. He is required, also, to deduct the amount from the payment to the producer so that the Board would look to him to be the person who would pay into the fund.

Senator HOLLAND. That means, of course, that the person who purchases from the producer would be the first handler. Is there any practice in the industry of direct shipment from the producer of size to the market as, for instance, to auction?

Mr. HEDLUND. Yes—there is a great deal—not to auction, but there is a great deal of handling directly by the producer in commercial channels, and when that happens that producer then is the handler.

Senator HOLLAND. Is that made clear by this bill?

Mr. HEDLUND. That is not entirely covered here, but that has to come out in the hearing as to exactly who this person is, but he would be the handler due to the fact that he enters the product in the commercial channels of trade.

Senator HOLLAND. There is a sizable factor of that sort from the producer direct to the sizable market?

Mr. HEDLUND. Yes, there is a substantial traffic of that sort.

Senator HOLLAND. Thank you.

Senator MILLER, any questions?

Senator MILLER. Thank you, Mr. Chairman. Are there any States which have assessments on the producers now?

Mr. HEDLUND. Yes, sir.

Senator MILLER. Then how will this fit with that—will we then have the State assessment and the Federal assessment under this program?

Mr. HEDLUND. That is right.

Senator MILLER. Why do you have both?

Mr. HEDLUND. Well, each of the States that now has a program to promote potatoes in that State, and to emphasize the quality of their potatoes, do so with their program. And this covers only a few of the

important potato States. The objective now, as I understand it, is to make a national coordinated program that would cover all. Should this become effective I do not know what action the States might take. That would be up to them as to whether they would continue their own program in addition to this proposal. I think that most States people are here today, and I think that they could, probably, give you the best answer to that.

Senator MILLER. I am just wondering, it would seem to me that if I were a potato producer, in a State that already has an assessment, a promotional assessment program, that I would not be too happy about the idea of having another one put on top of that with further deductions from my returns.

Mr. HEDLUND. That is entirely possible.

Senator MILLER. You made it clear to Senator Holland that the tax or the assessment is paid by the first handler who, in turn, will pass it on to the producer by deducting it from the producer's check; is that correct?

Mr. HEDLUND. Yes, sir.

Senator MILLER. I notice on page 4 of your testimony that you state that any plan could be terminated or suspended by the Secretary if the plan does not effectuate the 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 voting in the referendum favor such determination. We are talking about the 16,000-odd producers there, are we not?

Mr. HEDLUND. We are talking about all of those growing 5 acres or more of potatoes.

Senator MILLER. You have 16,990 here.

Mr. HEDLUND. Yes, that is correct.

Senator MILLER. Those are the ones that we are talking about there, and we are talking about determining the quantity of production of the 16,990, and then looking at the votes—and if those who vote to terminate are producing more than one-half of the volume produced by the 16,990, then the plan is terminated; is that correct?

Mr. HEDLUND. That is correct.

Senator MILLER. I am wondering why that same procedure is not used in voting in the plan. As I read, on page 3 of this testimony, you state that no plan could be made effective without the approval of the producers voting in the referendum conducted by the Secretary. The plan must be favored by at least two-thirds of the producers voting, either by numbers of producers or in volume of production. You have an alternative there. I am wondering why we do not use the volume of production approach there as we have done in the termination of the plan procedure.

Mr. HEDLUND. Well, Senator, this arrangement is the same that has been used in the Agricultural Marketing Agreement Act of 1937, for the past 30 years, and I think you will find that any program in agriculture, involving compulsory arrangements of this kind, require a two-thirds vote.

Senator MILLER. I am not questioning the two-thirds vote, so much as I am questioning the alternative of either the number of producers approach or the volume of production approach, because if you use the volume of production test in determination of the plan, in calculating the votes, I am wondering why you should not do the same thing in approving the plan.

Mr. HEDLUND. Well, the two-thirds, to put the plan into effect, that refers to two-thirds of those who vote, either by number of producers or volume of potatoes that they produce.

Senator MILLER. That is right.

Mr. HEDLUND. Now in termination, that is not the case. This says, a majority of the producers who produce 50 percent of the potatoes. This must be 50 percent of all of the producers voting and 50 percent of all of the potatoes they produce.

Senator MILLER. I do not want to become confused between the two-thirds and the 50 percent. I have no difficulty over that, but I do have difficulty in seeing why if to terminate a plan you need a majority of the potato producers who produce more than 50 percent of the total volume of potatoes, as you do not have two-thirds of those producing two-thirds of the total volume of the potatoes to put the plan into effect.

Mr. HEDLUND. Well, I suppose that the designers of the original legislation had something in mind, but if you will use your terms, if you say that this program, in order to be approved must be voted for by two-thirds of all of the producers and two-thirds—

Senator MILLER. No, no; two-thirds of all of the producers who themselves are producing two-thirds of the potatoes. That is exactly the parallel to the 50 percent of those producing 50 percent of the potatoes in the termination.

Mr. HEDLUND. But what I wanted to say, Senator, is that if you had those requirements, in my opinion, you would rarely ever have a program voted in, because you simply cannot get that many producers in most industries to vote.

Senator MILLER. This might be very many producers, but I can see where you could have some awfully big operators that produce two-thirds of the volume of potatoes produced by the 16,990. I do not know what the figures are. You might have a better idea, but I can see where 2,000 of the 16,990 producers might produce two-thirds of the total volume of potatoes, and if that is so, I cannot see why this should be so difficult, and unmanageable, any more than getting 50 percent of them to terminate the plan.

Mr. HEDLUND. Well, I will not argue with you on the merits of that proposal. You might ask that question of some of the potato representatives here.

Senator MILLER. I recognize that there will be a practical problem here. I am just curious as to why there was not a parallel approach to this on the volume test.

Mr. HEDLUND. I think, actually, Senator Miller, this is adopting what has been used in the Agricultural Marketing Agreement Act.

Senator MILLER. Thank you. That is all, Mr. Chairman.

Senator HOLLAND. I think the philosophy of this provision in the original act has always been that if more than one-half of the production is out of sympathy with what they are doing they have the same right to cancel the whole program as it exists, as has existed, as does the Secretary if he feels that the program is not accomplishing what it was designed to accomplish—he has the right to do it, whether you have any referendum or not, and in both cases this is designed to allow the termination of something that is not working, that is not satisfying the people.

Senator YOUNG of North Dakota. Would you yield?

Senator HOLLAND. Yes.

Senator YOUNG of North Dakota. Could an area withdraw, or would a referendum to withdraw have to be nationwide?

Mr. HEDLUND. That is correct.

Senator YOUNG of North Dakota. No matter how strongly a certain area objected, they could not withdraw?

Mr. HEDLUND. No, sir; not without amending the plan.

Senator HOLLAND. That puts your finger, Senator Young, upon one of the things that has operated for us not to have up to this time a national agreement applicable to perishable crops. This is not to say that it is not desirable to try such a program, particularly, if the people who produce that nationwide want to try it out. This will be a new experiment to see whether this program can work as to a perishable crop, in which there is a sizable difference in the quality of the crop as produced in one area as compared with that produced in another area. This is a new adventure.

Mr. HEDLUND. It would, certainly, be something new in the fruit and vegetable industry.

Senator HOLLAND. We have been making adventures in perishable commodities ever since we have started on the original act, since 1937, and most of those have proven rather successful, have they not?

Mr. HEDLUND. Yes, sir; they have.

Mr. HOLLAND. Thank you. Are there any further questions?

Senator MILLER. Yes, I do have some. I would like to state that my reservation does not relate to the termination procedure—it relates to the voting in of the plan. I note here on page 17 of the bill, that in the termination procedure, the language states, that it will relate to a majority of those voting in the referendum, and who produce more than 50 per centum of the volume of potatoes produced by the potato producers voting in the referendum. So we are not going to have to take 16,990 and determine what their volume is—we are going to somehow or other have the Board determine how many voted in the referendum, and then what their volume is.

Mr. HEDLUND. That is correct.

Senator MILLER. If only 10,000 of them voted, you will have to determine their volume, and then to vote it out, you will need 50 percent of those who voted in that referendum and who produced 50 percent of the volume of that portion of the 16,990 production, in order to terminate it?

Mr. HEDLUND. That is correct, Senator. That is different than in the Agricultural Marketing Agreement Act of 1937.

Senator MILLER. I am a little curious just what this promotion is going to consist of. What can it do? What is this board going to do that is not already being done, for example, by the State of Maine in promoting potatoes. What incentive is there for people up in the State of Maine to get into this one?

Mr. HEDLUND. I think, Senator Miller, they will do much the same thing, only on a national basis.

Senator MILLER. Is there anything that they are going to do that the Department of Agriculture, the Consumer Marketing Service could not do?

Mr. HEDLUND. We cannot go into any advertising program.

Senator MILLER. You can. Do you not issue some publications relating to balanced diets?

Mr. HEDLUND. Oh, yes; we issue various publications on diets and nutrition. We have a plentiful foods program in which we try to tell the distributive trade what commodities are plentiful and what they should promote. We do that. The potato industry knows all about this program. This proposal is not a Department proposal. This is a potato industry proposal. And I think that so far as I can see they would do much the same as some of the States are doing now, but doing it on a national basis.

Senator MILLER. I am wondering what more they could do that you are not already doing, as you have just pointed out. I assume that what they think they will accomplish by this promotional effort is that there will be more potatoes sold, more potatoes consumed, but some of the USDA publications indicate a balanced diet, and some indicate how many potatoes I ought to eat in order to keep a certain weight and have certain nourishment out of them, and I do not think that I will be impressed by more promotional advertising saying that I ought to double my intake of potatoes. Is there not some possibility of conflict in this promotion between the diet programs that you are releasing and what the promotion might come up with?

Mr. HEDLUND. I hope not. I hope that there would not be any conflict there. I think that this kind of a program is intended to bring in more and more potato consumers through a national program, to undertake a broad basis of advertising, some such as other industries have done.

Senator MILLER. Thank you. I have no further questions, Mr. Chairman.

Senator HOLLAND. We thank you very much, Mr. Hedlund.

Our next witness is Mr. John C. Lynn, legislative director of the American Farm Bureau Federation. We will be pleased to hear from you now.

**STATEMENT OF JOHN C. LYNN, LEGISLATIVE DIRECTOR, AND JOHN C. DATT, ASSISTANT DIRECTOR, WASHINGTON OFFICE, AMERICAN FARM BUREAU FEDERATION**

Mr. LYNN. Thank you, Mr. Chairman. I am accompanied by Mr. John C. Datt, of our Washington office.

Senator HOLLAND. Let the record so show.

Mr. LYNN. I would like, in the interest of time, if I may, to file the statement, and just make a few brief comments.

Senator HOLLAND. Without objection, that will be done.

(The prepared statement of Mr. Lynn and Mr. Datt is as follows:)

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 S-2862.

Farm Bureau is a voluntary, non-governmental 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 industry-wide 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, S-2862 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.

This is the first legislation of its kind to be seriously considered by the Congress. While it is said to be patterned after the cotton check-off legislation (which was similar to earlier action dealing with wool), it differs from these programs in several important respects.

In the case of cotton and wool, the check-off programs were designed to assist agricultural commodities to compete with synthetic, non-agricultural commodities. To establish the policy of using the power of the federal government to collect money from producers of one specific food commodity to be used to compete with another food item would be a new and dangerous concept. For example, if the potato check-off legislation is enacted then the producers of food which compete directly with potatoes—such as rice, corn, and others—would have good reason to request the Congress for similar authority for the promotion of their commodities.

The honey industry is asking for similar check-off authority—then come sugar and other sweets.

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 one 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 check-off 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-term 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 and 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.

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 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 S-2862 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 S-2862 is in the best interest of the potato industry, and we respectfully recommend that this legislation not be approved.

Mr. LYNN. We have long supported voluntary promotion programs among producers for agricultural commodities, but we are opposed to the use of the power of the Federal Government to collect funds from producers for research and promotion.

Now oftentimes in support of the potato checkoff bill, reference is made to the wool checkoff and to the cotton checkoff. And I would just like to state, Senator, that is quite a different matter.

In the case of wool and cotton, a nonagricultural commodity—namely, synthetics—was moving in to take over these markets. Therefore, the producers of these two commodities decided that it would be in their best interests to have a nationwide research and promotion program for agricultural commodities, in trying to recapture a market that had been taken away by these synthetics.

But I point out, sir, that we are starting down a new road here when we begin extracting money for producers to promote an agricultural commodity in competition with another agricultural commodity. If we go this route, then the rice producers, the corn producers, and all other producers of starches and carbohydrates have every right to come before this Congress and seek similar legislation.

We can visualize, if this policy is continued, for competing commodities a hundred-million-dollar "slush fund" under control of the Secretary of Agriculture for promotion.

A big point is made about the fact that this so-called Potato Council, or the Cotton Council, runs this show. These people are selected by the Department of Agriculture—by the Secretary of Agriculture, and in addition to that, he must approve every item in the budget that is recommended by the Council before it can become operative.

I have here the recent announcement of the Secretary of Agriculture with regard to the cotton research and promotion program where he says that "the U.S. Department of Agriculture today approved the 1969 cotton research program."

You do not promote potatoes as potatoes, any more than you promote automobiles as automobiles. You promote Chevrolets, Fords—you promote Swift's Premium Bacon, Florida orange juice, Red River Valley potatoes, Idaho potatoes—you just do not promote potatoes as potatoes.

The best evidence we have in connection with this is the operation of the cotton program. Last year, even though it was a very short crop of cotton, about \$8 million was collected; but of that money

collected, \$2,600,000 was used for research programs that should be carried on, in the case of cotton, by the Federal Government, or in cooperation with the State governments, because the Congress had already authorized \$10 million for research program for cotton. The bulk of this money approved for 1969—and the reason that I refer to cotton is because this is the best experience we have had—\$6.7 million dollars of the \$10 million program for 1969 for cotton will be used for promotion efforts.

Now if this is patented somewhat after the cotton program 30 percent of the money last year in cotton was used to pay for national magazine advertising, newspaper cooperative advertising, TV and movies. Much of this advertising is a responsibility of the industry and not the responsibility of the farmers, from their very low net incomes.

