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PEARS FOR CANNING OR FREEZING

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HEARING

BEFORE THE

SUBCOMMITTEE ON DOMESTIC MARKETING
AND CONSUMER RELATIONS

OF THE

COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

NINETY-FIRST CONGRESS

FIRST SESSION

ON

H.R. 2690, H.R. 3279, and H.R. 4147

APRIL 15, 1969

Serial E

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PEARS FOR CANNING OR FREEZING

TUESDAY, APRIL 15, 1969

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

The subcommittee met, pursuant to notice at 9:40 a.m., in room 1302, Longworth House Office Building, Hon. Thomas S. Foley (chairman of the subcommittee) presiding.

Present: Representatives Foley, Jones of Tennessee, Goodling, and Myers.

Also present: Mrs. Christine S. Gallagher, clerk; Mr. William C. Black, general counsel; and Mr. Hyde H. Murray, associate counsel.

Mr. FOLEY. The Subcommittee on Domestic Marketing and Consumer Relations will come to order.

The committee meets this morning for consideration of H.R. 2690, by Mr. Johnson of California, H.R. 3279, by Congressman McFall of California, H.R. 4147, by Edwards of California. These bills are identical and are identical to H.R. 10564 as reported by the full committee in the last Congress. Their purpose is to add pears for canning or freezing to the list of commodities for which Federal marketing orders may be made applicable, and to permit collection of assessments for marketing promotion projects, including paid advertising.

The subcommittee will hear witnesses from the witness list who may address themselves to any of these bills under consideration today by the subcommittee.

Before we begin the hearings, I would like to take this opportunity to introduce to those in the subcommittee hearing room a new member of the subcommittee, Mr. Jones of Tennessee, who holds the seat held by the late Mr. Everett of Tennessee. We want to welcome Mr. Jones to the subcommittee. The first witnesses today will be Members of Congress. I see Mr. Leggett of California in the room, and we welcome Mr. Leggett's testimony at this time.

(H.R. 2690 by Mr. Johnson of California, for himself and Mr. Moss, Mr. McFall, and Mr. Leggett; H.R. 3279 by Mr. McFall; and H.R. 4147 by Mr. Edwards of California; are identical bills, the text of which follows:)

[H.R. 2690, 91st Cong., First Sess.]

A BILL To amend section 2(3), section 5c(2), and section 5c(6)(1) of the Agricultural Marketing Agreement Act of 1937, as amended

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Agricultural Adjustment Act of 1933, as amended, and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, is further amended as follows:

(1)

(1) Section 8c(2), as amended, is further amended by inserting "pears," after the words "canned or frozen" where they first appear and also before "olives" in subdivision (a) in the first sentence thereof.

(2) Subsection (I) of section 8c(6), as amended, is further amended by striking "fresh" immediately before "pears" in the proviso.

(3) Section 2(3) of the Act is amended by inserting "such marketing research and development projects provided in section 8(c)(6)(I)," immediately after "establish and maintain".

(4) Section 8c(19) is amended by adding at the end thereof the following: "For the purpose of ascertaining whether the issuance of an order applicable to pears for canning or freezing is approved or favored by producers as required under the applicable provisions of this title, the Secretary shall conduct a referendum among producers in each State in which pears for canning or freezing are proposed to be included within the provisions of such marketing order and the requirements of approval or favor under any such provisions applicable to pears for canning or freezing shall be held to be complied with if, of the total number of producers, or the total volume of production, as the case may be, represented in such referendum, the percentage approving or favoring is equal to or in excess of 66⅔ per centum except that in the event that producers in any State fail to approve or favor the issuance of any such marketing order, it shall not be made effective in such State."

STATEMENT OF HON. ROBERT L. LEGGETT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. LEGGETT. Thank you very much, Mr. Chairman.

Gentlemen of the committee, I have got a very short statement I would like to submit copies of at this time. I testified before this committee last year in support of this legislation. I thought it was a disaster that the bill did not pass. I do not recall the vote offhand, but as I recall we had a short House and certainly we did not have an opportunity to do a proper job to acquaint the whole House with the benefits and ramifications of this legislation. I am a coauthor on H.R. 2690, in my formal statement, I would like to proceed with that. I appreciate the opportunity to appear here joining with Congressmen Johnson, Moss, McFall, Edwards, and myself to support this legislation which would permit producers of canning pears to adopt Federal marketing orders if they so desire. I believe it is frozen pears now where they have already adopted marketing orders.

So this just relates to the canned product, as I understand it.

In the Fourth Congressional District, which I represent, 26 percent of all pears in California are grown. This is an important industry both to my district, the State, and other pear-growing areas. The economics of pear growing are such that a considerable amount of capital must be invested to begin and assure continuing production of the high quality pears for which this area in California is justly famous.

It is, therefore, immediately apparent that this sector of the agricultural economy must be able to avail itself of the orderly marketing structures which assure stable prices to the producer and adequate quality and quantity at competitive costs to the consumer.

The Federal Government for many years has recognized the importance of voluntarily adopted marketing programs by enactment and implementation of the Agricultural Marketing Agreement Act of 1937. Under this act, producers of a substantial number of agricultural commodities are legally entitled to adopt Federal Marketing Orders. At the present time, however, only producers of fresh pears are covered by a Federal Marketing Order, rather than frozen. The grower of canning pears is now at a distinct disadvantage. Experience

over the past years has clearly indicated an unhealthy fluctuation of prices for canning pears, which has seen losses fall very heavily on the small- and medium-size producer, the independent businessman-farmer, who must attempt to guide his business practices without clear knowledge of the future income from his crop.

The fluctuations of prices in pears has varied very much like potatoes and you never know what you really are going to get. If there is a big surplus, the price is down. If it is a poor year, then the prices are up and sometimes those reasons do not even account for the fluctuations.

Last year, a bill similar to what we are discussing today was passed out of the full committee but defeated on the floor of the House. A good deal of the opposition came from urban areas—afraid that passage would tend to drive the price of canned pears up beyond the reach of the lower income family. And, of course, I pointed out in the debate that we are selling pears now below the prices that prevailed back in 1951 and 1952. So hardly can they feel that they are going to be the victims of escalated agricultural prices particularly in this sector.

I feel that these fears are not justified, and experience with other crops marketed under Federal orders will bear me out on this. The other opposition to this proposal comes from the canners. This is understandable, of course, because they like to buy this product at the very cheapest possible price without any organization or agreements on behalf of the growers. That is just simple laissez-faire and the economics of business. This does not help the economic health of the industry, however, and if one section of the industry—the grower—is at the mercy of another sector—the canner—the inherent price instability will result in fluctuations in quality and quantity which not only hurt the producer, but also affect the supply to the retail market.

Federal Marketing Orders have been used in this country for the past 30 years in many farm commodities. The system is well regulated. After enabling legislation is passed by the Congress, an interested party may propose a Marketing Order. Hearings are held, a proposal is made, a vote of the growers is had, and if it is adequate, the order is promulgated.

The need for a Federal Marketing Order is especially important for the pear industry, both for the reasons I outlined above, and because pears are grown in more than one State, in Oregon and Washington, in addition to California, hence just a California marketing order or a Washington order alone would not do the job.

I can see no logical reason that fresh pears should be covered by a Federal Marketing Order while canned pears are not. The only historical reason for this is to be found in the lobbying power of the canners as compared with the traditionally weak bargaining position of the grower-producer.

In my past statement to this subcommittee, I quoted from the 1966 report of the National Commission on Food Marketing, and they state:

We conclude that Federal Market Agreements and Orders should be authorized for any agricultural commodity produced in a local area or regional subdivision of the United States.

In conclusion, Congress long ago decided that Federal Marketing Orders were a good thing, and I would ask this committee to support

this legislation and report it out again. I would certainly hope that if we decide to report it out again, we could do it and get a reasonable timetable and get a rule and get it to the floor. I think last year we heard the bill, we built up some steam. We lost interest. We got a rule, and then we did not hear it for a long period of time, and it caused some confusion on the floor of the Congress.

Mr. FOLEY. Thank you very much, Mr. Leggett.

I want to say for the record that Mr. Leggett has been vitally interested in this legislation for several years and has been one of the real movers in bringing it before the subcommittee and Congress. Mr. Goodling?

Mr. GOODLING. Mr. Leggett, you say "at the present time, however, only producers of fresh pears are covered." What is the difference in the two commodities, fresh pears or the canned pears? I am thinking from a production standpoint?

Mr. LEGGETT. I would like to defer to some of the really knowledgeable experts that are in the back of the room here, particularly my constituent Mr. Collins, Bob Collins, who is president of the California Canning Pear Association.

Mr. GOODLING. He is going to testify, Mr. Leggett?

Mr. LEGGETT. Yes. I could fill you in and make a statement, but really I would think it would be better for the record if I would defer on that point.

Mr. GOODLING. That is all, Mr. Chairman.

Mr. FOLEY. Mr. Jones.

Mr. JONES. No questions.

Mr. FOLEY. Mr. Myers.

Mr. MYERS. No questions.

Mr. FOLEY. Thank you very much, Mr. Leggett.