We are very much for, and we are working with State and local potato associations, regional potato associations, those in Idaho, in the Red River Valley, and in the State of Maine—and we will continue to do so—but I say that the Congress is taking a tremendous responsibility if we start down this road of using the power of the Federal Government to extract this kind of money for a perishable commodity or any other commodity that is competing with another agricultural commodity. As evidence of this is that, the honey people have had a hearing in the House for a similar kind of a program, and other producer of sweets have a bill ready to introduce that would start using the same method for promoting other sweets in competition with honey.

Senator HOLLAND. Of course, the marketing agreement is already in effect. Those in effect do compete against other areas which sometimes have marketing agreements for their products, also.

Mr. LYNN. That is right.

Senator HOLLAND. And they do so with funds that are collected from all growers in the area covered by the marketing agreement, regardless of whether the growers agree or not, but requiring, of course, two-thirds approval. What, in your opinion, is the distinction between that kind of a competitive effort, let us say, of the Florida Citrus Growers, against the California Citrus Growers—what is the distinction between that and what is proposed in this Act?

Mr. LYNN. Well, referring to potatoes, for example, Idaho, has become famous for their Idaho baked potatoes. Maine over the years has said, "Ours is much better—not as long, perhaps but it is of a better quality." That kind of promotional activity on a State basis or a regional basis is not detrimental to the welfare of the potato industry, because it is trying to compete for the space available in the stomach for the potatoes, but this is done on a regional or State basis not nationwide.

It is far different when you use the power of the Federal Government to collect money from farmers on a nationwide basis.

Mr. DATT. May I comment on this, Senator Holland?

Senator HOLLAND. Yes.

Mr. DATT. As far as your inquiry as it relates to the California citrus industry versus the Florida citrus industry, as it relates to the Marketing Agreement Act—and I want to go back and make the point, that this is a separate bill, separate from the Marketing Agreement Act—it is a separate piece of legislation—it is wholly separate—

it really has nothing to do with the Marketing Agreement Act as such. You do have the citrus marketing orders that cover California and that cover Florida, but those, basically, involve grades, sizes, regulations, the number of the commodity to the market. They do not involve the collection of money for advertising or for promotional purposes. The money that is collected in Florida is collected under your State law. The money that is collected in California is collected through the cooperatives or through the other private organizations that promote the sale of specific citrus fruit.

That is entirely different than this proposal which involves one national checkoff program for potato promotion programs. It is collected by the Federal Government, which is entirely different than the two citrus marketing orders that you speak of.

Senator HOLLAND. Yes, Senator Young.

Senator YOUNG. No questions.

Senator HOLLAND. Senator Miller?

Senator MILLER. No questions.

Senator HOLLAND. Thank you very much, gentlemen.

(Supplemental statement filed by Mr. Lynn is as follows:)

WASHINGTON, D.C., September 11, 1968.

HON. SPESSARD L. HOLLAND,  
*Chairman, Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices, Committee on Agriculture and Forestry, U.S. Senate, Washington, D.C.*

DEAR SENATOR HOLLAND: When we appeared before your Subcommittee today in connection with S. 2862, legislation to authorize a compulsory check-off program for potatoes, members of the Subcommittee inquired of several witnesses about the procedure for a producer to obtain a refund if he so desired. Proponents of the bill indicated that a potato producer who wanted to obtain a refund would be able to do so very easily. They also indicated that the refund procedure that would be followed would be spelled out in regulations that would be issued by the Secretary of Agriculture. It was also indicated that they expected that the procedure to be followed would be similar to that which now exists under the Cotton Research and Promotion Act.

We thought you might be interested in some background information on the procedures that are used for obtaining a refund under the current Cotton Research and Promotion Act. I am attaching a copy of the Cotton Board Rules and Regulations. These regulations provide that a cotton producer shall obtain a refund application from the Cotton Board. The producer has to write to the Cotton Board and request a refund application. Once a producer receives a refund application, he then mails it to the Cotton Board within ninety days from the date that he paid the assessment on his cotton.

You will note that the refund application shall show:

- (1) The producer's name and address.
- (2) The collecting handler's name and address.
- (3) The gin code number.
- (4) The number of bales on which the refund is requested.
- (5) The date on which the assessments were paid.
- (6) The producer's signature.

In addition to this, the producer must provide proof of payment of the assessment. This involves sending in the receipt that he receives from the first handler who has made the assessment.

The experience to date under this refund procedure indicates that by its very nature, it is not a quick and easy way to obtain a refund. In fact, the procedure that a cotton producer has to go through of applying for an application form and then providing all the information that we have indicated is designed to discourage a producer from seeking a refund.

Our reason for calling this to your attention is that if the potato checkoff promotion program were to follow the same procedure for obtaining a refund as is done in cotton, it can hardly be described as a "very easy way to obtain a refund." There may be some other methods for obtaining refunds under this

type of legislation that might be easier. However, we feel that a producer should have the right to refuse to pay at the point of collection if he wishes to do so, rather than go through the cumbersome procedure that I have outlined.

The best way to deal with the matter is to have no check-off in the first place. We are also enclosing a copy of the report of the USDA regarding the cotton check-off by states and how money was spent and the press release announcing the 1969 program. We request that this letter with attachments be made a part of the record to follow the statement we presented this morning.

Sincerely yours,

JOHN C. LYNN,

*Legislative Director, American Farm Bureau Federation*

(The attachments are as follows:)

COTTON BOARD RULES AND REGULATIONS

UNDER THE COTTON RESEARCH AND PROMOTION ACT

(Published in the Federal Register of May 10, 1967; 32 F.R. 7068)

TITLE 7—AGRICULTURE

CHAPTER XI—CONSUMER AND MARKETING SERVICE (MARKETING AGREEMENTS AND ORDERS; MISCELLANEOUS COMMODITIES), DEPARTMENT OF AGRICULTURE

PART 1205—COTTON RESEARCH AND PROMOTION

Subpart—Cotton Board Rules and Regulations

*	*	*	*	*
		DEFINITIONS		
1205.500	Terms defined.			
		GENERAL		
1205.505	Communication.			
		ASSESSMENTS		
1205.510	Levy of assessment.			
1205.511	Payment and collection.			
1205.512	Collecting handlers and time of collection.			
1205.513	Remittance to Cotton Board.			
1205.514	Receipts for payment of assessments.			
		REFUNDS		
1205.520	Procedure for obtaining refund.			
		WAREHOUSE RECEIPTS		
1205.525	Entry of gin code number.			
		REPORTS AND RECORDS		
1205.530	Ginners reports.			
1205.531	Records.			
1205.532	Retention period for reports and records.			
1205.533	Availability of reports and records.			
		CONFIDENTIAL INFORMATION		
1205.540	Confidential books, records, and reports.			

**AUTHORITY:** The provisions of this subpart issued under sec. 7, 80 Stat. 231, 7 U.S.C. 2106; Cotton Research and Promotion Order, 7 CFR 1205.327, 31 F.R. 16759.

DEFINITIONS

§ 1205.500 Terms defined.

As used throughout this subpart, unless the context otherwise requires, the following terms shall mean:

(a) "ASCS" means the Agricultural Stabilization and Conservation Service of the U.S. Department of Agriculture.

(b) "Cotton Board" means the administrative body established pursuant to the Cotton Research and Promotion Order.

(c) "CCC" mean the Commodity Credit Corporation.

(d) "Form A" means Cotton Producer's Note, Form CCC Cotton A.

(e) "Gin code number" means the identification number assigned to each cotton gin by the Cotton Division, Consumer and Marketing Service, U.S. Department of Agriculture.

(f) "Handle" means to harvest, gin, warehouse, compress, purchase, market, transport, or otherwise acquire ownership or control of cotton.

(g) "Handler" means any person who handles cotton, including CCC.

(h) "Marketing" means any sale of cotton, or the pledging of cotton to CCC as collateral for a price support loan.

(i) "Marketing year" means a consecutive 12-month period ending on July 31.

(j) "Person" means any individual, partnership, corporation, association, or any other entity, whether governmental or private.

(k) "Producer" means any person who owns or shares in a cotton crop (or in the proceeds thereof) as landowner, landlord, tenant, or sharecropper.

(l) "Secretary" means the Secretary of Agriculture of the United States, or any officer or employee of the U.S. Department of Agriculture to whom authority has heretofore been delegated, or to whom authority may hereafter be delegated, to act in his stead.

#### GENERAL

##### § 1205.505 *Communication.*

All reports, requests, and applications for refunds and communications in connection with the cotton research and promotion order shall be addressed as follows: Cotton Board, Post Office Box 4948, Memphis, Tenn. 38104.

#### ASSESSMENTS

##### § 1205.510 *Levy of assessment.*

An assessment of \$1 per bale for cotton research and promotion is hereby levied on each bale of upland cotton that is produced from cotton harvested and ginned on and after June 10, 1967. Such assessment shall be payable and collected only once on each bale.

##### § 1205.511 *Payment and collection.*

The assessment shall be paid by the producer of the cotton to the collecting handler designated in § 1205.512. If more than one producer shares in the proceeds received from a bale, each such producer is obligated to pay that portion of the assessment which is equivalent to his proportionate share of the proceeds. Failure of the handler to collect the assessment on each bale shall not relieve the handler of his obligation to remit the assessment to the Cotton Board as required in §§ 1205.512 and 1205.513.

##### § 1205.512 *Collecting handlers and time of collection.*

Collecting handlers and the time of collecting the \$1 per bale assessment shall be as follows:

(a) Except as provided in paragraph (b) of this section, any person who purchases a bale of cotton from the producer of the cotton shall be the collecting handler for such cotton. The handler shall collect the assessment at the time the handler first makes any payment or any credit to the producer's account for the cotton. The handler shall give the producer a receipt indicating payment of the assessment.

(b) Any cooperative marketing association or other person that accepts a bale of cotton from the producer of the cotton under an oral or written contract or agreement providing for the marketing of the cotton shall be the collecting handler for such cotton. Such association or person shall collect the assessment regardless of whether the cotton is marketed or tendered to CCC for price support loan. The handler shall collect the assessment at the time the handler first makes any cash advance, any payment, or any credit to the producer's account for the cotton. The handler shall give the producer a receipt indicating payment of the assessment.

(c) For bales of cotton tendered to CCC for Form A loan, except bales tendered pursuant to paragraph (b) of this section:

(1) The ASCS County Office shall be the collecting handler except as provided in subparagraph (2) of this paragraph. The ASCS County Office shall collect the assessment when it makes disbursement based on the Form A loan documents. The producer's copy of the Cotton Producer's Note (Form CCC Cotton A) shall show payment of the assessment and shall constitute the producer's receipt for payment of the assessment.

(2) Any person (other than an ASCS County Office) who advances to the producer the loan value of the cotton as shown on a Cotton Producer's Note (Form CCC Cotton A) shall be the collecting handler for such cotton. The handler shall collect the \$1 per bale assessment at the time the handler makes any advance to the producer on the loan value of the cotton. The handler shall give the producer a receipt indicating payment of the assessment.

(d) Any person who purchases cotton in the cotton field where produced or who purchases seed cotton or unbaled lint cotton from the producer of the cotton shall be the collecting handler. The handler shall collect the assessment at the time such cotton is ginned and shall give the producer a receipt indicating payment of the assessment. When a bale is ginned that contains any such cotton purchased from more than one producer, the handler shall collect each producer's proportionate share of the assessment and shall give each producer a receipt indicating the producer's proportionate share of the assessment payment.

(e) Any person who consumes domestically or exports cotton of his own production shall be the collecting handler for such cotton. Such handler shall pay the assessment to the Cotton Board at the time the cotton is consumed or exported.

(f) Any person who obtains ownership of a bale of cotton from the producer of the cotton by transfer of any kind or by any means, under conditions other than those described in paragraph (a), (b), (c), or (d) of this section shall be the collecting handler for such cotton. Such handler shall collect the assessment at the time he takes ownership of the cotton. The handler shall give the producer a receipt indicating payment of the assessment.

(g) In the event of a producer's death, bankruptcy, receivership, or incapacity to act, the representative of the producer, or his estate, or the person acting on behalf of creditors, shall be considered the producer of the cotton for the purposes of this section and § 1205.520.

#### § 1205.513 *Remittance to Cotton Board.*

Each collecting handler shall transmit assessments and reports on assessments to the Cotton Board as follows:

(a) *Reporting periods.* Each calendar month shall be a reporting period and the period shall end at the close of business on the last day of the month.

(b) *Reports.* Each collecting handler shall make reports on forms made available or approved by the Cotton Board. Each collecting handler shall prepare a separate report form each reporting period for each gin from which such handler handles cotton on which he is required to collect the assessment during the reporting period. Each report shall be mailed in duplicate to the Cotton Board within 10 days after the close of the reporting period and shall contain the following information:

- (1) Date of report.
- (2) Reporting period covered by report.
- (3) Gin code number.
- (4) Name and address of handler.

(5) Listing of all producers from whom the handler was required to collect the assessment, their addresses, and total number of bales for each producer on which the handler was required to collect the assessment.

- (6) Date of last report remitting assessments to the Cotton Board.

(c) *Remittances.* The collecting handler shall remit all assessments to the Cotton Board with the report required in paragraph (b) of this section. All remittances sent to the Cotton Board by collecting handlers shall be by check, draft, or money order payable to the order of the "Cotton Board". All remittances shall be received subject to collection and payment at par.

#### § 1205.514 *Receipts for payment of assessments.*

Each collecting handler who is required by § 1205.512 to give the producer a receipt showing payment of the \$1 per bale cotton research and promotion assessment shall include such receipt as part of the invoice or settlement sheet for the cotton, or shall give the producer a separate receipt form. The document given to the producer as a receipt shall contain the following information:

- (a) Name and address of collecting handler.
- (b) Gin code number of gin at which cotton was ginned.
- (c) Name and address of producer who paid assessment.
- (d) Number of bales on which assessment was paid.
- (e) Date on which assessment was paid by producer.

## REFUNDS

§ 1205.520 *Procedure for obtaining refund.*

Each cotton producer against whose cotton any assessment is made and collected pursuant to this subpart may obtain a refund of such assessment only by following the procedures prescribed in this section.