Mr. LEGGETT. Thank you very much.

Mr. FOLEY. We appreciate your appearance here. I might say that we will proceed with the witness list with the one exception, that if other Members of Congress scheduled to testify appear in the hearing room, we will take them out of order.

I would like to have the opportunity to welcome back to this subcommittee Mr. Hyde Murray, whom all of you know. He has been a member of the committee staff and lost in a primary election in Wisconsin for the seat of Mr. Laird, new Secretary of Defense. All I can say is the Congress' loss is the committee's gain. We are very happy to see you.

Mr. GOODLING. Off the record.

(Discussion off the record.)

Mr. FOLEY. The next witness will be Mr. Paul Nicholson, Deputy Director of the Fruit and Vegetable Service, Consumer Marketing Service of the U.S. Department of Agriculture.

STATEMENT OF PAUL NICHOLSON, DEPUTY DIRECTOR, FRUIT AND VEGETABLE DIVISION, CONSUMER AND MARKETING SERVICE, USDA; ACCOMPANIED BY J. CHARLES KRAUSE, DIRECTOR OF MARKETING DIVISION, OFFICE OF GENERAL COUNSEL, USDA

Mr. NICHOLSON. Mr. Chairman and members of the committee, I am Paul A. Nicholson, Deputy Director, Fruit and Vegetable Division,

Consumer and Marketing Service, USDA. With me here today is J. Charles Krause, who is Director, Marketing Division, Office of the General Counsel of USDA.

I have a statement on H.R. 2690, H.R. 3279, and H.R. 4147. These are bills to amend the Agricultural Adjustment Act as reenacted and amended by the Agricultural Marketing Agreement Act of 1937.

These three bills are identical bills, as the chairman has already explained at the start of the hearing. They would authorize marketing orders for pears for canning or freezing. They would also make all pears eligible for any form of marketing promotion, including paid advertising under marketing orders for pears. They would clarify the authority to establish and continue marketing research and development projects, including paid advertising and other forms of promotion, when prices are expected to exceed parity. Additionally, they would require a favorable vote of two-thirds of the growers voting or two-thirds of the volume voted, in each State of the production area, for issuance of an order applicable to pears for canning or freezing.

The Department recommends that these three bills be passed.

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

Before a marketing order may be issued, a public hearing is required. No order may be issued unless at least two-thirds of the producers by number or volume of production voting in a referendum indicate approval.

There are now in effect three Federal marketing orders regulating the handling of fresh pears. One regulates Bartlett-type pears grown in California. One covers similar pears grown in Oregon and Washington. The other covers specified varieties of winter pears grown in the three Pacific Coast States. Each of these orders contains authority for regulating quality and size of pears shipped to fresh market, and for conducting marketing research and development projects. The two Bartlett pear orders also provide for container and pack regulations for fresh-market shipments.

The act does not now authorize the regulation of pears for canning or freezing under marketing orders. Processing is a major outlet for the U.S. pear crop. This outlet is constantly becoming more important. Two-fifths of the production was processed in the period 1945 to 1949. This grew to about 60 percent in the 1963 to 1967 period. Canning is the principal processing outlet, by far. The Bartlett is the most important U.S. pear variety. It makes up about two-thirds of the total, and is used principally for canning. Processing of Bartlett pears in the Pacific Coast States has increased from under 60 percent in the 1945-49 period, to about 75 percent during the 1963-67 period.

Pear producers and handlers in the Pacific Coast States have developed and used marketing orders to advantage in marketing fresh pears. But they are precluded from following the same route in the marketing of the larger portions of their pear crop utilized for canning and freezing. This hampers efforts to achieve the act's objective of improving grower returns.

Authority for advertising under a marketing order was first included in the act in 1962. This was for the single commodity—cherries. The authority was expanded to include 14 additional commodities in 1965. Substantially increased interest in advertising has been shown by fruit and vegetable producers and handlers in recent years. Advertising programs for several industries are currently being carried out under Federal marketing orders. Fresh pears are now eligible for marketing orders which include advertising. We believe that the pear industry should have the opportunity to develop a promotion program covering other pears if it desires to do so.

These bills would not authorize regulatory orders for canned or frozen pears. But we believe their intent with respect to marketing research and development projects is to authorize such projects, including those dealing with marketing promotion and paid advertising, for any and all pears, including canned and frozen pears and other processed products. Without the promotion of canned pears little benefit would be derived. This intent could be clarified in the bills by changing the period at the end of subsection 8c(6)I to a comma and adding "and when any such commodity for canning or freezing is regulated, then any such projects may also deal with the commodity, or its products, in canned or frozen form."

Section 602 of the act sets forth the policy of Congress to establish and maintain such orderly marketing conditions for agricultural commodities as will return parity prices to farmers. The act now makes available authority for certain regulatory and other activity when prices are above, or are expected to be above, the parity level. We agree that the authority contained in this section to regulate in above parity situations needs to be clarified as proposed in these bills to show that it includes initiation or continuance of marketing research and development projects, and including marketing promotion and paid advertising. The aim of these projects is to improve marketing and distribution. This is a worthy objective at any price level. Uninterrupted research and development activities are essential to accomplishment of the desired aims. We are not aware of any compelling reason which would require discontinuance of such activity when prices exceed parity.

The proposed amendment of subsection 8c(19) by the bills would in effect give any State veto power in a multi-State order. This is because the act requires the Secretary to find that a proposed order is limited to the smallest regional area practicable consistent with carrying out the declared policy of the act. If the Secretary finds that the order should cover more than one State, or portions of two or more States, and it fails to receive the requisite approval by growers in any one State, then the order could not be issued.

It is estimated that the annual costs to the Department for administering each additional marketing order program approximate \$25,000.

Thank you, Mr. Chairman.

Mr. FOLEY. Thank you, Mr. Nicholson.

Mr. Goodling.

Mr. GOODLING. Thank you, Mr. Chairman.

On page 3 you say, "these bills would not authorize regulatory orders for canned or frozen pears." Will you elaborate on that statement? You may have clarified it but I was reading as you were talking.

Mr. NICHOLSON. Yes; I would be glad to, Mr. Goodling. This means that you could not have a marketing order for the canned product that said it had to be U.S. 1 in order to be marketed in the canned channels. You could not do that. You could only regulate under a marketing order if it were voted in the pears going to canning and freezing but not the canned product.

Mr. GOODLING. Now, in your last statement you say that the annual costs to the Department for each additional marketing order would approximate \$25,000. Who pays the \$25,000, the producers or the Department?

Mr. NICHOLSON. No. No; this is paid out of the appropriations of the Department; the section 32 appropriations of the Department pays this.

Mr. GOODLING. Well, in my State we have a similar bill. We do not limit production. It is paid completely by the growers. The growers are assessed themselves for marketing and research.

Mr. NICHOLSON. Well, Mr. Goodling, under marketing orders, Federal marketing orders, all local expenses, which is by far the biggest expense, is paid by assessments on handlers, but insofar as the work that the Department does on these orders, which is rather nominal, it is paid out of the section 32 appropriations.

Mr. GOODLING. That is all, Mr. Chairman.

Mr. FOLEY. Mr. Jones.

Mr. JONES. No questions.

Mr. FOLEY. Thank you very much. I just want to ask one question. You make reference to the proposed amendment which would require the concurrence of any individual State included in the proposed order by the Secretary. That amendment was offered last year and included in the legislation reported from the full committee. Do you see any administrative difficulty in an amendment of that sort?

Mr. NICHOLSON. No; the Department does not object to this proposed amendment. It is limited just to pears as written, and I think it can be administered. But the situation I pointed out is this, that if one State then does not vote for it, why you would not have an order if more than one State was involved.

Mr. FOLEY. Thank you very much. Thank you, Mr. Nicholson and Mr. Krause.

Mr. NICHOLSON. Thank you.

Mr. FOLEY. I see Mr. McFall of California has come in the hearing room and we welcome his testimony at this time.

Mr. McFall is the author of H.R. 3279, identical with the other bills before the subcommittee.

STATEMENT OF HON. JOHN J. MCFALL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. MCFALL. Thank you, Mr. Chairman. Thank you for the opportunity to appear before your subcommittee in support of the bills which I have introduced and which other members from my State, Mr. Johnson, John Moss, Robert Leggett and Don Edwards, have introduced to allow the producers of canning pears, if they so desire, to adopt a Federal marketing order.

I appreciate the committee's holding hearings so early in the session. The bill, of course, is the same as the one that the subcommittee worked so hard on last year. And I appreciate the chairman's assistance and the members of the subcommittee who have given their time to this bill which not only affects California but also the other States on the coast, Oregon and Washington.

The producers of canning pears hold the view, with which I agree, that there is absolutely no reason why the benefits of the Agricultural Marketing Agreement Act of 1937 should not be extended to so many other crops already covered.

The producers of canning pears have long been committed to the philosophy of "self-help." Since 1953, they have supported the California Canning Pear Association, a bargaining cooperative composed completely of farm producers. The pear producers, through their own initiative, have secured the adoption of a State marketing order with the enactment of enabling legislation adopted by the State of California. In order to become better informed and better able to bargain effectively, these two approaches have been taken by the producers.