(a) *Application form.* A producer shall obtain a refund application form from the Cotton Board. Such form may be obtained by written request to the Cotton Board and the request shall bear the producer's signature or his properly witnessed mark.

(b) *Submission of refund application to Cotton Board.* Any producer requesting a refund shall mail an application on the prescribed form to the Cotton Board within 90 days from the date the assessment was paid on the cotton. The refund application shall show (1) producer's name and address; (2) collecting handler's name and address; (3) gin code number; (4) number of bales on which refund is requested; (5) date or inclusive dates on which assessments were paid; and (6) the producer's signature or properly witnessed mark. Where more than one producer shared in the assessment payment on cotton, joint or separate refund application forms may be filed. In any such case the refund application shall show the names, addresses and proportionate shares of all such producers. The refund application form shall bear the signature or properly witnessed mark of each producer seeking a refund.

(c) *Proof of payment of assessment.* The receipt given to the producer by the collecting handler, or a copy thereof, or such other evidence satisfactory to the Cotton Board, shall accompany the producer's refund application. Within 60 days from the date the properly executed application for refund is received by the Cotton Board, the Cotton Board shall make remittance to the producer. For joint applications, the remittance shall be made payable jointly to all eligible producers signing the refund application form. Receipts submitted with refund applications shall be returned to the producer with his refund by the Cotton Board.

## WAREHOUSE RECEIPTS

§ 1205.525 *Entry of gin code number.*

For each bale of cotton ginned on or after June 10, 1967, the warehouse that first receives the bale for storage after ginning shall enter the gin code number of the gin at which the bale was ginned on the warehouse receipt issued for the bale.

## REPORTS AND RECORDS

§ 1205.530 *Ginners reports.*

Each cotton gin in the United States shall submit reports to the Cotton Board on forms made available or approved by the Cotton Board, as follows:

(a) *Periodic report.* Each gin shall report the cumulative number of bales ginned at the gin as of the close of business on the last day of each month during its active ginning operations. Such reports shall be mailed to the Cotton Board not later than 5 days after the last day of each month in which cotton was ginned.

(b) *End-of-season report.* Within 10 days following the close of its ginning operations each year but in no event later than March 20, each gin shall report to the Cotton Board an alphabetical listing of producer names, their addresses and the number of bales ginned for each such producer. Each gin that gins cotton after March 20 shall make a supplemental report to the Cotton Board when ginning operations are completed giving the same information for all bales ginned after March 20.

§ 1205.531 *Records*

Each handler required to make reports pursuant to this subpart shall maintain such books and records as are necessary to verify the reports.

§ 1205.532 *Retention period for reports and records*

Each handler required to make reports pursuant to this subpart shall retain for at least 2 years beyond the marketing year of their applicability: (a) One copy of each report made to the Cotton Board; and (b) such books and records as are necessary to verify such reports.

§1205.533 *Availability of reports and records*

Each handler required to make reports pursuant to this subpart shall make available for inspection by the Cotton Board, including its designated employees, and the Secretary any reports, books, or records required under this subpart.

CONFIDENTIAL INFORMATION

§1205.540 *Confidential books, records, and reports.*

All information obtained from the books, records, and reports of handlers and all information with respect to refunds of assessments made to individual producers shall be kept confidential in the manner and to the extent provided for in §1205.336.

*Effective date.* This subpart shall become effective on June 10, 1967.

Signed at Memphis, Tenn., this 1st day of May 1967.

GEORGE C. CORTWRIGHT,  
*Chairman, Cotton Board.*

Attest:

CARLTON H. POWER,  
*Assistant Secretary, Cotton Board.*

Approved at Washington, D.C., this, 5th day of May 1967.

GEORGE L. MEHREN,  
*Assistant Secretary.*

ENFORCEMENT PROVISION OF COTTON RESEARCH AND PROMOTION ACT

Sec. 13. (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 order or regulation made or issued pursuant to this Act.

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

(80 Stat. 284; 7 U.S.C. 2112)

*Assessments collected under the cotton research and promotion program through Feb. 29, 1968, by States and the United States*

[In thousands of dollars]

State:		State—Continued	
North Carolina-Virginia	32.9	Missouri-Illinois	50.1
South Carolina	124.1	Texas	2,429.6
Georgia	165.5	Oklahoma	127.3
Alabama-Florida	146.3	New Mexico	108.9
Mississippi	848.8	Arizona	374.9
Louisiana	342.5	California-Nevada	939.0
Arkansas	391.2	United States	6,219.9
Tennessee-Kentucky	138.8		

*Research and promotion projects and supporting budgets for 1968*

RESEARCH	
Cotton insects	\$300,000
Cotton diseases	225,000
Weeds	200,000
Yield and quality	235,000
Mechanization	125,000
Processing/handling/marketing	150,000
Mill processing/finishing	150,000
Consumer quality improvement	850,000
Product development	400,000
Cottonseed	10,000
Special projects	20,000
Total	<u>2,665,000</u>

PROMOTION	
National magazines.....	2, 580, 316
Magazine—Retailer projects.....	238, 800
Newspaper cooperative advertising.....	1, 261, 144
Manufacturer—Retailer advertising.....	50, 000
Trade advertising.....	197, 023
TV cooperative campaign.....	90, 000
TV fashion shows.....	35, 000
TV movies.....	36, 000
Chainstore and mail order.....	414, 200
Fabric libraries for trade.....	26, 250
Market—Press week projects.....	37, 000
Fabric development.....	36, 000
Retail sales training.....	20, 000
Suppliers and industry.....	40, 000
Cotton cushioning.....	30, 000
Canvas awnings.....	25, 000
Piece goods.....	45, 500
Personnel, facilities, operation.....	170, 400
<b>Total.....</b>	<b>5, 332, 633</b>

OTHER	
Administrative and program development.....	10, 000
Meeting expenses for trustees and executive committee.....	26, 000
<b>Total.....</b>	<b>36, 000</b>
<b>Grand total.....</b>	<b>8, 033, 633</b>

U.S. DEPARTMENT OF AGRICULTURE, WASHINGTON, SEPT. 3, 1968

USAD APPROVES COTTON RESEARCH AND PROMOTION PROGRAM

The U.S. Department of Agriculture today approved the 1969 cotton research and promotion program developed by the Cotton Producers Institute and recommended by the Cotton Board.

The 1969 program budget under the Cotton Research and Promotion Act totals \$10 million. About \$6.7 million of the total \$10 million program is budgeted for sales promotion efforts. The remaining \$3.3 million will go for cotton research.

A 20-man Cotton Board, selected by the Secretary from nominations made by cotton producer organizations, is responsible for the administration of the program. The program is financed through assessments of \$1 per bale from upland cotton producers, and collected by cotton handlers designated by the Cotton Board.

The Cotton Board has entered into a contract with the Cotton Producers Institute under which the Institute is responsible for developing a proposed research and promotion program and for implementing the approved projects. The Institute is governed by a Board of Trustees consisting of 51 cotton producers selected by producer organizations throughout the Cotton Belt.

In endorsing the second annual research and promotion program, Secretary Orville L. Freeman commended efforts by cotton producers to strengthen cotton's competitive position and improve its markets through such a program.

Senator HOLLAND. The next witness is Mr. Doyle Burns, executive director of the National Potato Council. We will be pleased to hear from you now.

**STATEMENT OF DOYLE BURNS, EXECUTIVE DIRECTOR, NATIONAL  
POTATO COUNCIL**

Mr. BURNS. Mr. Chairman and members of the subcommittee, my name is Doyle Burns. I am employed as executive director of the National Potato Council, whose offices are located at 425 13th Street NW., Washington, D.C. The National Potato Council is a voluntary,

nonprofit organization whose membership is made up of commercial potato growers throughout the United States.

With your permission, I think that I can shed some light on Senator Miller's question regarding the two-thirds vote that the House Agriculture Committee in their infinite wisdom recognizes the same problem you have brought up, and they have written into the bill in the House the requirement that the two-thirds majority voting when a program is voted in must represent, at least, 50 percent of the production; in other words, they have added that to it.

In my testimony I am recommending that the Senate adopt this particular change that was made in the House bill. So, perhaps, this will in a way answer a part of the question you raised.

Before I get into my testimony, I have a telegram here from Mr. Edwin Stastny, which I ask to be made a part of the record.

Senator HOLLAND. It will be made a part of the record at this point.

(The telegram follows:)

KLAMATH FALLS, OREG., *September 9, 1968.*

DOYLE BURNS,  
*Pennsylvania Building, Washington, D.C.:*

Urge Senator Holland favorable recommendation of self-help legislation contained in potato promotion bill. Growers wholeheartedly support this measure. Cost will be paid by growers not consumers.

EDWIN STASTNY,  
*Grower, Malin, Oreg.*

Mr. BURNS. In addition, I have 12 statements.

Senator HOLLAND. Are these gentlemen here?

Mr. BURNS. They are not.

Senator HOLLAND. Are any of them here?

Mr. BURNS. This group is not here.

The first is from Jay A. Hulse, of Wading River, Long Island; Merle Anderson, Climax, Minn.; Joe Seymour, North Carolina Potato Association; T. C. Sawyer, Belkross, N.C.; Cliff Hagen, Red River Valley Potato Growers Association, which has attached to it, a petition containing some 90 names; Carol M. Drake, Potato Administrative Committee, Colorado; Darwin Young, chairman, County Commissioners of Bingham County; Richard V. Williams, Potato Growers of Idaho; Dalyle Esplin, Potato Growers of Idaho; George H. Barnes, Maine; Joa Penzien.

Senator HOLLAND. You wish to have all of these placed in the record?

Mr. BURNS. If you will, sir.

(The statements follow:)

STATEMENT OF JAY A. HULSE, WADING RIVER, N.Y.

My name is Jay A. Hulse of Wading River, Long Island, New York. In addition to being a farmer, raising 150 acres of potatoes, I am Treasurer and a Director of the National Potato Council, with headquarters in Washington, D.C.

In reference to Bill S. 2862, on potato research and promotion, it is my firm belief that this bill will be of great value to the commercial potato growers of this country. In the last 16 years, we have had 2 years that were profitable, 14 have been break even or showed a loss in the raising of potatoes. Potato growers are meeting ever increasing competition from other commodities. Some which are subsidized. Unless we are able to advertise on a national scale, we will watch the loss of consumption of potatoes to these other commodities.

As this is a bill that will be financed by growers to advertise and promote potatoes, I hope this sub-committee will give full consideration to this vital bill and issue a favorable report.

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

My name is Merle Anderson and I am a farmer from Climax, Minnesota. 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 "kick-off" 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% of the acreage was signed in 1967. Despite a disastrous marketing year we have had a decrease in the number of growers requesting refunds for the 1968 crop.

The Red River Valley potato growers strongly feel that the healthful 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, etc.

D. Promotion would be to develop programs 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.

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RALEIGH, N.C., September 10, 1968.

SENATE AGRICULTURE COMMITTEE,  
U.S. Senate,  
Washington, D.C.

GENTLEMEN: At the annual meeting of the North Carolina Potato Association held January 1968, we voted unanimously to support Senate Bill 2862.

We will appreciate any consideration and support your committee will give this bill.

Yours very truly,

JOE SEYMOUR,  
President, North Carolina Potato Association.

## STATEMENT OF T. C. SAWYER, JR., BELCROSS, N.C.

My name is T. C. Sawyer, Jr., a potato farmer, from Belcross, North Carolina. I have served as a director for several years and am a past President of the North Carolina Potato Association, having served for two terms. At present, I am a director to the National Potato Council and serve on the steering committee.

Representing the potato farmers of North Carolina who have heartily endorsed Senate bill 2862, I urge that this committee act favorably on the bill, as it is vital to the Potato Industry through-out the country.

—

EAST GRAND FORKS, MINN., *September 9, 1968.*

Senator SPESSARD L. HOLLAND,  
*Chairman, Subcommittee No. 3 of the Senate Committee of Agriculture and Forestry,  
Senate Office Building, Washington, D.C.*

DEAR CHAIRMAN HOLLAND: The Red River Valley Potato Growers Association request that the following information be admitted as testimony relative to S. 2862, 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 checkoff. 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 represented over 80% of the harvested acreage. Despite an unfavorable marketing year for the 1967 crop year, the participation is up for the 1968 crop.

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 that 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 S. 2862 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 Senate.

Sincerely yours,

CLIFF HAGEN,  
*Executive Secretary, Red River Valley Potato Growers Association.*

EAST GRAND FORKS, MINN., *September 9, 1968.*

Senator SPESSARD L. HOLLAND,  
*Chairman, Subcommittee No. 3 of the  
 Senate Committee of Agriculture and Forestry,  
 Senate Office Building, Washington, D.C.*

DEAR CHAIRMAN HOLLAND: Enclosed are petitions signed by growers and by men associated with the potato industry indicating their approval of Senate Bill 2862.

These signatures were obtained at very short notice and are but an indication of the feeling for this legislation in the area.

Sincerely yours,

CLIFF HAGEN, *Executive Secretary.*

(The petition is as follows:)

We, the undersigned, hereby express our support for Senate Bill 2862, the Potato Research & Promotion Act:

(Note. The petition was signed by 48 growers in North Dakota and Minnesota.)

GREELEY, COLO., *September 6, 1968.*

Mr. HEADLE WRIGHT,  
*Manager, Area 2 Potato Administrative Committee,  
 Monte Vista, Colo.*

DEAR HEADLE: Concerning our telephone conversation of this morning, I have talked with our Executive Committee and it is agreed that we will be very happy for you to represent us at the Senate Committee hearings Wednesday, September 11th on Senate bill 2862.

With kind regards, I am,

Sincerely,

CAROL M. DRAKE,  
*Manager, Colorado Potato Administrative Committee.*

STATE OF COLORADO }  
 County of Weld, }<sup>ss:</sup>

The above and foregoing was signed and sworn to before me this 6th day of September, 1968 by Carol M. Drake.

VIOLA S. ANDERSON,  
*Notary Public.*

My Commission expires January 14, 1969.

MORELAND, IDAHO.