But they realize that a Federal marketing order may be necessary to enable the producers to accomplish purposes which cannot be achieved under State orders.

Without any reflection on the conduct of State programs, it is desirable that we permit pear producers to work together under one program, if they wish to do so, because of the canning pears which are also produced in Oregon and Washington, your State, Mr. Chairman, and permit the close cooperation of all the producers rather than just on a State program.

I would like to put the rest of my statement in the record, if the Chair would permit, which I believe in very short form states the reasons why we should have a Federal marketing order to supplement the State marketing orders which are already in existence.

Mr. FOLEY. Without objection, it will be so ordered.

(The statement follows:)

STATEMENT OF HON. JOHN J. McFALL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. Chairman, I certainly appreciate the opportunity to come before your subcommittee this morning in support of bills introduced by Congressmen Harold T. (Bizz) Johnson, John Moss, Robert Leggett, Don Edwards and myself which would allow producers of canning pears, if they so desire to adopt a Federal marketing order.

The producers of canning pears hold the view, with which I agree that there is absolutely no reason why the benefits of the Agricultural Marketing Agreement Act of 1937 should not be extended to their industry. By amending the Act, we would include the canning pear industry and allow producers of this fruit to enjoy the many benefits which are extended to so many other crops already covered.

The producers of canning pears have long been committed to the philosophy of "self-help." Since 1953, they have supported the California Canning Pear Association, a bargaining cooperative composed completely of farm producers. The pear producers, through their own initiative, have secured the adoption of a State marketing order with the enactment of enabling legislation adopted by the State of California. In order to become better informed and better able to bargain effectively, these two approaches have been taken by the producers.

But they realize that a Federal marketing order may be necessary to enable the producers to accomplish purposes which cannot be achieved under State orders.

Without any reflection on the conduct of state programs, it is desirable that we permit pear producers to work together under one program, if they wish to do so, since canning pears grow in Oregon, Washington and California.

I do not believe there will be any adverse effect on the canning industry as the result of the enactment of this proposal. As we know, most marketing orders are drafted in such a way that they aid processors and growers alike. I believe that a higher quality product and a better supply is the general result of such orders.

It remains true, however, that the only opposition I am aware of comes from the canning industry. Since it is a matter of self-interest, I would not be in the position of criticizing them. After all, the canner, as the customer of the pear producer, wants and should get as good a price as possible.

But I also believe, that to improve the economic health of the industry, the producers should be able to avail themselves to the benefits of the Agricultural Marketing Agreement Act.

To underscore the need for a pear marketing order, I would like to mention a recommendation of the National Commission of Food Marketing established under provisions of Public Law 354 of the 88th Congress. The recommendation, although made over two years ago when we also had this matter before the Committee, is still particularly pertinent.

The Commission found that "there is frequently need for group action by farmers to adjust sales more uniformly to market demands at reasonable prices, to improve product quality and uniformity, to negotiate with buyers, and to protect themselves against trade practices and abuses of market power to which they are otherwise vulnerable."

I consider these bills under consideration today of extreme need and importance and I am hopeful that they will be acted upon favorably by your subcommittee.

Mr. FOLEY. I want to say that Mr. McFall has been with Mr. Leggett and also with Mr. Johnson and Mr. Moss of California, the prime mover behind this legislation over the last several years. He has been a consistent advocate of marketing orders for canning and freezing pears and has been most instrumental in bringing this legislation before the Congress.

Mr. McFALL. I would just like to say in addition to my statement, Mr. Chairman, that it seems to me that the problem facing the producer, the farmer in the United States, is to find a way to get organized and permit him to get a more equitable share of the consumer's dollar. There are three segments I think that need to be represented in this, three segments of the producing economy, and that would be labor, the farmer, and the processor. They have an interest which should not be divided but should be together. In my opinion, the large distributors of processed products, which are generally the large stores, A. & P., Safeway, and so forth, provide a real service to the American people in providing them with large supplies of food, and yet at the same time they have not only an interest but they also have the mechanism whereby they can in a sense control the prices that are given to the producer and are given to the consumer. In order to really represent not only the producer but the laborer and the processor, it seems to me that we must have more of these marketing orders to permit some kind of organized representation of this interest in the marketplace.

It would not be for price only but to permit a better quality and supply of products for the consumer.

Mr. FOLEY. Thank you, Congressman.

Mr. Goodling?

Mr. GOODLING. No questions.

Mr. FOLEY. Mr. Jones?

Mr. JONES. No questions.

Mr. McFALL. Thank you, Mr. Chairman.

Mr. FOLEY. Thank you very much. We appreciate your statement.

Mr. McFALL. Mr. Chairman, I will ask the permission of the committee to submit a statement from Congressman Harold T. (Bizz) Johnson, who intended to testify this morning, but was unavoidably detained in another committee of his own.

Mr. FOLEY. Thank you very much, Mr. McFall. Without objection, the statement of Mr. Johnson will be admitted and will follow immediately after the statement of Mr. McFall.

(The statement follows:)

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

Mr. Chairman, it is with deep appreciation that I appear before you as once again we consider legislation to extend the canning pear industry the benefit of Federal marketing orders. Very simply, the purpose of the bill is to add pears for canning or freezing to the list of commodities for which Federal marketing orders may be made applicable. At present, there are five commodities which are canned or frozen that are eligible—asparagus, olives, grapefruit, cherries, and cranberries.

This Committee, following its hearings last Congress, concurred that pears should be added to this list. As you well know, the Committee proposal ran into difficulties.

Mr. Chairman, the Pear Industry is here to testify in support of this legislation and I should emphasize that no other farm commodity is affected, and the only persons directly interested in the legislation are the pear growers in the states of California, Oregon and Washington and the canneries operating in those states.

This is legislation with a very limited impact. The commodity limitation is explicit in the bill. The geographic limitation arises from the fact that over 90 percent of the pears used for canning are Bartlett Pears and over 90 percent of Bartlett Pears are grown in the three Pacific Coast States. Under provisions of the marketing order act it would be impossible to extend a marketing order on Pacific Coast pears beyond the boundaries of those three States although it would be possible for canning pear growers in other States to seek a separate order. To date, the only pear growers interested in an order program on canned pears have been the Pacific Coast farmers. This legislation has the support of the Department of Agriculture and of all the leading farm organizations.

The pear growers of the three States involved contemplate a program which would involve only three elements: (1) self-assessment of pear farmers in the three States to establish a fund for a variety of research on pear problems and promotion of the sale of canned pears; (2) third party grading of pears going into cans to guarantee fair classification of the quality of pears sold to the canner; (3) possible elimination of use of cull pears in canning. Such a possible order provision would both assure better quality to the consumer and improve price returns to growers. It is axiomatic that the availability of cull raw materials grossly depressed the price of quality raw material.

Any program could be instituted only after extensive hearings conducted by the Secretary of Agriculture, approval by the Secretary, and referendum approval by an overwhelming majority of farmers involved. Expense to the federal government is minimal. This would truly be a self-help program with the costs being borne by the farmers themselves. It is true that the canners would be the source of funds collected but they would shift the cost to the grower as they do in existing marketing order programs.

Pears sold for fresh consumption are already eligible for marketing order coverage. The additional coverage of pears used for canning is needed because the major use of Bartlett Pears is for canning. The Bartlett Pear farmer succeeds or goes broke almost solely on the basis of the quality and volume of his market for canning pears. It should be noted that almost no pears are frozen.

In conclusion, Mr. Chairman, I hope that your Committee will once again endorse the legislation and report it to the floor of the House of Representatives. Thank you.

Mr. FOLEY. We also have a statement of Congressman Don Edwards which without objection, we will insert in the record.

(Mr. Edwards' statement follows:)

STATEMENT OF HON. DON EDWARDS, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF CALIFORNIA

Mr. Chairman, I deeply appreciate this opportunity to testify before your subcommittee in support of the bills introduced by Congressman Harold Johnson, Congressman John Moss, Congressman John McFall, Congressman Robert L. Leggett and myself to permit producers of canning pears to adopt a Federal Marketing Order if they so wish.

At present producers of fresh pears are covered by such marketing orders, and in the interest of both fairness and orderly marketing of pears of all varieties, canning pears should be covered by such legislation. The producers of canning pears have been in a disadvantaged, segregated if you will, position, because of lack of equal protection under the law.

A bill similar to the one under consideration today was approved by your committee last year, but defeated on the Floor of the House. Fears were expressed the coverage would raise the price of pears. It is my belief, and the belief of others, such coverage would instead help stabilize the market and improve the quality and quantity of canning pears.

In 1966 the National Commission on Food Marketing said federal marketing agreements should be authorized for any agricultural commodity in a local area or regional subdivision of the United States. I agree and would hope the Congress will agree.

Mr. FOLEY. The next witness will be Mr. Edward Dunkelberger on behalf of the National Cannery Association.

STATEMENT OF H. EDWARD DUNKELBERGER, ATTORNEY, NA-
TIONAL CANNERS ASSOCIATION, WASHINGTON, D.C.

Mr. FOLEY. It is always a pleasure to see you, Mr. Dunkelberger.