HON. SPESSARD HOLLAND,  
*Chairman, Agriculture Production, Marketing, and Stabilization of Prices, Subcommittee No. 3 of the Committee on Agriculture and Forestry of the U.S. Senate, U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: Since I am unable to attend this hearing in person, I wish to submit written testimony in support of Senate bill No. S2862 commonly called "The Potato Research and Promotion Act."

The farm segment of our economy is going through a period which is unequalled in the history of our country. In the midst of prosperity, we are caught in the middle of a cost versus income squeeze which will, if unchecked, destroy the family farm as it exists in the United States today.

Potato farmers are particularly hard hit in this situation because of the decline in consumption of potatoes.

As a potato grower and County Commissioner in Bingham County, Idaho, the third largest potato producing county in the nation, I watch with dismay as the economy of our county goes downhill because it depends so much upon agriculture.

I also serve as a director on the Eastern Idaho Production Credit Association which brings me even closer to the problem as it is my sad duty to participate in loan committee meetings where the news is always bad, income rarely meets expectations, and equities are going down, resulting in foreclosure for some and hardships for many.

Mr. Chairman, having outlined the sad plight of farmers in general and potato farmers, in particular, I urge the support of your committee for Senate bill No. S. 2862. I have never been a supporter of government subsidies for agriculture, and I think it should be pointed out that after one disastrous experience with government subsidies in the forties, the potato industry has resisted this type of govern-

ment action, but I believe this act can perform the proper service of government, that of helping a group of farmers voluntarily assess themselves in order to raise money to promote their product and improve their position in the market place.

Advertising and promotion is not new to Idaho potato farmers. We have participated in this type of program for the past thirty years through our Idaho Potato and Onion Commission, raising nearly a million dollars a year for research, advertising and promotion. Through these efforts, we have established a position in the potato industry which is envied all other the United States.

Mr. Chairman, I believe "The Potato Research and Promotion Act" can help the potato farmer of America help himself solve his economic troubles and still allow them to have the control of their industry which is lacking in so many of our government programs.

I thank you for this opportunity to express my views.

Respectfully,

DARWIN YOUNG,  
*Chairman, County Commissioners of Bingham County.*

STATEMENT OF RICHARD V. WILLIAMS, CHAIRMAN, DISTRICT 111,  
POTATO GROWERS OF IDAHO, PINGREE, IDAHO

My name is Richard V. Williams. I reside in Pingree, Idaho and am Chairman of District 111 of the Potato Growers of Idaho, Inc., which includes most of Bingham County, the largest potato producing county in the state. I am also secretary of the state organization of the Potato Growers of Idaho, Inc.

I appreciate the opportunity and privilege to give testimony concerning the Potato Research and Promotion Act. I am thankful for my home in America and the right I have to submit testimony in support of legislation which could enable me to help promote the product I raise.

I believe the Potato Research and Promotion Act will give growers the means to properly promote potatoes nationally.

I believe we are in need of national advertisement to tell the true story of the use of potatoes in a healthful diet. The producer knows of the health benefits of potatoes: the consumer also must be made aware of these benefits.

If Senate Bill 2862 is enacted into law it will enable growers to help themselves.

As a grower I ask for that right.

I believe the potato growers in Idaho as well as those in other potato producing states will support this act.

I believe the majority of potato producers are in favor of the Research and Promotions Act.

I believe they feel the need for the promotion of potatoes.

May God help us to do what is best for those concerned.

STATEMENT OF DALYLE ESPLIN, EXECUTIVE SECRETARY, POTATO GROWERS OF  
IDAHO, BLACKFOOT, IDAHO

My name is Dalyle Esplin and I am Executive Secretary of the Potato Growers Idaho, Inc. I have held this position for four years and for twelve years prior to that time I grew potatoes in Idaho.

The Potato Growers of Idaho, Inc. represents 2200 potato growers and maintains a state office at 50 North Ash Street in Blackfoot, Idaho. The 2200 members of the Potato Growers of Idaho, Inc. raise about 60% of the potatoes grown in Idaho. Idaho growers raised 304,000 acres of potatoes producing 63,900,000 cwt. during the 1967 season or 1/5 of all the potatoes produced in the United States during 1967.

I have attended several hundred meetings concerning potatoes in many different cities and towns across the state during the time I have served as Executive Secretary. I have also attended many meetings in other states regarding potatoes. The potato growers in many of these meetings have expressed the conviction that the potato industry must somehow educate the people of the United States and particularly the housewife concerning the high nutritional value and low caloric content of the potato. Growers have a strong desire to combat the idea that potatoes are fattening.

The potato grower is traditionally a proud individual who wishes to "stand on his two feet" and as such is willing to promote his product.

Promotion of any product on a nationwide scale would take money that could and should come from the producers involved. Senate Bill 2862 would provide the necessary means to enable the potato industry to tell its' story to all the people of the United States.

The potato farmers of the nation *need* a means to tell their story to the rest of the nation. They have shown their ability to produce but they have lacked the necessary tools to promote their product and thereby obtain a fair return for their labors.

Individual states have done a great deal in promoting potatoes grown in their states. National promotion of potatoes in general would not only aid the states who have tried to tell the potato story; but would also benefit smaller acreage potato states who have not been able to engage in extensive advertising campaigns.

While many of the people of the United States ask for financial help from the federal government; the potato growers of the nation and of Idaho are asking for the proper tools to help themselves. Senate Bill 2862 would give them some of these essential tools.

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STATEMENT OF GEORGE H. BARNES, MAINE POTATO COUNCIL, PRESQUE ISLE  
MAINE

Mr. Chairman—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 effort 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 this bill and hope that your committee will see fit to recommend passage.

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MOUNT CLEMENS, MICH., September 7, 1968.

Senator HOLLAND,  
Chairman, Subcommittee No. 3 of the Committee on Agriculture and Forestry,  
U.S. Senate, Washington, D.C.

DEAR SENATOR HOLLAND: My name is Joa Penzien and I live at 17660 25 Mile Road, Macomb County, Mount Clemens, Michigan.

I farm 500 acres, 200 of which are in potato production. National Potato Promotion is certainly one way of improving the sale of potatoes. We must begin and continue as intensive an advertising program as the manufacturers do.

Since the housewife's purchasing is somewhat conditioned by radio, television, and newspaper advertisements, with the improved quality of our potatoes and a more intense potato promotion program, we should be able to increase the sale of potatoes.

Sincerely yours,

JOA PENZIEN.

Senator HOLLAND. Senator Young may have some questions about the North Dakota group.

Senator YOUNG of North Dakota. I would be interested in knowing how wide a support you have in the Red River Valley, both in Minnesota and North Dakota. You list some 90 farmers. What has the organization itself done there?

Mr. BURNS. The Red River Valley Potato Association that you are familiar with have supported this proposal all the way through, through their organization. In my contact in the Red River Valley I have not contacted any growers who are in opposition to the bill. I do not say they are not there; but in my visits there and in my talks with them I have not. As a matter of fact, as I mention in my statement, I have not contacted any organized groups anywhere in the country who are opposed to this legislation.

Senator YOUNG of North Dakota. I know of no opposition in my State. That is the reason why I asked the question.

Mr. BURNS. The association has gone on record and has supported it.

Senator HOLLAND. Did I hear you call out the name of anyone from the Florida producers or the association?

Mr. BURNS. My understanding is that they were going to file either a telegram or a statement with you. Certainly, I do know that the Florida Potato Council and the Florida Fruit & Vegetable Association are on record as supporting this legislation.

Senator HOLLAND. I have here a wire from Mr. Joffre C. David, secretary-treasurer of the Florida Potato Council, showing unanimous support by the council of this legislation.

(The telegram follows:)

ORLANDO, FLA., September 8, 1968.

HON. SPESSARD L. HOLLAND,  
*Chairman, Agriculture Production, Marketing, and Stabilization of Prices Sub-  
 committee of the Senate Agriculture and Forestry Committee, U.S. Senate,  
 Old Senate Office Building, Washington, D.C.:*

The Florida Potato Council, a division of the Florida Fruit & Vegetable Association, met today and voted unanimously to thank you for scheduling hearings on S. 2862, the Potato Research and Promotion Act, and wish to go on record in support of this legislation.

JOFFRE C. DAVID,  
*Secretary-Treasurer, Florida Fruit & Vegetable Association.*

Senator HOLLAND. Proceed.

Mr. BURNS. In addition, we have a fairly large number of witnesses here who have come from all over the United States. In the interest of time they have asked me to file their statements, with your permission. Might I read their names, and where they are from?

Senator HOLLAND. Have them stand as their names are called.

Mr. BURNS. Mr. Allan F. Larsen, president, National Potato Council, Route 4, Blackfoot, Idaho 83221;

Mr. Clarence Parr, president, Potato Growers of Idaho, Inc., 1900 Yale Avenue, Burley, Idaho 83318;

Mr. John Mooers, chairman, Maine Potato Council, Houlton, Maine 04730;

Mr. Stewart Smith, immediate past president, Maine Potato Council, member of the steering committee, National Potato Council, East Corinth, Maine 04427;

Mr. Harold Bryant, executive vice president, Maine Potato Council, consultant, Maine Potato Commission, P.O. Box 632, Presque Isle, Maine 04469;

Mr. Vernon James, past president, National Potato Council, Route 4, Elizabeth City, N.C. 27909;

Mr. Don Johnston, past president, Potato Growers Association of California, Member of the Steering Committee, National Potato Council, Bakersfield, Calif. 93306;

Mr. James Paul, immediate past president, Potato Growers Association of California, member of the steering committee, National Potato Council, Box 1328, Shafter, Calif. 93263;

Mr. Headlee Wright, vice president, National Potato Council; manager, San Luis Valley Potato Administrative Committee, P.O. Box 348; Monte Vista, Colo. 81144;

Mr. Roy Hirai, immediate past president, National Potato Council, 419 South Eighth Street, Nyssa, Oreg. 97913;

Mr. Owen Barkley, general manager, Pennsylvania Cooperative Potato Growers, Inc., 670 Division Street, Harrisburg, Pa. 17110;

Mr. Howard Hales, Secretary, National Potato Council, Pasco, Wash.; and

Mr. David Clark, Washington Potato Commission, Grandview, Wash.

(The statement referred to follows:)

STATEMENT OF ALLAN F. LARSEN PRESIDENT, NATIONAL POTATO COUNCIL,  
 BLACKFOOT, IDAHO

I am Allan F. Larsen of Route 5, Blackfoot, Idaho presently serving as president of the National Potato Council. I previously served three terms as President of the Potato Growers of Idaho. I farm about 500 acres of ground of which about 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 \$75,000.00 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 position enhanced by the increased volume they will undoubtedly realize from 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 United States Department of Agriculture "Home and Garden Bulletin No. 74" showing the caloric count of normal servings of many different foods.

	Calories
Potatoes—boiled, ½ cup.....	45
Mashed, milk added, ½ cup.....	70
Baked, 1 medium.....	90
Spaghetti—cooked, ¾ cup.....	115
Bread—2 slices.....	120
Whisky—100 proof, 1 jigger.....	125
Biscuit—one, 2½ in. diameter.....	130
Candy—chocolate, 1-oz. bar.....	150
Rice—cooked, ¾ cup.....	150
Sweet potato—baked, 1 medium.....	155
Milk—whole, 1 glass.....	165
Peanuts—roasted, 1 oz.....	170
Pizza—⅛ of a 14-in. pie.....	180
Macaroni—with cheese, ½ cup.....	240
Ground beef—3-oz. patty.....	245
Steak—4 in. by 2½ in. by ½ in.....	330
Cake—chocolate, 2-in. section of 10-in. layer cake.....	420
Milkshake—1, 12-oz. glass.....	520

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% of the fresh fruit and vegetable department. It is interesting to note that potatoes representing 15,970,000,000 lbs. marketed fresh in food stores equals all the oranges, apples, bananas, watermelon, cantaloupes sold in food stores. This 15,970,000,000 lbs. 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, Florida 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 sub-committee. 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 sub-committee will be able to act favorably upon this legislation and that the legislation may eventually be enacted into law.

Thank you very much.

STATEMENT OF CLARENCE ALAN PARR, PRESIDENT, POTATO GROWERS OF IDAHO,  
BURLEY, IDAHO

Mr. Chairman, Members of the Committee, My name is Clarence Parr; my residence is 1900 Yale Avenue, Burley, Idaho 83318.

My farming enterprise is of the family corporation type, and we produce besides potatoes; sugar beets, alfalfa, wheat and beef cattle. In short we are typical farmers, who along with thousands of others, proudly continue to meet the cost price squeeze by improving efficiency, and dipping into our farm equity so the consumers of this great nation can continue to enjoy the finest diet at the lowest percentage cost of disposable income than any place in the world.

I am presently serving my second term of office as President of the Potato Growers of Idaho Inc., a non-profit 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 committee, 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 potatoes sold to the consumer as Idaho potatoes 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 calorie 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% decrease in the price of a specific commodity to induce a 1% 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 prevents 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."

As defined in this act the term "producer" means any person engaged in the growing of five or more acres of potatoes. For the purpose of establishing "Legislative Intent" I would assume that this definition would include lessors or landowners whose percentage share equals 5 acres or more of potatoes; obviously it was not the intent to include a landowners share under the assessment provisions of the act, and exclude him from the right to vote in referendum.

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 4th and 5th, 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 United States Congress."

For the foregoing reasons, I respectfully request that this committee rule favorably on S. 2862 with a "DO PASS" recommendation to the Congress of the United States.

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STATEMENT OF JOHN MOOERS, PRESIDENT, MAINE POTATO COUNCIL, HOULTON,  
MAINE

Mr. Chairman—members of the committee, my name is John Mooers. I am a grower raising 175 acres of potatoes. In addition I am president of the Maine Potato Council, whose membership consists of all 2000 potato growers in the State of Maine.

I can readily assure you that the grower support for this promotional bill has been overwhelming. They feel that such a measure is not only desirable but necessary to their personal welfare. To this end last year they raised \$11,000 on a voluntary basis toward such a self-help program. In fact most growers felt that such promotion of potatoes on a national level should have been instituted long before now.

As growers we know that the potato is a commodity that tends to be over-produced. Any tool that can be developed or utilized to increase the sale of potatoes in one form or another means less waste, not only of the commodity itself but in land, labor, and various forms of capital. There is no merit in wasting productive energy.

The economic stability of the Northern part of our state depends to a great extent on our ability to produce and sell potatoes at a profit. To be successful in doing this we must keep our product before the consuming public. We must be aware of changing needs and trends. It is important to our industry that consumers have brought before them the full knowledge of the advantage of maintaining potatoes as part of their diet, not only from a health and nutritional standpoint but economic as well.

Because of the dispersed nature of the whole potato industry, the method of potato promotion as described in bill S. 2862 seems to be a practical approach to solving problems which beset potato people throughout the United States.

STATEMENT OF STEWART SMITH, STEERING COMMITTEE, NATIONAL POTATO COUNCIL, EXETER, MAINE

Mr. Chairman and Members of the Committee, my name is Stewart Smith. I grow 200 acres of potatoes on a family farm in Exeter, Maine. Although this is the harvest and our busiest season I felt it important to appear before you and testify for this Bill which I consider to be very important to my welfare as a potato farmer.

Every year we potato farmers compete for a continuously shrinking market for our fresh potatoes. This legislation will permit us to tax ourselves in order to promote our product. Hopefully we can regain some of our markets by this promotion program.

I can speak not only for myself, but also for all my neighbors who are potato farmers. We are in complete agreement that this legislation will have a most beneficial effect on the potato industry.

I thank you for the opportunity to appear before you, Mr. Chairman and Members of the Committee.

STATEMENT OF HAROLD E. BRYANT, EXECUTIVE VICE PRESIDENT, MAINE POTATO COUNCIL, PRESQUE ISLE, MAINE

Mr. Chairman—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 catastrophes 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 program. 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.....	997	1,492	2,685	147	575
4-year average.....	249	373	671	37	144

## STATEMENT OF VERNON G. JAMES, STEERING COMMITTEE, NATIONAL POTATO COUNCIL, ELIZABETH CITY, N.C.

Mr. Chairman and members of the Committee, my name is Vernon G. James, of James Brothers, Inc., a family business. We grow and market potatoes for ourselves and many of our neighbors.

I am a past president of the National Potato Council and a past president of the North Carolina Dealers and Growers Association. I am presently serving on the National Potato Council Steering Committee.

The North Carolina Dealers and Growers Association voted in support of SB 2862 at their semi-annual meeting in February of this year.

The passing of this Bill would allow the potato growers to tax themselves in order to advertise, promote and do research to help production and distribution. This is a self-help legislation. It is an enabling Act which would allow potato producers to vote upon themselves a program to improve the image and increase the consumption of potatoes.

The potato growers are interested in a program that they can finance. This program will not be compulsory as the growers may request and receive a refund.

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 and at the same time, the average price received by farmers has declined.

All areas of the nation at one time or other has disastrous weather conditions which may destroy a portion, or all of the production which increases the average cost, such as early or late frost, excessive rains or high temperatures. Unfortunately, events of this nature are constantly happening in various areas. Only one year out of the last twelve has the potato grower received more than the government supported crops.

We feel that S-2862 will help us earn a living growing potatoes.

Thank you, Mr. Chairman and Members of the Committee.

## STATEMENT OF DON M. JOHNSTON, STEERING COMMITTEE, NATIONAL POTATO COUNCIL, BAKERSFIELD, CALIF.

Mr. Chairman and members of the Committee. My name is Don M. Johnston, of Bakersfield, California. I reside in the second largest potato producing county in the United States. I am a potato grower, packer, and shipper. I am a 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 S. 2862.

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 farm legislation.

The per capita consumption of potatoes has been falling steadily for many years (see attached diagram). The reason for this is abundantly clear. We are losing out to competitive foods. We are losing 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 market place.

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 throughout 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 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 Bill 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 non-political 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-controlled. Through the Board, the funds will be producer-collected, producer-spent, and producer-administered. We think it has one further advantage—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 governments 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 one (1) cent per one hundred pounds of potatoes handled. At the maximum assessment rate the board could reasonably expect a budget of about \$2,000,000 annually. The cost to the grower would average less than \$2.00 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 United States 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.

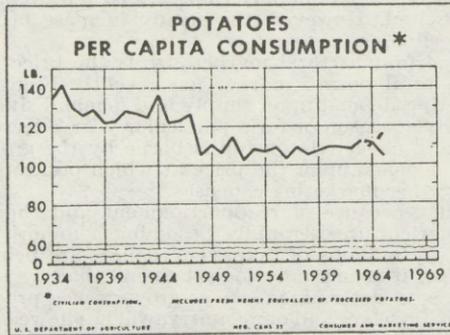
## Per Capita Consumption - Fresh and Processed

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	100.0
1951	106.8	106.8
1952	93.8	93.8
1953	99.1	99.1
1954	98.1	98.1
1955	98.1	98.1
1956	90.3	90.3
1957	94.2	94.2
1958	87.6	87.6
1959	86.2	86.2
1960	84.4	84.4
1961	84.4	84.4
1962	80.4	80.4
1963	81.8	81.8
1964	75.6	75.6
1965 <sup>2</sup>	64.8	64.8

PROCESSED (POUNDS) <sup>1</sup>	
1950	6.3
1951	6.8
1952	8.1
1953	8.7
1954	9.0
1955	10.8
1956	12.5
1957	15.2
1958	16.9
1959	20.3
1960	23.8
1961	24.9
1962	27.7
1963	30.3
1964	34.7
1965	38.3



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

<sup>1</sup> Fresh weight basis. Adequate processing data not available prior to 1950.

<sup>2</sup> Preliminary.

### STATEMENT OF JAMES D. PAUL, STEERING COMMITTEE, NATIONAL POTATO COUNCIL, SHAFTER, CALIF.

Mr. Chairman and members of the Committee. My name is James D. Paul. I reside in Shafter, California, 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 Steering Committee of the National Potato Council.

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 was well publicized, not only through news media within the State but by special bulletins circulated by the Association, and was included as a regular feature in the monthly publication of the Association, circulated within the State to members and non-members 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 and on March 21st of this year, by unanimous vote, the Kern County Farm Bureau also approved the proposed act.

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 they serve.

The housewife is a product of a new age. She is most likely living 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 fifty-fifty 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 produce 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 re-educate housewives and institutional feeders is needed if this situation is to be changed. Nearly 50% 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 Potato 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 shortcuts. 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 traditions, that we helped ourselves.

Thank you.

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STATEMENT OF HEADLEE WRIGHT, MANAGER, SAN LUIS VALLEY POTATO ADMINISTRATIVE COMMITTEE, MONTE VISTA, COLO.

Mr. Chairman and members of the Committee: My name is Headlee Wright, I live in Monte Vista, Colorado. I produce 200 acres of potatoes each year. In addition to being a producer I am the manager of the San Luis Valley Potato Committee. This Committee is elected by the producers and administers both State and Federal Marketing orders on potatoes. I am also a vice-president of the National Potato Council.

The area I represent is comprised of five counties in Colorado known as the San Luis Valley. The Valley produces 70% of the potatoes grown in Colorado and over 90% of those classified as Fall potatoes. Approximately 600 growers produce 35,000 acres annually.

The Committee is on record as favoring S-2862.

S-2862 would provide a basic approach to one of the many problems the potato industry is forced to face. Too long have potatoes been classified as a "taken for granted item".

The American consumer has become oriented to advertising and promotion. Each year over 16 billion dollars is spent by the many industries of our nation to appeal or sway the consumer to buy their product. It has become a way of life. Large companies are spending as much as 10% of their gross sales to promote their products. The potato industry has not kept up with the 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 program to at least start in the direction, it is so evident we need, was initiated last year. \$75,000 was collected and a very effective program has been started. The program, though effective, is so small in relation to the billion dollar industry we are trying to represent that it can only be considered a stop gap. Our competition is spending fifty times this amount. Potatoes are not under acreage control or price support.

The major portion of potato promotion has come from individual States or areas and each of these are promoting a specific product or variety. We realize that each of these individual efforts contribute to the total effort, but we also feel we must promote potatoes as such to be able to maintain our competitive position in the market place.

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.

Mr. Chairman, what I have just testified to has been on the need for such legislation. I would like to now confine my testimony to Section 10 and Section 16 of S-2862.

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 grower and in other, 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 requirement 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 packouts, amounts of 1's, 2's and culls on each individual. 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 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 relation 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 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 which I work, urge you to give favorable consideration to S-2862.

Thank you for allowing me to appear.

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#### STATEMENT OF ROY HIRAI, OREGON POTATO COMMISSION, NYSSA, OREG.

Mr. Chairman and Committee Members: My name is Roy Hirai, and I am a potato grower from Nyssa, Oregon. I am the immediate past president of the National Potato Council, member of the Oregon Potato Commission, and a director of the Malheur County Potato Growers' Association.

All of the organizations that I represent are in favor of Senate Bill 2862. We ask your support and eventual enactment of this bill. We potato growers in Oregon have a somewhat similar legislation. We tax all potato growers 1½¢ per hundred-weight for promotion and research. This is adequate for our state-wide activities but not on a national basis. With 1¢ per hundred weight nationally, we can visualize a tremendous self-help program. We know that this program will help expand our marketing of potatoes into new markets, and regain old ones. We can explain the virtues of potatoes as a nutritional and low-cost food.

Mr. Chairman and members of the committee—to say any more will be a repetition of the testimony given today. The U.S. Dept. of Agriculture, Doyle Burns of the National Potato Council, and my fellow colleagues have outlined in detail, the complete program.

Thank you for permitting me to testify at this hearing on potato research and promotion, SB 2862.

HARRISBURG, PA., September 10, 1968.

HON. SPESSARD HOLLAND,  
*Chairman, Subcommittee No. 3, Agricultural Production, Marketing and Stabilization of Prices of the Committee on Agriculture and Forestry, U.S. Senate, Washington, D.C.*

DEAR SENATOR HOLLAND: We earnestly solicit your support and favorable consideration by your committee for the "Potato Research and Promotion Act", S. 2862.

This act, which would be self-financing within our industry, provides the means for us to help ourselves in essential future development. It will also prove to be of considerable value to the consumer in making a constantly better product available.

This request for your consideration is made on behalf of the membership of our statewide organization; which, after giving careful study to the proposed legislation, voted overwhelming for its support. This action was taken at our Annual Membership meeting held at State College, Pennsylvania on the 7th day of March 1968.

Your assistance will be much appreciated and will perform a worthwhile service to our industry as well as to the consuming public.

Sincerely yours,

OWEN L. BARKLEY,  
*General Manager, Pennsylvania Co-operative Potato Growers.*

STATEMENT OF HOWARD A. HALES, SECRETARY, NATIONAL POTATO COUNCIL,  
 PASCO, WASH.

Mr. Chairman and Members of Subcommittee Number Three of the Committee on Agriculture and Forestry of the United States Senate, I am Howard A. Hales from the State of Washington. I live at Pasco, Washington and produce about 75 acres of potatoes each year which I sell into both fresh and processed outlets.

I appreciate the opportunity to present my views and those of my fellow potato growers from the State of Washington on the benefits to be derived from the passage of the Potato Research and Promotion Act.

The State of Washington has found the type of enabling legislation which would be established by this Act to be workable and successful. In this area it has proven to be so successful that we are certain the same type of program on a national basis would give the potato grower the important cooperative overall effort so necessary to the potato industry. The Act would allow the grower to help himself on a nationwide basis in the same manner as many State programs; at the same time the grower would be augmenting the various State and area programs.

The potato industry is attempting to upgrade the quality of the product offered to the consumer. Various areas have projects for this purpose but in order to have an effective program it should be a national coordinated effort. This Act would provide the funds for the necessary research for this purpose.

Recently there has been a great deal of aggressive advertising by other products in an attempt to substitute these for potatoes in the American diet. This promotion has been, to some extent, successful. Therefore, in order to be able to even maintain consumption of potatoes at its present level, it will be necessary to launch a campaign of our own. The area and State programs are effective within the scope of their activities but only a national program can be effective against the volume of publicity being distributed on a national basis by other products.

The consumer should be given the true information about the nutritive qualities of potatoes; the actual caloric content of the potato in its various forms; and their versatility. This will dispel the erroneous impressions of recent years that potatoes should be avoided by those tending to be overweight.

Perhaps most important of all is the fact that this can be done without additional burden to the taxpayer. Potato growers wish to tax only themselves in order to pay for the opportunity to improve their industry.

We will sincerely appreciate your favorable consideration of the Potato Research and promotion Act.

Thank you, Mr. Chairman and Members of the Committee.

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STATEMENT OF DAVID R. CLARK, JR., STEERING COMMITTEE, NATIONAL POTATO COUNCIL, GRANDVIEW, WASH.

Mr. Chairman and members of Subcommittee Number Three of the Committee on Agriculture and Forestry of the United States Senate, 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 those of many of my colleagues, fellow potato growers in Washington State, on why we think you should recommend and support this Potato Research and Promotion Act.

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 S-2862. 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 part of the reason why potato processors have moved in so heavily in 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 this 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 consumer's dollar. Potatoes in their many forms have long been a staple in American homes. In recent times, however, the potato has been attacked. Inroads have been made by substitutes in gaining a place in diets, largely through aggressive advertising methods. Only a national organization with full grower cooperation can compete and hold potatoes' 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 for her use in planning meals of the most nutritious nature for her children.

Last, the cost of operating these programs, when adopted, is paid by the industry and is not a continual burden on public funds. All of this provides our industry with the opportunity of helping ourselves, making the industry stronger and better able to serve the consumers of this nation.

Thank you. Mr. Chairman and Members of the Committee.

Senator HOLLAND. All right, you may proceed.

Mr. BURNS. In the interest of time, I will read only the opening statement of my statement, rather than taking time for the whole statement.

Senator HOLLAND. I understand that you are going to support the bill as amended, but I think that what the committee would be most interested in is whether you approve the specific amendments that are suggested by the Department of Agriculture.

Mr. BURNS. Yes, sir. We have no objections to the amendments they have recommended.

Senator HOLLAND. And what is your attitude with reference to the House bill—does it incorporate those amendments?