Mr. DUNKELBERGER. Thank you very much, Mr. Foley. We appreciate the opportunity to testify.

My name is Edward Dunkelberger. I am a member of the firm of Covington and Burling, and am appearing today on behalf of the National Cannery Association, a nonprofit trade association whose almost 600 members have canning plants in 44 of the 50 States and pack approximately 90 percent of our national production of canned fruits, vegetables, meats, seafoods, and specialties.

The National Cannery Association and the canning industry which it represents are opposed to the enactment of H.R. 2690 and identical bills, which would amend the Agricultural Marketing Agreement Act of 1937 to authorize for the first time the imposition of marketing order controls on cannery and freezers of pears.

The basis for this position is contained in the association's statement of policy regarding agricultural legislation and controls adopted by the membership in January of this year, a copy of which is attached to this testimony.

Because this statement of policy represents a conscientious effort by the canning industry to restate, and in some respects modify, and I would like to emphasize that, in some respects modify, its position on Federal agricultural legislation affecting canning crops, I would like to take the time to comment briefly on those aspects of the policy that relate to the proposals before this committee.

A major argument by many grower representatives and groups in support of bills such as H.R. 2690 is that growers should have available an effective mechanism for planning, financing, and administering promotion and advertising programs. The association recognizes that such programs may be beneficial and does not oppose legislation

that would authorize grower-financed programs of this type. I should add at this point that in this respect we agree with the testimony of Mr. Nicholson that growers indeed should have the right and the mechanism available to undertake promotion programs that they deem as desirable. Indeed, we would not object to a provision in such legislation under which processors would be required to withhold a specified amount from payments to growers and to turn such funds over to the growers' promotion program.

In other words, we are willing to participate in a checkoff program which would enable growers to collect money, and make it available for marketing research and promotion including paid advertising. This is the kind of program that has been passed for cotton in recent years and has been proposed for potatoes more recently.

The Agricultural Marketing Agreement Act does include authority for marketing orders that provide for market research and development projects, which may include paid advertising. The difficulty, however, is that marketing orders may also include many other provisions which have nothing whatever to do with promotion and advertising. Some years ago the act was amended to authorize marketing orders for processing cherries, on the basis of the proponents' contention that they wanted authority for a cherry promotion program, and indeed the next year, as Mr. Nicholson pointed out, the act was amended to explicitly authorize paid advertising, but once the act was amended in 1961 and 1962, the first marketing order that was subsequently proposed concerned almost exclusively supply controls and reserve pools instead of promotion.

In other words, we had marketing order legislation adopted originally on the basis of arguments in favor of promotion programs, but once the amendments were adopted the programs actually proposed were concerned almost exclusively with supply control.

Furthermore, the expenses of a promotion program under the act are borne by handlers—in our case the canners—even though the program would be initiated, planned, and developed by growers and their representatives. We feel that growers desiring to undertake a collective promotion program for a commodity to supplement the promotion and advertising by processors should be willing to pay for the program themselves.

Two other important goals of those favoring marketing order legislation are raw product research and the adoption of reasonable raw product minimum quality standards for the purpose of eliminating unsuitable raw materials. Again, we believe such programs may be beneficial, and we would not oppose legislation authorizing either or both if processors are afforded an equal voice and vote in the formulation, adoption, and administration of the programs.

Both growers and processors of canning crops have a common interest in developing and maintaining high-quality fruits and vegetables for use in canned foods that can compete effectively with other products and meet rising consumer demands. Federal and State programs may contribute to the canning industry's continuing efforts in this regard by providing for raw product research and by establishing minimum quality standards, but if such programs were solely grower oriented and controlled, without appropriate recognition of the needs of processors and the tastes of consumers, then growers could very easily find themselves raising crops for which there was no demand.

It is thus vitally important that both processors and growers have an equal role in development, adoption and administration of such government-sponsored "self-help" programs.

If I might elaborate for a moment, I think upon reflection the committee would have to agree that if you are developing a program to undertake research to develop pear varieties or to deal with some agricultural problem relating to pears, the outlet that is now taking 60 percent of those pears, that is the canner, should logically have a say in guiding that research program. In the same way, if a program is to be developed to establish minimum quality standards in the field for the purpose of eliminating unsuitable material, there again we believe it is the canner—who after all must process this commodity and sell it—who should, along with the grower, have a say in how such quality standards are to be established.

Now, a third aim of those who support marketing order authority for canning crops is the adoption of supply controls by the imposition of limitations on the purchase of the raw product by processors. It is this aspect of marketing orders that gives the canning industry its greatest concern, for the association and most canners seriously question the long-term benefits to either growers or processors of Government raw product supply controls. The available data strongly suggest that the forces of supply and demand in a competitive market are more effective—and more beneficial for growers as well as processors—than artificially imposed Government restraints, surplus pools, and the like.

During the last Congress we supplied the committee with copies of a report of a study of marketing orders for processing crops by Profs. John A. Jamison and Karl Brandt of the Stanford University Food Research Institute, financed in part by a grant from the National Canners Association. I hope that the members of the committee will take the time to read this report, if they have not already done so, and to consider the independent conclusions these two respected economists have reached on the basis of their exhaustive study of marketing orders on cling peaches and asparagus. Any objective evaluation of the data presented cannot help but raise serious questions as to the validity of the claims of the proponents of artificial supply controls for canning crops.

As the report makes clear, virtually continuous State marketing order controls on California cling peaches over more than 30 years have failed to solve the economic problems of that industry. To cite just a few of the facts and conclusions presented in the report:

(1) Total revenues to growers of cling peaches over this period have not increased as much as those of growers of other major canning fruits, including Bartlett pears, not subject to direct supply controls.

(2) The number of cling peach growers in California has increased since the 1930's whereas for most California crops the number of growers has decreased. Marketing order controls have augmented, rather than reduced, the excess capacity for cling peach production, by encouraging entry of new producers.

(3) If reduction in the volume of a crop marketed has the effect of increasing prices on the canned product, consumers will shift to lower priced substitutes, thereby reducing demand for the commodity.

(4) For this reason, cling peach canners have not raised the price of canned peaches appreciably, in the light of competition from other competing products. Faced with constant pressure of increased prices for the raw product, some processors have begun to shift their capital to other enterprises.

In the light of the experience with cling peaches, we cannot conceive why marketing order supply controls would be promoted as a panacea for pear growers. To embark on an ambitious program of marketing controls could well invite disaster for both growers and processors of pears.

But in spite of our conviction that supply controls cannot provide long-term benefits to growers, we have modified our position to the extent that we are willing to evaluate on a crop-by-crop basis whether under exceptional circumstances supply controls might be of short-term benefit when applied to a perennial fruit crop in a particular area for a limited period of time, but only if the proposed legislation or order afforded to processors an equal voice and vote in the formulation, adoption, and administration of the supply control program, and the controls could not apply to the commodity after it comes into the possession and control of the processor and he has become responsible for payment.

On the basis of this carefully developed statement of policy, the association feels it must oppose such legislation as H.R. 2690, which would authorize comprehensive regulation of pear processors and the imposition of a variety of supply controls at the pleasure of the growers, with no provision for processor vote on proposed orders. The canners would bear the full costs of whatever programs the growers decided to adopt, and the canners alone would be subject to the controls and to penalties for failure to observe them.

The National Canners Association firmly believes that the problems inherent in raising, processing, and distributing canned fruits and vegetables in sufficient quality and quantity to meet the needs of our citizens, and at prices that provide a reasonable return on investment and labor, cannot possibly be surmounted if the growing and processing communities must contend with each other as antagonists rather than as partners. In this respect, we agree wholeheartedly with Congressman McFall who pointed out that the processor, the grower, and the laborer involved in producing, processing, and distributing pears have a common interest and indeed should work together rather than trying to exaggerate their differences. Legislation such as H.R. 2690 is based on the mistaken assumption that growers alone can improve their lot at the expense of the processors. But in the light of the prevailing low profit levels of canners, there can be no doubt that such an approach is at best misguided, and very possibly suicidal.

The time is past, if indeed it ever existed, that growers and processors can afford the luxury of charges and countercharges that do nothing but provide support for those who are out of sympathy with the entire agricultural community. To insist that excess and marginal production deserves a profitable return, to expect that artificial manipulation of supply can in some way induce consumers to pay higher prices in an otherwise competitive market, and to allege that it is the processors who are somehow responsible for periodic poor grower returns, may give some sort of false satisfaction to growers, but such an approach cannot hope to be successful in today's political climate.

We urge in the strongest possible terms and with sincere conviction that growers cannot expect an increasingly consumer-oriented Congress to tolerate the enactment of legislation that might even arguably lead to artificially stimulated prices. We respectfully request that H.R. 2690 not be favorably reported by this committee.

Mr. FOLEY. Thank you, Mr. Dunkelberger. Without objection the attached statement of policy regarding agricultural legislation and controls will be included at the end of Mr. Dunkelberger's testimony. (The document follows.)