Mr. BURNS. Mr. Chairman, I have a list of the recommended changes that we are recommending, and these include these changes that have been made in the House bill.

Senator HOLLAND. Are there any changes that you recommend and which the Department recommends that are in addition to the changes made in the House bill?

Mr. BURNS. Yes, sir; there is one. I will have to find it in the bill. In one place in the bill where it says that the first handler shall collect the money from the grower, we are recommending that shall be changed to "may," in order that the first handler may collect the money or he may pay it himself, in certain cases where he may be in a position where he would rather pay this small assessment, rather than to collect it from the grower.

Senator HOLLAND. I understood that was recommended by the Department, also; was it not?

Mr. BURNS. Well, I did not think it was. In this version of the bill that we have, it says "shall."

Senator HOLLAND. My understanding is that the testimony already before us shows that the Department recommends that change; is that correct?

Mr. HEDLUND. That is correct.

Senator HOLLAND. Thank you.

All right. Now if you wish to place your full statement in the record, we will be glad to have that done. If there are points in it that you want to point up in a brief way, you may do so.

Mr. BURNS. According to the official bylaws 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, S. 2862.

The board of directors of the National Potato Council discussed and approved this legislation by a unanimous rollcall vote during their last annual meeting. Up to the present time not a single potatogrower's association has experienced opposition to this proposed legislation. During the past 2 years I have talked to literally thousands of potatogrowers and thus far we have had no opposition to the principal involved in S. 2862. Down through the years the potato industry has frequently petitioned Congress for assistance through legislation, but always we have come as a house divided and as a result very little was accomplished. This time the entire potato industry comes to you, united and asking for your support for this vital legislation. A bill similar to this one has already been reported favorably by the House Agriculture Committee by a vote of 12 for, 1 against.

Senator HOLLAND. On that point, if you will let me comment, I think that your statement is exactly true, because I remember on prior occasions that the potato industry of Florida was very much opposed to what you are suggesting, and I remember that the potato

industry of Idaho, at least, on some such occasion was very much opposed and there may have been others likewise opposed, but those two stick in my mind.

Mr. BURNS. Unfortunately, that has been the history of the potato industry up to this point.

Senator HOLLAND. Have you had such bad years that you have decided to cooperate with each other finally?

Mr. BURNS. That has been a part of it.

Senator HOLLAND. All right, proceed.

Mr. BURNS. There are several important provisions in this act which I believe should be emphasized:

This is a self-help program. There is nothing in this bill that would impose a program on any grower who does not wish to participate. The plan must be supported by a two-thirds majority of the growers voting in a referendum or by two-thirds of the production.

I did not include that amendment. That was made there, Senator Miller.

Even then any grower who is unalterably opposed could get a reimbursement of all funds he has paid. This is not what I would call a compulsory program.

Senator YOUNG of North Dakota. You say that if an individual producer wants a refund; can he get it?

Mr. BURNS. Yes, sir. The grower who does not wish to participate, and he has no desire to be a part of this program—he may in principle be opposed to this program—if for any reason he does not want to participate, all he has to do is to file a request with the Potato Promotion Board, and produce whatever evidence is necessary, which would, probably, be a settlement sheet, showing that he had paid the money, and this will be refunded to him by the board.

Senator HOLLAND. Of course, that is a provision that has not been in the marketing agreement and order at all in the past, except with reference to cotton.

Mr. BURNS. That is right.

Senator HOLLAND. What has been the experience in this first year of operation in the cotton industry with reference to the number of refunds and the amount of refunds that have been requested?

Mr. BURNS. You mean how many?

Senator HOLLAND. How many, and what is the amount, the total?

Mr. BURNS. I cannot give an honest answer to that.

Senator HOLLAND. Can the Department give us such figures?

Mr. HEDLUND. I am sure that the figures are available, Mr. Chairman.

Senator HOLLAND. I ask that those figures be made available, because that is the only precedent.

Mr. BURNS. Yes, sir. I have heard that it was about 2 percent, but I would not give that as an exact figure.

Senator HOLLAND. All right, we will ask the Department to supply those figures.

(For the information above, see p. 15.)

Senator YOUNG of North Dakota. We have the same provision in our State law with respect to wheat. My information is that there are actually very few refunds.

Senator HOLLAND. I understand there have been provisions under State laws, but under the Federal law, the first time we ever ventured

into this field was in the cotton legislation last year and the year before. Frankly, I objected to the legislation on that ground, because it seemed to me that that is the situation where the recalcitrant will not join in the beginning, in the program, could ask for their refund, and it gives the right to very large producers, if they are not satisfied with the way it goes, to wreck the whole program by requesting their refunds. And it does not give them, therefore, stability and permanence to the program that I think we would all hope would be attained when the program was set up.

Mr. BURNS. On the other hand, I might point out that it does have one distinct advantage and, that is, that if the potato board, or whoever is actually in charge—and this is who it would be in this case—they are responsible for this program—they know that any time the people become disillusioned or dissatisfied with their program they can demand their money back and it will keep them on their toes and there will be no squandering of funds or anything like that, because of this, because they will know that the people can come back and demand their money, and if it is not going to suit them, that they will do it.

Senator HOLLAND. That is certainly correct.

Mr. BURNS. The Secretary of Agriculture does not have arbitrary powers. The act spells out specifically what his duties shall be. The position of the Secretary shall be that of checking to see that funds are spent properly; that the program selected by the growers is within the limits provided in the act; and to hold hearings to determine the wishes of the potato growers. He is not the administrator of the program. He does not collect the funds, except in unusual cases. He does not dispense the funds collected. All of these are the duties of the potato promotion board made up of potato growers.

This legislation cannot become a millstone around the neck of the industry. If at any time a simple majority of growers, representing 50 percent of the production, want to terminate the program, it can be stopped.

There is a great psychological difference between this proposal and many others that come before Congress. Under this act the potato farmer is paying the cost of the program. Because he is paying, it becomes his program and when it becomes his program he will strive to make it succeed. He can take a pride in its accomplishments and he will support it instead of trying to devise means of circumventing it.

Senator HOLLAND. The balance of your statement will be made a part of the record.

(The document referred to follows:)

#### RECOMMENDED CHANGES

I recommend that the following changes be made in S-2862 to make it identical with H.R. 15030 as approved by the House Agriculture Committee.

- (1) Page 1, delete lines 6, 7, 8. Page 2, delete lines 1 through 18.
- (2) Page 2, line 19, delete "Therefore, it". Add: "Sec. 2. It".
- (3) Page 7, line 17, add: "except as provided by subsection (a)(4) of this section."
- (4) Page 7, line 21, add: "research and" between "the" and "promotion."
- (5) Page 7, line 24, delete all after "Provided," also, on Page 8, lines 1 through 5, delete all and add: "That such demand shall be made personally by such

producer in accordance with regulations and on a form and within a time period prescribed by the Board and approved by the Secretary, but in no event less than ninety days, and upon submission of proof satisfactory to the Board that the producer paid the assessment for which refund is sought, and any such refund shall be made within sixty days after demand therefor."

(6) Page 8, lines 9 and 10. Substitute: "programs" and "program" for the words "plans" and "plan."

(7) Page 8, line 24 and Page 9, lines 1 and 2. Delete all of Subsection (K).

(8) Page 9, line 22. Substitute: 8 (f) for 6 (f).

(9) Page 10, line 23. Substitute: "May" for "Shall."

(10) Page 11, line 22. Delete "Section 14".

(11) Page 14, line 15. Add: "any" between "in" and "acts."

(12) Page 15, line 13. Add: "The site of any hearing held under this section shall be within the judicial district where such handler or other person is an inhabitant or has his principal place of business."

(13) Page 16, line 18. Add: "and by not less than a majority of the 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."

(14) Page 17, line 11. Section 16 becomes "Amendment Procedure" and reads as follows: "The provisions of this Act applicable to plans shall be applicable to amendments to plans."

(15) Page 17, line 12. Substitute: "17" for "16".

(16) Page 17, line 18. Substitute: "18" for "17."

(17) Page 17, after line 23, add: "Section 19. This Act shall take effect upon enactment."

#### POTATO RESEARCH AND PROMOTION ACT

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 there were only 45% as many potato farms as there were five years earlier. By 1964, 6,500 farmers or 2.1% of all potato farmers were growing 81% of the entire crop. 4.7% of the farmers were growing 97% of the crop.

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. 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. 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%.

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.

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 project which is anticipated when this Act becomes law.

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 that 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. This is another example of what can be done within the framework of this legislation.

## 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 necessarily 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 By laws. 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.

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 per cent 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 50 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.

I respectfully ask this Sub-Committee to support this legislation and report it with all due expediency. The need within the potato industry is urgent.

#### 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, responsibilities, 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 dispensation 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 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 not 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.

Mr. BURNS. That represents the part of my statement that I had planned to read. I will be happy to answer any additional questions that you may have.

Senator HOLLAND. Thank you. I have none.

Senator YOUNG. I have none.

Senator MILLER. I would like to ask you again about this voting procedure. As I understand it, the House bill now provides that to get the plan you would have to have two-thirds favorable vote of the 16,990.

Mr. BURNS. Two-thirds of the growers who are voting in the referendum.

Senator MILLER. All right. Let us say there are 16,990 eligible to vote, as I understand it, and 9,000 vote, you have 6,000 for a favorable vote. That is the first step. And then, in turn, that 6,000 who voted, to bring it in, would have to be producing, at least, 50 percent of the volume of the total production of the 16,990.

Mr. BURNS. No, sir. Of those that are voting. There would have to be, at least, 50 percent of those people that are voting in the referendum.

Senator MILLER. I am not sure that I follow you.

Mr. BURNS. We are saying that this many are voting.

Senator MILLER. Let us just illustrate this thing. As I understand there are 16,990 who would be eligible?

Mr. BURNS. Yes.

Senator MILLER. Let us say only 9,000 vote. You have 6,000 "Aye" votes.

Mr. BURNS. That is right.

Senator MILLER. Now, when it comes to the volume, those 6,000 have to represent the production which amounts to 50 percent of what—we are talking about 50 percent.

Mr. BURNS. I mean, the production of 4,500 growers. In other words, 50 percent of the production must be represented in the two-thirds of the growers.

Senator MILLER. Fifty percent of the amount produced by 9,000.

Mr. BURNS. Yes, sir.

Senator MILLER. In other words, we forget about the 16,990. We say they are eligible, but if they do not vote, that has nothing to do with it.

Mr. BURNS. That is their fault.

Senator MILLER. Now, we are looking at the 9,000, and the production made by the 9,000.

Mr. BURNS. 6,000 not supporting it.

Senator MILLER. And they do not support it, and they must represent the production.

Mr. BURNS. Of, at least, 50 percent of that.

Senator MILLER. Of that production, the 9,000?

Mr. BURNS. Yes, sir.

Senator MILLER. OK. When it comes to voting out, in that example that I have given you, only the 9,000 would be eligible to vote in terminating it, because those that did not vote are in the first go around and are not eligible to vote in terminating it.

Mr. BURNS. You would be speaking in terms of numbers, not necessarily the same people—you would not go through the list and itemize that.

Senator MILLER. The point is that, as I read Mr. Hedlund's statement, if a majority of the potato producers, 50 percent, who produce more than 50 percent of the volume of the potatoes produced by the potato producers voting in the referendum must vote to terminate the plan. So we look at the 9,000 who voted in the referendum, and see what their production is, and then those who voted to terminate the plan, would have to produce over 50 percent of that production, would they not?

Mr. BURNS. My understanding would be, Senator, that the 50 percent, that is, that there must be 50 percent of those voting.

Senator MILLER. In the referendum.

Mr. BURNS. In the referendum.

Senator MILLER. That is right.

Mr. BURNS. And the production of that 50 percent voting must be, at least, one-half of the production of the entire group.

Senator MILLER. Of the 9,000.

Mr. BURNS. Yes, if that is the example.

Senator MILLER. That is the way that I understand it, but I am not quite clear about who can vote in the termination.

Mr. BURNS. Who can vote?

Senator MILLER. Yes. Only those who voted in the referendum, the first referendum, whether or not the plan is going to be adopted—the 9,000 I referred to—only those are eligible to vote to get the plan out, or maybe some of the others—

Mr. BURNS. I do not believe so.

Senator MILLER (continuing). The 7,990 who did not vote.

Mr. BURNS. I do not think that would be a very practical arrangement. In 1964 we only had 45 percent as many farmers as we had in 1959. In other words, we lost over one-half of our potato farmers during that period of time. And if we stuck with those figures, say that the program is put in now, and we had 9,000 voting—

Senator MILLER. Out of the 16,990.

Mr. BURNS. Yes—and 5 more years from now, if we continue to lose farmers at the rate that we are losing them now, then it would be an impractical arrangement—it would seem to me. I would think that if we vote for termination that it would have to be based on the existing figures at that time, rather than speaking in terms of the number that voted it in.

Senator MILLER. I understand that. I do not think that I got my point across to you. Let us say there were 9,000 of the 16,990 eligible that voted. Then 3 years later the total number of eligible voters had diminished down to 12,000. I want to know who can vote to terminate the plan—can only those who were involved in that original adoption—only the 9,000 who exercised their franchise or those who are left over, probably, some of those are out?

Mr. BURNS. No, sir.

Senator MILLER. Can only they vote or can all of the 12,000 vote?

Mr. BURNS. I would say that the 12,000 are eligible to vote. And of those that vote, 50 percent would have to oppose the program or vote to get rid of it.

Senator MILLER. That is right. And that 50 percent, according to my understanding of Mr. Hedlund's testimony must produce more than 50 percent of the volume of the potatoes produced by the original 9,000 who voted in that first referendum.

Mr. BURNS. No, sir; I would say that it would be 50 percent of the production of the growers that are voting in that specific referendum.

Senator MILLER. It does not say so; at least, Mr. Hedlund's testimony does not say that.

Mr. BURNS. Maybe he and I are in disagreement on that. This is my understanding.

Senator MILLER. I just want to understand this, so that we forget about the volume that these two-thirds produced 4 years ago and we look at today.

Mr. BURNS. I think that we would have to do that. I think this would be the only practical approach.

Senator MILLER. You are the expert on that—I am not. I just want to know what we are trying to do here. Today we have another vote, and we have to have a 50-percent vote to get it out. And if today there are 8,000 who vote, we have to have a vote of 4,000 plus the fact that those 4,000 must have produced over 50 percent of the volume of those produced by the 8,000.

Mr. BURNS. That is correct—that is my understanding.

Senator MILLER. Thank you.

Senator HOLLAND. Of course, we all understand that the agricultural census does not occur every year. How often does it occur?

Mr. HEDLUND. Every 5 years.

Senator HOLLAND. We are proceeding now on the strength of the 1964 census. There will not be another one until 1969, that is correct?

Mr. HEDLUND. Yes.

Senator HOLLAND. That will show a different figure. And I suspect a reduced figure from the 16,990, because of attrition which has continued, has it not—the number of farmers who produce potatoes has gone down?

Mr. BURNS. In my relationship with growers I would say definitely it has. Every time you talk to them, they say, so and so has quit farming—he is not raising potatoes. We have a lot since 1964.

Senator HOLLAND. And yet the average size of the potato-producing farmer has gone up.

Mr. BURNS. The acreage has not increased.

Senator HOLLAND. The average production per acre has gone up.

Mr. BURNS. Yes.

Senator HOLLAND. So that the total production has gone up.

Mr. BURNS. It has remained relatively stable. It has gone up a little over the years.

Senator MILLER. Will you yield at that point?

Senator HOLLAND. Yes.

Senator MILLER. I think that you have raised a very important question concerning statistics used with respect to volume to determine the vote to terminate a plan. Would you have last year's production to be the guide or the basis of that?

Mr. BURNS. The details that would have to be developed in that administrative hearing. It would be necessary that each grower would vote his vote plus his production on his ballot; in other words, he would be voting his vote as an individual farmer and his vote of production in whatever amount his production might be.

Senator MILLER. For what year?

Mr. BURNS. Well, this here again—

Senator MILLER. This year or the previous year?

Mr. BURNS. The legislation calls for a representative period. This could be determined—it has to be determined by the Secretary at this point, because the board would not yet be in operation, but it would be—

Senator MILLER. You want to terminate the plan—what figures on production would he be stuck with if he wanted to achieve this?

Mr. BURNS. The man that wants to terminate it?

Senator MILLER. Yes.

Mr. BURNS. There are different provisions for terminating the plan. The Secretary can terminate the plan if he receives a petition of 10 percent of the potato growers or on the recommendation of the potato promotion board, he can terminate it.

Senator MILLER. But if we are going to have a referendum on it, and then we are going to have the 50 percent of those voting in the referendum voting it out, they would still have to represent over 50 percent of the production of the group that is voting.

Mr. BURNS. That is right.

Senator MILLER. What figures are we going to use for the production for that group, and how recent?

Mr. BURNS. In that case they would have to vote their production again, just the same as if they were voting it in.

Senator MILLER. You mean their last year's production or what?

Mr. BURNS. In my testimony I recommended that a potato grower should have grown potatoes on at least the 2 previous years. This is

just my own idea, but his production would be on the first figures here, that would be the production that he would have to vote.

Senator MILLER. The immediate previous period?

Mr. BURNS. The first immediate year.

Senator MILLER. Would there be statistics available from the Department, from the associations, to verify those figures?

Mr. BURNS. Each individual grower is responsible for whatever evidence is necessary; in other words, if a grower is eligible to vote, his eligibility to vote is questioned, then it is his responsibility to show that he is a legitimate grower and a legal voter in this particular referendum.

Senator MILLER. How would you determine whether or not those who vote to set up a plan are eligible? Let us say that I am a potato grower. I say, "All right, I have fewer than 5 acres," and automatically I am excluded from it, and with 5 acres or more, you say, regardless of your production, as long as you have 5 acres or more planted to potatoes you are eligible. That is the basis you go on there, but then when you look to see whether or not the plan is going to be approved you have to have this volume test. What do you use as a representative base period, 2 years or 3 years ago? When I vote for the plan or, say, against it, I put down my production on my acres of 5 or more—what idea would you have that I have put down too much or too little?

Mr. BURNS. The responsibility rests upon that individual. Whoever is counting the ballots has reason to believe that somebody is voting who is not eligible to vote, then the responsibility rests with that individual to show that he has produced the potatoes and that he has the acreage.

Senator MILLER. I understand it is not his production—it is only his acreage.

Mr. BURNS. I think that you might question his production, too. I mean that it is entirely possible. He might be voting more or less production.

Senator MILLER. That is the point that I am getting at. He is eligible to vote because he has, let us say, 6 acres planted to potatoes. The question is—let us say he votes for the plan—how are the ballot counters going to know whether the figure he has put down as his production from those 6 acres is an accurate figure? I suppose that there will be guidelines saying to put down your production for 1963 or 1964, so that he puts that down, but what check do you have as to whether or not he put down an accurate figure or an inaccurate figure?

Mr. BURNS. In most of the States, in the principal States, we do have a State association. While they do not always carry all figures, and they do not have the production figures of all individuals, there, again, if he is called upon to verify that he is a legitimate grower and this many potato acres, then he should have his settlement sheets when he sold the potatoes. In other words, he has the preponderance of evidence. It is just a matter of presenting this evidence to the necessary authority, whoever it might be.

Senator MILLER. I can see that in a close vote, where you are going to have something like that, it would be pretty difficult.

Mr. BURNS. It is very possible that there will have to be some checking done to be sure that everyone is legally qualified.

Senator MILLER. That is all; thank you.

Senator HOLLAND. Thank you.

I note that the next witness, Mr. Larsen, is covered by the list of those whose testimony has been put in without their personally appearing. That is correct, is it not?

Mr. LARSEN. There were some comments that I should like to give some information on. I would like to add some things.

Senator HOLLAND. Your testimony is already in the record. If you have something that you wish to add, we will call you now.

**STATEMENT OF ALAN F. LARSEN, PRESIDENT, NATIONAL POTATO COUNCIL, BLACKFOOT, IDAHO**

Mr. LARSEN. Mr. Chairman, I think that I could, perhaps, shed some light on some questions that have been asked regarding State promotion programs in competition to this national promotion program.

Coming from Idaho and having been past president of the Potato Growers of Idaho for 3 years and, also, in the State legislature where I carried a bill through last year to increase our assessments in Idaho another one-quarter percent for research and education, which now brings our total in the State of Idaho to 3.25 cents per hundredweight, and speaking, generally, for our people, we do not see this as a competition thing. The thing that has not been brought out here, I think, that needs to be brought out more than anything else is that potatoes, as you can read in my testimony, on page 3, have been the victim of a great lie. People think that potatoes are terrifically fattening. The fact of the matter is that they are not.

While we are not threatened by synthetics, we are threatened by a big lie, that has been told so long that even doctors believe it. The statistics do not prove it, because potatoes are not fattening.

And here we are in this national promotion that is important to the survival of our industry—we are fighting this—because these potatoes are not fattening. And to show you how important this is to a State like Idaho, we have spent a lot of money in the State of Idaho and have for a good many years to promote our product from Idaho, but our agency and our commission has felt that this particular phase of the general calorie content of potatoes per se, not by States, but potatoes in the United States, is an item that can be handled on a national scale rather than on a State level. In fact, our particular law in the State of Idaho is a very closely drawn piece of legislation that restricts completely our advertising of the Idaho potato to the Idaho potato, and we cannot get into the general area, and the agency and the commission has agreed that the National Potato Council, through our foreign trade program, as carried on last year, and through our own anticipated program through this bill, can carry this story to the public as to the honesty of the potato which is far better than any State can do it. And I am sure that the people in the State of Idaho in spending this amount of money look upon this as an opportunity to increase the market for potatoes, and they intend to get their share of the market, and I think, generally, every State does.

I think there is very little feeling of competition between States in this national promotion program, because this is the one area that we want to hit harder than anything else.

Senator HOLLAND. We have not found in Florida, even having a State which had a program for advertising of orange juice, and grapefruit juice, and the like, that it has prevented brand advertising; to the contrary, each of the promoters who has a brand continues advertising it. You see it stamped on the fruit, and you hear it over the TV and the radio. The two things are supplemental and complementing each to the other.

Thank you very much.

Mr. LARSEN. There are a couple of other items.

Senator HOLLAND. May I ask Senator Miller to preside for a moment. I have an emergency matter to take care of.

Senator MILLER (presiding). Why should not this matter as to the caloric content of potatoes, as to fattening, why should it not be done by the Consumer Marketing Service of the USDA? It would seem to me that through their publications, relating to balanced diets, caloric content of foods, for example, that this ought to be a pretty good basis for their work as against any of this unfair competition or misinformation. I would think that it would be a duty of the Department to do that.

Mr. LARSEN. I, certainly, agree with that and hope that they will do everything they can, but I am sure that you realize that there are many people who do not read those publications. For example, there was this put in the galley of this particular airplane, so that every stewardess who came on can see the caloric count of potatoes, because we have had people thinking that we are lying when we tell them the fact which is published by the Department.

Senator MILLER. Maybe the Department has not done enough of a job—maybe they have not been asked to do so—I do not know. I would think that they are capable of doing it. I can see where they are not in the business of going out and advertising one food in place of another food. I can see where they can get accurate information regarding the food value of potatoes and other items. And I might say that I appreciate your comments about the question I raised, regarding the competition in advertising between State and national programs.

Let me ask you another question. What would you say if people stopped eating potatoes, because of this misinformation—what would be the main perishable crop that they would go to—would rice be the main one, a big one?

Mr. LARSEN. I think the question has already been pretty well answered. There would be the use of spaghetti and rice and some of those commodities that they would turn to, but it is not an "if." It has already happened. People have ceased eating potatoes, as you can see, from some of these statistics.

Senator MILLER. Suppose that this becomes law and next year the rice people come in and they say, "We want to have a program." You heard Mr. Lynn's argument. They come in to present their proposal. Would you think that the potato growers would oppose that? We are just trying to recapture our market they would say. You want to get back at us. They might say it. I can see a chain reaction to something like this.

Mr. LARSEN. Our reaction is exemplified by everything that has happened. These products have had an attack on another product,

as rice has had against the potato. It is our feeling that this is no way to run a railroad. We did not make any attacks against the rice people. You can notice the people say that we cannot and will not do that sort of thing.

Senator MILLER. I appreciate that. I am sure that you would not do that. I want to get the record straight, however. Suppose I am a ricegrower, and I say, "Well now, our rice market is going down, because these potato people are getting some of the market. Let us get a good campaign going on the virtues of rice. We will not say anything about potatoes. We are just going to be selling rice." And the next thing you know, you have some of the market slipping away again. I am just wondering whether we are going to end with a chain reaction, going back and forth on this. As I understand it, if we start with something that is a little bit unprecedented in this area, we might have that.

Mr. LARSEN. I do not think that there is any question that we would not be in here testifying against the rice people, insofar as is concerned in answer to your question. The volume of potatoes handled is indicative of this, because as I say, this big lie has come out against us, to a certain extent. So far as I am concerned, personally, I cannot see that it would be too bad if the honey people wanted to do the same thing. I cannot imagine any great chain reaction.

Senator MILLER. I can see other areas of counter-reaction, because it will hit at their markets. I think that your point about misinformation is pretty well taken, I might say to you. I, certainly, have heard many times that potatoes are fattening. It does not bother me any. I eat a lot of them. I think your point is well taken, however. I think something ought to be done. My only point is that I just wonder if the U.S. Department of Agriculture could not do a pretty good job for you. It is a national diet problem. People throughout the country are given misinformation regarding diet and I think this is a responsibility of the Federal Government and the U.S. Department of Agriculture.

Mr. LARSEN. I think they have done an excellent job. This article in Home and Garden which has been published, shows that they did a pretty good job on it, but getting it to the people is something that they do not reach by that means. They will have to have help in that way.

There are a couple of other things. Mr. Burns gave you the information that one of these papers was by Darwin Miller, but it was Darwin Williams which has been presented, or, rather, it should be Darwin Young. We have some cottongrowers here who are potato growers, if you want an answer to that, you might call on Don Johnson.

Senator HOLLAND. What question?

Mr. LARSEN. What was the refund.

Senator HOLLAND. We will get that information from the Department. The figures will be there in one place. I do not think that any one cottongrower or a member of the Board would be able to do that.

Thank you very much.

Our last witness is Mr. Mercker, executive secretary of the Vegetable Growers Association of America.

STATEMENT OF ALBERT E. MERCKER, EXECUTIVE SECRETARY,  
VEGETABLE GROWERS ASSOCIATION OF AMERICA

Mr. MERCKER. Mr. Chairman and members of the subcommittee: My name is Albert E. Mercker. I am executive secretary of the Vegetable Growers Association of America. I have been a salesman for fresh fruits and vegetables in the New York City market, a potato inspector for the Department of Agriculture, chief of the New Jersey Division of Markets and handled potato programs on a voluntary basis as a member of the Department of Agriculture from 1929 through 1941 and the price support program, after that date, retiring from the Department of Agriculture in 1956 to be executive secretary of the National Potato Council.

Since early 1965 I have been executive secretary of the Vegetable Growers Association of America, which strongly supports Senate bill 2862, providing for an assessment of a tax on the first sale of potatoes but which tax is subject to a referendum and also subject to the return of the tax to the grower on his request.

The potato industry as a whole has greatly suffered from much misinformation disseminated with respect to potatoes. This needs to be repudiated as potatoes, together with milk, make a practically complete diet with sufficient nutrients to nourish the human body. Per capita consumption has declined from about 200 pounds per person, at the start of this century, to a low of about 102 pounds, per capita, in 1956. Since 1956 per capita consumption has increased from 102 pounds to about 113 pounds per person from the 1966 crop, an increase of almost 10 percent or 11 pounds per person. From 1956 crop 170,795,000 hundredweight were used for food, of which less than 25 million hundredweight were used as processed food and of which three-fifths was in the form of potato chips and shoe strings. From 1967 crop the total of 226,239,000 hundredweight were used as food, an increase of 55,444,000 hundredweight or about one-third more than was used in 1956. Of the total used as food 131,726,000 hundredweight was used as fresh and 94,513,000 hundredweight was used in the form of processed potatoes. This is equivalent to about 64 pounds per person, a drop of one pound from the 1966 crop, in the fresh form and 48 pounds per person in the processed form.