POLICY REGARDING AGRICULTURAL LEGISLATION AND CONTROLS

The National Canners Association believes that experience has repeatedly demonstrated that the complex problems of planning and production and marketing of processed foods are best resolved in the American tradition of free enterprise, competitive incentive, and individual, imaginative business management. These beliefs provide the basis for the Association's policy regarding agricultural legislation and controls.

GOVERNMENT INVOLVEMENT IN BARGAINING AND MARKETING ACTIVITIES

(1) Since we support the right of growers and processors to make individual determinations concerning how they will best sell (growers) or best procure (processors) their raw products, we are opposed to Federal or State government intervention in raw product bargaining activities between processors and growers, and to the establishment of a Federal agricultural bargaining board or similar agency that would control in any manner these bargaining activities.

(2) We are similarly opposed to Federal or State government intervention in the marketing of agricultural commodities and products, and to the establishment of Federal marketing boards which would regulate or control any phase of marketing activity.

PROMOTION AND ADVERTISING OF COMMODITIES

Grower-financed programs for promoting and advertising particular commodities may be beneficial, and in general the Association is not opposed to legislation authorizing grower-financed programs of this type. We believe, however, that processors' funds can best be utilized to support their own promotion and advertising programs. Although it is preferable that the growers be directly responsible for the payment of any assessments to finance such programs, the Association will not oppose a so-called check-off by processors if that is deemed to be the most effective means for collection of such assessments from growers.

RAW PRODUCT RESEARCH AND MINIMUM QUALITY STANDARDS

Federal, State or voluntary programs providing for raw product research and reasonable raw product minimum quality standards for the purpose of eliminating unsuitable raw material may be beneficial, and the Association in general will not oppose appropriate legislation authorizing such programs where processors are afforded an equal voice and vote in the formulation, adoption, and administration of the programs.

RAW PRODUCT SUPPLY CONTROLS

(1) We seriously question the long term benefits to either the growers or processors of Federal and State government raw product supply controls and in general do not approve the establishment of such controls.

(2) Other than as recognized under the circumstances covered in paragraph 3, the Association will continue to urge that no supply control be imposed by government on fruits and vegetables for canning or freezing either by mandatory marketing orders or in any other way.

(3) It is recognized, however, that some segments of the industry believe that there may be exceptional circumstances when supply controls might be of short term benefit as applied to perennial fruits and nuts (vine, bush, or tree) in appropriate sections of the country for limited periods of time. Accordingly,

the Association will evaluate on a crop-by-crop basis whether to modify its position in the case of particular individual perennial fruits and nuts for canning or freezing for which Federal or State enabling legislation authorizing mandatory supply controls are proposed, but only if

The proposed legislation or order affords to the processors of the affected commodity an equal voice and vote in the formulation, adoption, and administration of the supply control program (since such controls applicable to the grower will affect the operations of those who process that commodity); and if

The proposed marketing order or supply control program does not apply to the commodity after it comes into the possession and control of the processor and he has become responsible for payment.

This paragraph 3, however, does not apply to mandatory supply controls on any annual crop for canning or freezing.

Mr. FOLEY. Mr. Goodling?

Mr. GOODLING. No questions, Mr. Chairman.

Mr. FOLEY. Mr. Jones?

Mr. JONES. No questions.

Mr. FOLEY. Mr. Dunkelberger, I wonder if you could just expand a little bit on the modified statement of policy to which you make reference in your statement. You mention on page 7 that in spite of your conviction that supply controls do not provide long-term benefits to growers, you have modified your position to the extent you are willing to evaluate on a crop-by-crop basis limited controls when canners and other processors participate in the formulation of the order.

Mr. DUNKELBERGER. Yes, sir.

Mr. FOLEY. Would you state briefly what type of stand by authority you envision there and how it would be implemented?

Mr. DUNKELBERGER. Well, first of all, Congressman, to go back a moment, our position in the past has essentially been that we do not believe canning crops should be subject to marketing order authority because we are afraid of the possibilities of how that authority could be used.

We modified that position first by trying to take the affirmative step of pointing out that this does not mean we are against promotion programs, but that they can be achieved outside of the context of a marketing order where these other possibilities exist.

Second, we believe as I said, that research and minimum quality standards, if they are true minimum quality standards and not an artificial method of restricting supply, may also be valuable. And here again, we think that either separate legislation or some kind of limiting authorization as applied to this act might work out.

In that respect, however, we believe that the processor should be involved as an equal partner with the grower in helping to guide those programs.

Now, in the third area, supply controls, we wanted to be affirmative; we wanted to give evidence that we had seriously considered these problems. And that we were not rejecting them out of hand. We continue to believe that it is a mistake for growers to expect that they can solve their problems in the long-term by any kind of supply control or reserve pool program. Indeed, I think this explains why canners and growers voted down the cherry marketing order proposal of a few years back, for it had a very complex supply control, reserve pool aspects which had the effect of carrying forward surpluses on a costly storage basis from year to year, and which I think, gave great concern to processors and growers of cherries.

Nevertheless, we wanted to make it clear it is not inconceivable that for a perennial crop—if circumstances are such that there might be worked out some short-term controls that would alleviate an unusual problem—our industry would be willing to look at them. Now, it is difficult dealing with this hypothetically, because in establishing this policy we were trying to state in a general way what we would be willing to do in the future, without attempting to set forth in detail the situations under which we would exercise it.

Indeed, some processors voted for the cherry order. If the provisions of that cherry order had been changed, more processors might have been willing to vote for it.

So we recognize that some kinds of supply controls that give short-term benefits might find favor with enough processors to gain approval. If such a mechanism can be set up under which we are assured that we are equal partners with the grower—because we are partners in the production of the crop—then I think that we would be willing to go along with it.

Now, with respect particularly to pears, of course, H.R. 2690 does not come close to making us an equal partner with the grower and would clearly not be the kind of mechanism we have in mind here. What precise kind of mechanism would give us an opportunity to exercise this partnership approach we have not looked at in detail. We are addressing ourselves to H.R. 2690. If other proposals can be worked out, we will be happy to look at them, go back to our industry, find their views and bring them forth to this committee as soon as they are developed.

Mr. FOLEY. Would it be fair to say that based on the legislation proposed today, the past history of the attitudes on the part of processors would make it very unlikely that they would approve a marketing order such as envisioned in this legislation?

Mr. DUNKELBERGER. Mr. Chairman, I am not sure what kind of marketing order is envisioned in this legislation. Mr. Nicholson pointed out that for fresh pears they have market research and promotion and some minimum quality standards. And we have stated clearly those are areas of Government activity that we are willing to consider and favor. We do not oppose them. Obviously, we want to have a hand in saying how they are being set up, because they do involve expenditure of money and we want them to be effective for the industry.

So I cannot tell you right now that we would oppose such a marketing order. I think the evidence might be quite to the contrary. The only evidence there is in our industry with respect to a marketing order on a canning crop that I know of are two. Those are the cherry order, which as I tried to emphasize, really was a long-term supply control program of the type which we seriously question, and the program for cranberries, which of course is a unique situation with the tremendous dominance of the cranberry cooperative there exercising decisions which largely guide the industry.

Because the cranberry situation is unique, the only order we can look at is the cherry proposal. Now, if H.R. 2690 were passed and the proponents come along with the same kind of proposal that the cherry cooperative had in mind, and if the canners had a vote, I would guess they would vote it down. On the other hand, if it was a more limited approach to the problem—a more reasonable approach that did not

pretend that we can restrict the supply of pears and all of a sudden expect a magic improvement in supermarket prices—then we would look at it.

Mr. FOLEY. Thank you very much, Mr. Dunkelberger—

Mr. DUNKELBERGER. Thank you very much, Mr. Foley.

Mr. FOLEY (continuing). For your testimony.

The next witness will be Mr. Robert E. Collins, president of the California Canning Pear Association.

Mr. Collins.

STATEMENT OF ROBERT E. COLLINS, PRESIDENT, CALIFORNIA CANNING PEAR ASSOCIATION

Mr. COLLINS. Thank you, Mr. Chairman. I appreciate the opportunity to give some testimony before the committee.

My name is Robert Collins. I am president of the California Canning Pear Association, which is a nonprofit cooperative marketing group engaged in the marketing of pears for processing for our members. And I am a full-time farmer myself other than a few trips such as this. This marketing association consists of about 800 growers that are producing about 155,000 tons of pears in all the important pear growing districts in California. And the association markets about 60 percent of the canning pears of California.

I am here to speak in support of the amendment to the Agricultural Marketing Act as proposed by the three bills that have been enumerated.

I realize that most of you on this subcommittee and on the House Agriculture Committee are familiar with these bills which are identical to legislation your subcommittee and full committee favorably recommended in the last Congress. And those of us who are deeply concerned with the need for this legislation greatly appreciate the action you took last year. We come before you now with united support from all major farm organizations and the optimistic hope that you will again favorably recommend our bill, and that the new Congress will heed your words.

In making this statement of support, I am speaking not only for the California Canning Pear Association, but also for its sister organization, the Washington-Oregon Canning Pear Association, which represents the majority of independent pear growers producing canning pears in all the important pear growing districts of the Pacific Northwest.