About 12 States have legislation which provides for a tax on the first sale of potatoes for advertising and research purposes, or a tax per acre for the purpose of obtaining funds for research or for potato promotion. In my judgment about \$3 to \$4 million are spent to promote potatoes from these funds and in addition the processing organizations or those selling processed potatoes spent an additional \$12 to \$15 million to promote the sale and consumption of processed potatoes.

There is a distinct need for growers to increase the per capita consumption of potatoes because of their wholesomeness as a food and to tell the consumer the truth as potatoes are a most valuable food. Although the growth, as outlined, as to per capita consumption and the total increase, has been very good, additional funds to promote potatoes are needed, not only to hold the increase made but also to stimulate the further use of potatoes as well as to increase the income of the producers.

The accompanying table outlines the utilization of the designated potato crops.

Thank you very much, gentlemen, for affording our organization the opportunity to be heard in support of this legislation.

I wish that you would include in the testimony the table attached to my statement.

Senator HOLLAND. We will be glad to include the table, which is attached to your written testimony  
(The table referred to follows:)

POTATOES: PRODUCTION AND UTILIZATION OF FOOD (EXCLUDING STARCH AND FLOUR) (1,000 HUNDREDWEIGHT SALES)

Year	Production	Total food use	Fresh	Total used for processing	Chips and shoestrings	Dehydrated	Frozen	Canned
1956	245,792	170,795	146,048	24,747	14,566	3,223	4,675	2,283
1957	242,522	176,973	148,408	28,566	17,356	3,776	4,827	2,606
1958	266,897	182,975	148,868	34,107	17,063	5,917	8,263	2,864
1959	245,272	188,603	148,497	40,106	20,085	7,656	9,918	2,447
1960	257,104	197,975	149,002	48,973	21,018	10,104	15,042	2,809
1961	293,166	205,667	153,594	52,073	22,642	8,518	18,138	2,775
1962	264,810	204,402	149,710	54,692	24,086	9,280	18,400	2,926
1963	271,158	209,248	146,981	62,267	26,693	9,909	22,425	3,240
1964	241,076	195,964	129,525	66,439	28,783	10,801	23,654	3,201
1965	291,169	231,650	139,542	92,108	31,292	20,166	37,302	3,348
1966	306,902	229,413	133,856	95,557	32,729	19,811	39,631	3,386
1967	305,412	226,239	131,726	94,513	32,340	19,084	39,609	3,480

Senator HOLLAND. I notice that the total use of processing has gone up very substantially since 1956, from 24,000 hundredweight in 1956 to 94,000 hundredweight in 1967.

Mr. MERCKER. Yes, sir.

Senator HOLLAND. That is potato chips and shoestrings and canned potatoes and other things of that sort is it?

Mr. MERCKER. Yes, sir. Canning potatoes have been a rather disappointment. When I handled the potato program there were just two canners, one at Palatka, Fla., and one, I believe, at Salisbury, Md., that were canning potatoes. And they are a good product. In fact, during the war the British liked them. We had to can a lot of potatoes. Not only were they readily available, but they used the water. Oddly enough, these two canners I have mentioned were the only ones that were able to can them. The others tried it, and they made a mush of it, until they asked the Department of Agriculture to study why that happened. And the late Mr. Brown, an agronomist, with the Department, found out that one of the things they needed was 2 percent salt.

That is needed in any canning operation to preserve that to hold their shape in the cans.

Senator HOLLAND. How many are operating now?

Mr. MERCKER. I have not made a survey, but I would say, probably, around 15 to 20—not too many—largely in California now.

Senator HOLLAND. Are there any questions, Senator Miller?

Senator MILLER. No.

Senator HOLLAND. Thank you very much.

Mr. MERCKER. I would like to make this comment, Senator Miller. Not only are they nutritious, but potatoes are alkaline in reaction. They are a catalyst that builds muscles. They strengthen the heart

and the veins. And in that way they help. And of all things, there are very few foods that remove the bad acids, namely, uric acid and phosphate acid, come out of the system. And if you want to get rid of rheumatic fevers and all other aches and pains, eat plenty of potatoes. [Applause.]

Senator HOLLAND. I am sure that you would want to put that on TV and radio. Thank you very much.

I have a letter from Robert N. Hampton, director of marketing and international trade, the National Council of Farmer Cooperatives, dated September 11, 1968, and I ask that this letter be incorporated in the record at this point.

(The letter follows:)

WASHINGTON, D.C., September 11, 1968.

HON. SPESSARD L. HOLLAND,  
*Chairman, Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices, Senate Committee on Agriculture and Forestry, U.S. Senate, Washington, D.C.*

DEAR SENATOR HOLLAND: 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 S. 2862.

S. 2862 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 S. 2862.

Sincerely,

ROBERT N. HAMPTON,  
*Director of Marketing and International Trade, National Council of Farmer Cooperatives.*

Senator HOLLAND. I understand there are some other written statements that we will receive shortly. I ask that the record not be closed, unless there is objection, until the close of tomorrow's business in the Senate.

There being no objection, that will be the date of closing of the record.

Thank you all.

(Whereupon, at 12 noon, the subcommittee was adjourned.)

(Additional statements filed for the record are as follows:)

STATEMENT OF HON. GEORGE V. HANSEN, REPRESENTATIVE IN CONGRESS  
FROM THE SECOND CONGRESSIONAL DISTRICT OF IDAHO

Mr. Chairman and Members of the Subcommittee, I appreciate the opportunity of presenting this statement in support of S. 2862, the Potato Research and Promotion Act. I am a co-sponsor of similar legislation, H.R. 15030, and I urge that it be approved by this Committee.

Mr. Chairman, this legislation has the unanimous support of potato growers, as represented by the National Potato Council. It will enable potato producers, through self-assessment, to finance nationally coordinated research and promotion programs to improve their competitive position and expand both their national and international markets.

This bill is permissive, Mr. Chairman, not compulsory. It will allow, not compel, potato producers to pool their resources and efforts in improving their economic lot.

I will not go into a detailed explanation of the bill. That has already been done. But, speaking for Idaho potato producers—and I might add that they produce the best potato in the world—I again urge that this bill be approved by this Committee and that it receive favorable action in the Senate.

WASHINGTON, D.C., September 11, 1968.

HON. SPESSARD L. HOLLAND,  
Chairman, Subcommittee on Agricultural Production, Marketing, and Stabilization  
of Prices, Committee on Agriculture and Forestry, U.S. Senate, Washington,  
D.C.

DEAR MR. CHAIRMAN: It is the policy of the National Grange to support enabling legislation which will permit producers, after approval by referendum, to raise funds by assessing themselves for market development, promotion, stabilization, and research. To this end, the Grange supports the enactment of S. 2862, the proposed Potato Research and Promotion Act.

We shall appreciate your including this communication in the record of the hearing on the bill.

Respectfully yours,

HERSCHEL D. NEWSOM, *Master National Grange.*

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

Mr. Chairman and Members of the Committee, 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 acreage of 1,383,500 acres was estimated at 291,169,000 cwt., bringing the grower an average price of \$2.53 per cwt. 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 1,497,100 acres which produced a total of 306,902,000 cwt., bringing an average price of only \$2.05 per cwt. 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 five percent increase in production resulted in a nineteen percent decrease in the average price per cwt., received by the potato grower for his product and a fourteen-point four 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 fall producing areas of the country totaled 86.6 million cwt., on March 1, 1968, according to the Crop Reporting Board of the United States Department of Agriculture. This was nine percent more than the previous record high holdings of 79.5 million cwt., on hand March 1, 1967.

Idaho had thirteen percent more potatoes in storage this year on March 1st than it had a year ago. Holdings in Colorado were up sixteen percent from 1967 and in the State of Washington, stocks were eleven 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 developed 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 the 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.

I would also like to suggest that the Potato Promotion Board be required to submit to each grower, who has had funds removed from his sales for promotional purposes, a report at the end of the year of the results achieved by the promotional activities of the Board.

Such a report should show increased usage of potatoes, if any, and price increases received by our growers from the increased usage and promotional activities.

Certainly any plan which could be expected to achieve better prices for the potato grower for his product should be supported, and Farmers Union supports this Research and Potato Promotion Act upon this premise.

However, I would invite the Committee to consider the use of the Mondale bill, the National Agricultural Bargaining Act, in conjunction with the Research and Promotion Act, as the instruments which would provide our potato growers with the additional income they need so desperately in their struggle to remain upon the land.

BAKERSFIELD, CALIF.,  
September 11, 1968.

Senator SPESSARD L. HOLLAND,  
*Chairman, Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices of the Committee on Agriculture and Forestry, Washington, D.C.:*

Reference S. 2862, heard before your committee this date, concerning proposed National Potato Research and Promotion Act, a self-help program 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 potatoes and potato products, and by improving the quality of potatoes and potato products that are made available to the consumer; this is to advise that above subject has the unanimous support of the Potato Growers Association of California, and to respectfully request that this communication be included as part of your committee record on S. 2862.

FRANCIS P. PUSATERI,  
*Executive Manager, Potato Growers Association of California.*

STATEMENT OF TED JABLONSKI, VICE PRESIDENT, NATIONAL POTATO COUNCIL,  
PHOENIX, ARIZ.

Mr. Chairman and Members of the Committee, My name is Ted Jablonski. I reside in Phoenix, Arizona, and am a manager for John Jacobs Farms, an organization in the agribusiness of growing almost exclusively fresh vegetables. I have been connected with the organization for over 20 years. Presently I am a Vice President of the National Potato Council, a member of the Board and Past President of the Arizona Potato and Onion Grower Shipper Association.

John Jacobs Farms actively grows, packs, and ships fresh vegetables from some 1,000 acres of irrigated land in an area contiguous to Phoenix. Ideal climatic conditions permit us to double crop many acres of our land and as a result produce acres of vegetables substantially in excess of our 1,000 acres each year. We presently grow broccoli, carrots, lettuce, rapini, green onions, butter lettuce, romaine, endive and red potatoes. In June of this year we harvested 233 acres of Red Pontiac type potatoes with the entire crop being consumed by the fresh market. We plan a comparable acreage of potatoes for 1969.

For many years the National Potato Council has worked towards the development of a national promotion program. One year ago at its national meeting, the National Potato Council without dissent voted to support and encourage the passage of the legislation you are now considering. My purpose here is to personally encourage the favorable action of this committee and passage by Congress of the Potato Research Promotion Act. The potato growers of these United States sorely need this legislation to provide the means for them to promote, to rebuild, and expand the markets for their product. Potatoes are commercially produced in nearly every state and so to be equitable to all and to give each and every potato grower an opportunity to participate, this vehicle is needed.

For me to state here statistics regarding potatoes, their production, value, and consumption, I am sure would be redundant to what has or will be presented to this hearing. It is enough to say that it is by far the largest and most valuable vegetable crop in the world but is suffering a potentially disastrous decline in per capita consumption. In view of recent findings regarding the nutritional deficiency in the diets of a large portion of our population and in fact of the world, the food value and health-giving qualities of the potato need to be told. The potato has been called "the complete food" and this act would permit the potato industry to tell that story and at the same time improve and amplify its distribution. In the preliminary studies made in preparing the basic framework for the Potato Research and Promotion Act, those spending countless hours of toil wholeheartedly agreed that the Potato Promotion Board would in the implementation of the Act provide for the promotion of potatoes per se, fresh, dried, frozen, cooked and uncooked, in fact in all of its forms now and in the future.

As a member of the United Fresh Fruit and Vegetable Association and a member of its Potato Division, I can report that at its annual meeting at San Francisco this year, United's Potato Division voted to support this legislation. To the best of my knowledge no state organization of potato farmers has ever objected to any of the provisions of this bill. In fact, the only objection that I know of has come from the American Farm Bureau Federation. While it has voiced objections on grounds that can well be debated, the fact still remains that in many instances its own county and state organizations have voted to support this bill. In my county, one of the high officers of the local Farm Bureau has given me his unqualified support. My personal view is that the objections raised by the American Farm Bureau Federation are narrow-minded and unobtrusive because they fail to take into consideration the size of the potato industry, its geographical diversification and year round production and harvest which by themselves make this type of legislation a necessity. This is a potato grower promotion plan by the simple basic fact that it was conceived, developed, argued, researched and submitted to you through the efforts of the only organization representing the nation's potato growers. Every state that has its own program for promotion of its production has wholeheartedly endorsed this legislation because they know it will not duplicate the states' own program but will effectively enhance it on a continuing year-long county-wide basis.

In 1968, Arizona planted and harvested some ten thousand acres of potatoes. While this figure in comparison to other producing states is somewhat less than impressive, our state does have a share of the late spring market and produces both a table stock and a manufacturing variety that has a good demand by the consumer.

The potato growers of Arizona have carefully reviewed the Potato Research and Promotion Act, section by section, paragraph by paragraph, and the vast majority, if not all, join with me in recommending that this legislation be approved.

#### STATEMENT OF ROBERT H. JONES, BATH, PA.

Gentlemen, my name is Robert H. Jones from Bath, Pennsylvania. I am a potato grower producing 100 acres of potatoes annually. The sale of this production is the principal income of myself and my family.

I wholeheartedly support S-2862, the Potato Research and Promotion Act, and earnestly solicit the support of your Committee in its enactment.

Each year it becomes increasingly difficult to produce and market my crop with an income that will provide my family with a reasonable standard of living and myself with an equitable return on the investment in capital and time which I must make in my potato production operations. The need for improvement is quite evident.

I do not ask, nor do I want, a grant of Federal funds. I do request the opportunity for myself and my neighbors in our potato industry to raise funds among ourselves to engage in an expanded research and promotion program. Senate Bill S-2862 would give us this right to help ourselves.

Through the increased knowledge we could acquire through research, combined with an aggressive promotion effort designed to acquaint more people with the value of using our potatoes, we would be able to produce a better product for the consumer and improve our own position in the highly competitive economy of today's market.

I sincerely request that you do not deny us this opportunity to help ourselves. Thank you.