Canning pears, the commodity to be affected by this bill, are produced mainly in the three Western States of California, Oregon, and Washington, with California alone accounting for 65 percent of the Bartlett pears, the major processing variety.

While pears are used for both fresh consumption and processing, and both markets are important to us, in recent years the processing uses have greatly outgrown the fresh outlets so that some 75 to 85 percent of the crop is now being processed, and this is exactly the reverse of the situation in 1937.

The fresh usage has just barely managed to hold its own although it has been losing heavily on a per capita basis. The original Agriculture Marketing Agreement Act was established by Congress in 1937.

Congress at that time and in subsequent amendments pointed out the public concern with the well-being of farm producers and through this vehicle provided the means through self-help marketing agreements for producers to work toward a parity of income.

Since that time many commodity groups have used these Federal marketing agreements to great advantage. And they have been able to bring a measure of stability and order into what had become chaotic conditions. And it has been good legislation, not only for farmers, but the general public.

With proper safeguards it has permitted growers to work together to develop information and to coordinate their marketing efforts in many problems that reach beyond State boundaries.

As pear growers, we have made good use of the act. But, unfortunately, only on the very small portion of our fruit shipped fresh since by specific exclusion our canning fruit is prohibited from using it.

However, despite this exclusion and perhaps because of it, pear growers on the Pacific coast have developed a number of regional and State programs, in an attempt to accomplish these same objectives for our canning pears that Congress has already said are in the public interest for our fresh pears. And it is hard for us to understand any logic in this distinction, since the fruit in both cases may have come from the same twig on the same pear tree.

Congressman Goodling, I would hope this would answer your question. They are one and the same, and it depends on the availability of the outlet to which they go, mainly economics.

These programs are in the form of State marketing orders or agreements having varying legal authorizations and managements depending on the basic laws of the three States. And they are all voted into effect, paid for and administered by growers funds under State supervision, they have been a great step forward to us in an orderly approach to marketing.

Growers, again at their own expense and on a voluntary basis, have formed two effective bargaining cooperatives representing California and Washington and Oregon, and these have been a great help to us. Growers have gained a great deal of knowledge about the economics that go into making our markets. And it is a result of this knowledge that impels us to request this next step in the growth and extension of industry cooperation for producers, and we now realize that the economics of pear production and distribution go beyond the boundaries of a given State, and beyond the legal capacity of a State marketing program.

It was for this very reason that the Federal Marketing Agreement Act was established by Congress and the reason producers of other farm commodities make use of it, just as we do in the fresh fruit portion of our crops. And we can see no valid reason why these same programs should not be available to our canning pears.

We are, therefore, requesting through these three bills that pear producers be given the right to employ the provision of the Agricultural Marketing Agreement Act of 1937 for the purpose of adopting a Federal marketing order should growers wish to do so. And we request the right to incorporate any of the provisions authorized under the act, including those for trade promotion and advertising.

With the enactment of these provisions we are requesting we will only have gained the right to enter into a marketing agreement. And it will still require a great majority of the producers to act affirmatively by appearing at public hearings and by voting the proposals into an agreement. And still these protections and the administration of the act by the U.S. district attorney guarantee that decisions are soundly supported by producers and within the meaning and intent of the act as provided by Congress.

I would like to discuss some of the past objections that have been raised.

Some concern has been expressed that the effect of this enabling legislation will be to increase the cost of canned pears or fruit cocktail to the consumer. And I assume that what is unsaid is the fear that somehow the pear grower through this legislation will become so powerful and dominant in the marketplace that he could, if he were so inclined, radically increase raw fruit prices and enrich himself at the expense of the consumer.

I should point out that the raw fruit cost in a can of pears is so small in regard to the total cost that such a sizable change in the raw fruit price of \$10 to \$15 a ton, which would be substantial, only results in about a cent, or a cent and a half per can, in the retail price, and that this is much less than is commonly discounted by canners for even a modest advertising program. It is not a big fluctuation, but that is a tremendous price margin. Perhaps, it would be helpful to point out that nothing in this enabling legislation will provide the pear grower with any real capacity for power and dominance in the marketplace. The plain truth is that the independent pear grower is a relatively small operator who is struggling to equip himself through cooperation with his fellow producers to do a more informed, intelligent, and effective job of producing and marketing his pears. And with the most effective bargaining cooperative, which we hope we have, and a useful Federal marketing order, he is going to continue to be bargaining essentially from a position of weakness with his customers.

Certainly he wants a good return, but we have learned that the highest possible price in a given season can hurt us in the longer run. But through our working together in our cooperatives and under State marketing orders, we have learned to be as deeply concerned as the canner and retailer that the price of our product in the tin be competitive with other canned fruits and other products for which we compete for the consumer's dollar. We simply cannot afford to price ourselves out of the marketplace. I have spoken at this length on this point largely because we feel that some have attacked our proposal out of a genuine concern for the consumer but also without really understanding what this bill is intended to accomplish. And I hope I have made it clear that this bill does not represent a threat to the consumer and there is no true conflict between him and the pear grower.

Processors have objected that they pay the assessment and are denied representation in a vote on the adoption of the order. This is not our experience in the Federal order that we have on fresh pears nor on our State marketing orders. The cost or assessment is taken from grower returns and this is known both to the grower and the handler or processor. While it is true that this assessment is collected by the handler or processor the order is clear in indicating that this is

a producer cost. This has been the practice in California since our marketing orders were enacted in 1938 and we would expect producers would similarly bear the cost of any Federal marketing order.

I have stated this in every discussion and will so state again that we have no desire to control our product after it leaves our hands nor cause a charge that the canners must pay. But the real issue that is at stake in this matter is the veto power which would go with a provision providing for an equal vote for processors. It is not reasonable that processors be given such a veto power over what is essentially a producers' program paid for and administered by producers. And the experience in other commodities has shown that the possession of this veto power has effectively prevented producers from obtaining any meaningful marketing order even after all other conditions have been met. Canners in California, and this includes the majority, have not complained of any great problems in this respect even though they are in California they do not have the veto power.

Another objection by canners is that this is undercutting free enterprise and replacing it with Federal legislation. The record of pear industry leadership and actions in programs now in effect is the best answer to this objection.

The objectives of a fair return and stability can only be achieved by giving full recognition to the problems of processors and handlers and consumers as well as those of growers. Pear growers can point to a long record of statesmanship in this regard. And recognition of this has been made by processors in public statements and articles appearing in their own trade papers.

Canners have shown a great concern that growers might enact a number of market controls permitted under the Federal act, that in their opinion would be harmful.

In this respect the history of California experience should provide some assurance because under almost identical conditions in California which is the heaviest producer of processing pears, and the Nation's major concentration of processors, the growers have not sought to include these so-called undesirable features.

The passage of this bill will permit the continuance of the orderly evolution in pear marketing. In the relatively short time since the first marketing acts were voted by growers in California, the producers have learned to work together—first on the local level, then in gradually expanding marketing areas.

The cooperation that has now been achieved by three States, each working under differing marketing authorities, has demonstrated the willingness to work together on our mutual problems, and the need for some legislation permitting this to be done in an orderly and uniform manner throughout the marketing area.

At this point it is certain pear growers do not seek any controls beyond those absolutely necessary; and these would only be put into effect by the Secretary of Agriculture through a marketing order that is voted in by a great majority of growers, after full public hearings in which all interested parties could be represented.

It is difficult for us pear growers to understand why some spokesmen for the canning industry present such a parade of horrors each year when they make their perennial opposition to this legislation. Certainly those canners we work with on the Pacific coast know that, in

fact, we pear growers are a cautious and conservative group. We have not sought public funds through subsidies to meet our problems. We have not supported change merely for the sake of change but only where we are convinced it can significantly improve what now exists. We believe that our own record is probably the most effective reassurance to such spokesmen that any marketing order program which might be adopted under the enabling act will be constructive and responsible. And if that were not enough assurance, we wish to point out that no program will be promulgated for approval by the requisite number of farm producers unless the Secretary of Agriculture is personally satisfied with its provisions. And finally, we know that such an order will never be submitted by the Secretary unless and until he has received the thoughtful evaluation of the canners involved.

I would like to digress and say in regard to the Brandt and Tompson studies mentioned by Mr. Dunkelberger, I would request permission to submit a letter by some other competent authority in regard to those studies. The fact that pear revenues increased more than peaches might have resulted from many factors having nothing to do with marketing orders. As a matter of fact, it would be entirely logical that gross revenues from pears had increased more than peaches during the 30-year period mentioned, because the canning of Bartlett pears grew from practically nothing up to several hundred thousand tons during that period while peaches were already an established, large-volume commodity at the beginning of the period.

Mr. FOLEY. I just interrupt to say that without objection the subcommittee would be willing to receive the comments, but the subcommittee did not admit the entire study mentioned by Mr. Dunkelberger for the record. It was admitted for the file.

Mr. COLLINS. All right.

Mr. FOLEY. And consequently, any comment upon it would have to be of appropriate length, and I would propose that we would also be willing to receive a short, appropriately short appraisal of the study if the canners wish to furnish that.

Without objection, it will be so ordered.

Mr. COLLINS. Thank you.

In essence, what we growers really desire is an increased ability to know about all the aspects of our industry; that we wish to work together as responsible producers under provisions of the Federal Marketing Act that Congress saw fit to enact some 30 years ago for the purpose of improving the quality of our product, the efficiency of our production, and the orderly marketing of our fruit.

Thank you.

That concludes my statement.

Mr. FOLEY. Thank you very much.

Mr. Goodling?

Mr. GOODLING. Mr. Collins, for the benefit of the committee, will you tell us in a very few words just how a marketing order would work in the case of pears for processing. Let us assume that I am a pear grower. I guess, I can say that I am. I think I have two or three trees on my farm. Let us assume I am a big pear grower and we have this marketing order, and I grow X number of bushels of pears. Under this bill, would I be told how many bushels I could market in any particular year?

Mr. COLLINS. No, sir.

Can I answer that in two parts? Actually, under the bill we would only have the enabling authority to make use of the marketing provisions. We would then have to develop a program by the growers which would have to be voted on in all of the three States because in effect if any State stayed out of the program we would have no program anyhow. So that this two-thirds concurrence in all of the three States which I think is good because without it, without that much support you could not effectively have a good marketing bill. But you still have that hurdle to go through, and I can't foresee that any type of quantity regulation would even be feasible. I know this has been considered on occasion by a number of pear growers, as for prunes and other commodities. We have never been able to develop anything that made sense at all in a quantity control because we are in several States, we are used for fresh, frozen and, to a very limited extent, drying purposes.

The problems involved in that type of program would almost certainly preclude it from being ever considered. Possibly, somebody will come up with a temporary type thing—and this could be important to us because we are subject to very wide fluctuations in supply and price.

Mr. GOODLING. I am not as familiar as I should be with your peach marketing order, but are not the peach growers in California told how many peaches they may market?

Mr. COLLINS. Well, its really the farmers deciding themselves what they must do to improve their marketing position. They have a State marketing order somewhat the same as we do. The big distinction is that most all of the cling peaches are in California. So that within the State they can set up their marketing order and vote in quantity controls, which they have used hardly at all in recent years.

Mr. GOODLING. What happens to the fruit that is overproduced?

Mr. COLLINS. They have had what is called a green drop and they have actually gone out and physically stripped a percentage of the trees to get the total quantity down to the pack that they were targeting toward.

They have not done that for several years now, and it is not a popular program. I would doubt that they are going to go back into it.

Mr. GOODLING. At what season is this done?

Mr. COLLINS. This is done in this coming month or so. It would be when the fruit is green, quite small, and a decision is made then based on such factors as the carryover of canned fruit and the projected canning possibilities of the crop that is on the trees. They have a block-by-block count they call it. They have quite a complex way of estimating the crop. And even then it can be substantially off. But at least they have tried to target in on the tonnage on that green drop and it has been with varying degrees of success that they have conducted it.

Mr. GOODLING. And do you anticipate a similar program under a pear marketing order?

Mr. COLLINS. I do not think it would even be feasible or desirable because in addition to the three Western States, there is a sizable production in Michigan and New York State and some in Colorado and lesser amounts in other States. So that I do not think it would ever lend itself to that type of a program.

Mr. GOODLING. That is all, Mr. Chairman.

Mr. FOLEY. Mr. Jones?

Mr. JONES. No questions.

Mr. FOLEY. Mr. Myers?

Mr. MYERS. Thank you, Mr. Chairman. I am sorry I got here late. I had to go to another hearing. As I understand, the intent of this bill then is merely to affix the price and not necessarily the supply, is this correct?

Mr. COLLINS. No, by no means. As a matter of fact, there is one other thing I would like to make clear. The term was used that we are looking to this as a panacea. And I would like to state that we are not looking to it as a panacea to cure all our marketing problems. It has no such possibilities. This is an effective marketing tool and we hope to do on a three-State basis some of the things we are already doing separately, such as pooling together our advertising efforts to promote the use of pears, maybe pooling together the grade. We now have varying grades in the States. Those are the types of things we might do. We can do some things already being done on a pass-the-hat basis between the States.

Mr. MYERS. Would not the canners be just as interested in grades and selling the advertising as the producer? In fact, I think they would be more so. Why do you not include them in this?

Mr. COLLINS. The canners have always had a position—and I can understand it—on the fact that they're each one promoting their own brand. They feel that their prime effort should be spending their own money on their own brand and they have looked with some misgivings on industry advertising although they have cooperated for many years in it. But it has not been an all-out support, and they have some reasons for it. I would not argue that at this point because I am not well enough informed. But I do know that their position has been that they do their own brand advertising and they look on industrywide advertising as of less benefit to them.

Now, the grades go back 30 years when California established their marketing order, and we drew away from what were the old canners' grades, and presumably made some improvement in our standards from the growers' standpoint by making delivery under grades that are now administered by what is known as Pear Zone No. 1. That is the California Marketing Act. The Northwest is still on the basis of the old cannery grade. There is a difference in the grades.

And this creates some confusion in pricing. These bills before the subcommittee would not deal directly with the pricing of pears. While the development of uniform grades would help us get more orderly prices which would benefit the entire industry, there is nothing in the bills that in any way fixes price.

Mr. MYERS. Now, your response is all in the past tense, Mr. Collins. We are looking to the future. Do you not think there is a possibility of canners, if they have not in the past, and you say they have not, also realining their thinking and their programs so that you will all get on the same bandwagon and promote pears?

Mr. COLLINS. You are right, Congressman. I was looking in the past, and that has of necessity influenced my thinking. I am heartened to

see that they have taken the trouble to redefine their policies as was indicated by Mr. Dunkelberger.

But we have tried our best to sit down with canners and agree on something and we have not been able to do this.

Even though we work together a great deal, pear producers have fewer marketing alternatives than processors, and the buyer has a veto over the seller in many respects.

Mr. MYERS. Well, I agree with veto. I think that is a poor——

Mr. COLLINS. Well, perhaps I should use some other term, even though it may have the effect of a veto.

Mr. MYERS. Thank you, Mr. Collins.

Thank you, Mr. Chairman.

Mr. FOLEY. Mr. Goodling?

Mr. GOODLING. Mr. Collins, in line with what Mr. Myers was just saying, we in Pennsylvania in the past had the processors antagonistic to the producers. We have reversed that procedure completely. We are now collecting money from our growers and we are advertising both processed apples and fresh apples. We have a very fine working agreement between processors and fresh fruit producers. In fact, our commission is made up of processors and fresh fruit producers. It is possible to work together if you proceed in the right direction. As long as you are going to have the processors antagonistic to your program, you are going to have trouble.

I envision that right now. And as Mr. Myers suggests, I think we have got to look to the future and get the two together rather than push the two apart or you are going to continue to have the trouble you have right now.

Mr. COLLINS. I would agree with the statement, and I would appreciate any suggestions which would accomplish it.

Mr. FOLEY. Mr. Collins, we appreciate your statement and I think you have covered the position very well. And I just want to reiterate, you are speaking—in addition to the California Canning Pear Association, you are also speaking for producers in Oregon and Washington, the three States making up the bulk of producers from this crop?

Mr. COLLINS. That is correct.

Mr. FOLEY. Thank you very much.

(Mr. Collins later submitted the following letter:)

CALIFORNIA CANNING PEAR ASSOCIATION,
San Francisco, Calif., April 25, 1969.

Hon. THOMAS S. FOLEY,
Chairman, Subcommittee on Domestic Marketing of the Committee on Agriculture, Washington, D.C.

DEAR CONGRESSMAN FOLEY: Perhaps you will recall that I requested an opportunity to file a short rebuttal to the testimony presented by Mr. Edward Dunkelberger on behalf of the National Canners Association with reference to H.R. 2690, H.R. 3279 and H.R. 4147.

I have asked Mr. Ralph Bunje, Manager, California Canning Peach Association, to comment regarding a study on marketing orders prepared by John A. Jamison and Karl Brandt of the Stanford Research Institute. I am enclosing a copy of a letter from Mr. Bunje pertaining to Mr. Dunkelberger's testimony.

Thank you for allowing me to include this in your Committee hearings.

Sincerely yours,

R. E. COLLINS, *President.*

APRIL 25, 1969.

Mr. ROBERT E. COLLINS,
President, California Canning Pear Association,
San Francisco, Calif.

DEAR MR. COLLINS: I shall of course be very happy to comment not only on Mr. Dunkelberger's testimony in general terms but more specifically on his reference in the "Study of Marketing Orders for Processing Crops" by Professors John A. Jamison and Karl Brandt of the Stanford Research Institute.

I can hardly believe that the members of Congress can be misled by Mr. Dunkelberger's statement. His strong appeal that marketing orders should provide an opportunity for processors to use their veto power over any proposals that government might make smacks of the same kind of thing that we are very familiar with from a long experience in this field.

I recall one year in which only six companies were able to exercise veto power over a marketing program for the season that has had as its sole purpose an effort to drive the price down for cling peaches here in California, and we have been operating under joint programs for many years. The only solution we have found to be satisfactory under these circumstances is to have in effect a state marketing order under a producers board at the same time that we had a state marketing order operating on a joint producer canner board. In this way then we can set aside the veto powers of the processors in the event that they chance to use it to frustrate the legitimate aims of the producers.

Many times the inability of processors to agree among themselves, because of competitive factors, can result in completely frustrating growers objectives. This kind of a situation can only be solved by providing an opportunity for growers to do by themselves what they otherwise cannot achieve by working with processors. But to go on with what you really wanted me to comment on, and that deals with Mr. Dunkelberger's report on the study of marketing orders for processing crops by Professors Jamison and Brandt. Mr. Dunkelberger would have the Committee believe the report by these gentlemen is an impartial report which, of course, those of us familiar with the situation realize that it is not.

It is well-known in the industry that an effort was thought made at the time that the National Canners Association were seeking such a report to find some economists who had the appropriate proper bias before giving them a contract to write the kind of report that was written. If there is any doubt concerning this matter then one only needs to read the Introduction in the report. The authors continually use language that reveals a lack of impartiality. For example, they introduce the idea of cartels by quoting other writers, such as Edwin G. Nourse, who stated that marketing agreements have many points of similarity with the cartel movement in industry. From there they try to regularly equate marketing orders in cartel arrangements.

A good example of the reports bias is found on page 8 of the report which reads as follows: "The almost exclusive, yet most consistent resistance to cartels of farm producers based on marketing order legislation has come from processors. This appears as evidence on behalf of the assumption that in the cases concerning perishable crops for processing collusive action by farmers has a substantially more serious impact than in the case of fresh crops". The authors basic point is valid despite the majoritive language. Processors oppose marketing orders because they prevent the chaos of over-production that allows processors to set the price of all products. Marketing orders do have impact. They make it possible for producers to obtain fair prices by orderly action under the direction of states and federal laws.

Mr. Dunkelberger asserts that the virtue of continual state marketing order controls on California cling peaches over more than 30 years has failed to solve the economic problems of the industry. I don't believe that any body in the industry believes that marketing orders have been developed and put into effect to solve the industries economic problems. Rather, the marketing orders provide a means for developing some form of orderly marketing which is so important and so necessary for this industry. One needs only to recall the fact that marketing orders under both federal and state laws were fostered and encouraged by the fruit processing industry for a good number of years in advance of the passage of the 1937 legislation, which provides for the present type of marketing order which has been used by the industry. The support that marketing orders have received from processors over these years is evidence of the fact that there is a place for and a need for marketing orders in this particular industry, and to use the cling peach experience as an argument for denying the same opportunities to pear growers who happen to grow pears in more than one state in substantial volume simply does not square with the facts of the case.

Mr. Dunkelberger goes on and attempts to site some facts and conclusions represented by the report, and I would like to comment on these.

First. On the matter of total revenues to growers of cling peaches. This statement is completely taken out of context. In addition to that, Mr. Dunkelberger has still to advise the members of the Committee that from 1963 to 1967 Bartlett pears have only realized total revenues that represented 43.1% of total cling peach revenues. Thus, we see that Mr. Dunkelberger's statement has not taken into account what has happened in recent years.

Total dollar returns for cling peaches have nearly doubled since 1958. Much of this increase has been due to the fact that a program of orderly market was available for the industry and this orderly marketing could not have been realized without the help of a state marketing order. Cling peaches have increased not only their share of market but have maintained and increased the per capita consumption of canned cling peaches and fruit cocktail over any period that the authors, or Mr. Dunkelberger, might wish to take into account.

On the matter of the number of cling peach growers, Mr. Dunkelberger's statement leads to an inaccurate and misleading conclusion. For example, the study states that the number of cling peach growers has increased since the 1930's. This data for the report was compiled from 1939 to 1962. It is very significant that 1938 was the worst year in history for cling peach growers. They received an average price of \$8.70 per ton. Only 21.2% of the previous years' average price of \$41.00. Many growers went out of business. Thus in 1939, the number of growers was unusually low. Since 1962 the number of growers has steadily declined.

1962 -----	2, 674	1965 -----	2, 217
1963 -----	2, 324	1966 -----	2, 097
1964 -----	2, 246	1967 -----	2, 079

Many forces have been at work to augment the number of growers, including World War II and Korea; but the cost price squeeze of the 60's have eliminated their numbers to the lowest in 30 years. Marketing orders have been one of the factors in preventing a more drastic reduction in the number of cling peach growers. Mr. Dunkelberger's last two paragraphs of conclusions on the report would seem to go together. His assumption is that growers, and or processors, would seek a reduction in the volume of a crop to be marketed for the purpose of increasing prices.

As I have pointed out before, the volume of cling peaches for canning, purchased by processors, has steadily increased during the past 10 years, while raw product prices have remained fairly stable, although grower prices have failed to keep pace with the inflation and increased cost of production during this period. Mr. Dunkelberger's statement that cling peach canners have not raised the price of canned peaches appreciatively because of competition from other competing products is pure poppycock. Cling peach canners have made every effort to increase the price of their product. The reason they have not been able to do so is because, by their independent judgment, they have generally processed more cling peaches than they can sell profitably.

This is a result of the interplay of competitive forces in the industry. As for the reference to the fact that some processors have begun to shift their capital to other enterprises comes as somewhat of a surprise. Evidently, Mr. Dunkelberger is not aware of the fact that during the past several years we have seen the construction of some very large new canning facilities for cling peaches. These have been constructed by Hunt Foods, Del Monte Corporation, Tri-Valley Growers and United States Products Division of Consolidated Foods.

Bob, I hope that these comments will have been helpful to you in setting aside some of the misinformation that has been put into the record by the representative of the National Canners Association.

Very truly yours,

CALIFORNIA CANNING PEACH ASSOCIATION,
RALPH B. BUNJE, *Manager*.

STATEMENT OF ROBERT N. HAMPTON, NATIONAL COUNCIL OF FARMER COOPERATIVES

Mr. FOLEY. The next witness is Robert N. Hampton, of the National Council of Farmer Cooperatives.

Mr. Hampton, it is a pleasure to see you.

Mr. HAMPTON. Thank you, Mr. Chairman, members of the committee.

Speaking for the National Council of Farmer Cooperatives, which is the national representative of many farmer business organizations, the major federated and regional farmer cooperatives of the United States, the national council wishes to reaffirm its support for the principle of expanding market order authority for farm commodities.

The council favors expanded use of marketing orders to achieve more orderly marketing of farm products to the benefit of producers, processors, and the public alike. We support H.R. 2690 and identical bills H.R. 3279 and H.R. 4147 and urge the enactment of these bills to enable Federal marketing agreements and orders to be established for pears for processing as well as for fresh pears.

The current policy statement of the national council on "Marketing Agreements and Orders" includes the following:

Provide for inclusion of additional commodities under the marketing agreement and order authority; and to specifically provide that fruits and vegetables for processing now excluded may make use of Federal marketing orders and agreements whenever such orders or agreements affect the farmer-producers. Whenever they regulate the processed product, such orders or agreements may become effective only upon the voluntary assent of a majority of the handlers affected, and should be administered jointly by producers and handlers * * *

Provide for the expansion of this type of authority to encompass such geographic areas as are most desirable to carry out the intent of the order.

The national council strongly supports programs of mutual self-help for farmers, such as cooperative activities and marketing order self-regulation. Hopefully, these types of programs can eventually assume more of the task of achieving orderly, efficient marketing for agriculture, and thereby relieve the need for governmental programs of restriction and support which have been so controversial in recent years.

Marketing orders, when well administered, and when soundly conceived, offer farmers a sound and practical means of adjusting their product quality and availability to market needs, of promoting improvements and benefits to consumers, and of developing alternative uses or marketing channels. Obviously, these steps toward more orderly marketing to the benefit of farmers, handlers, and the public cannot be fully effective if programs are not coordinated on an industrywide basis. That is all that these bills seek to do.

These proposals are consistent with longstanding congressional endorsement of the marketing order principle, and are given strong endorsement by the recommendations of the 1966 report of the National Commission on Food Marketing, which suggested that cooperatives complemented by marketing orders and agreements offer an ideal combination for effective group action to "coordinate quality improvement programs or to schedule more even flows of products to the extent demanded by today's food industry."

We appreciate very much the opportunity to appear before the subcommittee and present our views on these bills.

Thank you very much.

Mr. FOLEY. Mr. Goodling?

Mr. GOODLING. No questions.

Mr. FOLEY. Mr. Myers?

Mr. MYERS. Just one. You added "soundly conceived." What do you mean by that?

Mr. HAMPTON. Well, we have had some discussion of the difficulties of talking specifics on these proposed programs but I would think about "soundly conceived" in terms of Mr. Collins' comment that restriction of supplies are very difficult to be considered as a practical possibility in a situation where we are talking about pears that are produced to some extent in several areas remote from the major producing area of the west coast. In other words, a strong supply control program does not look to be a practical or soundly conceived program under those circumstances.

Mr. MYERS. Thank you, sir.

That is all, Mr. Chairman.

Mr. FOLEY. Mr. Hampton, in stating the position of the national council, you state:

Whenever they regulate the processed product, such orders or agreements may become effective only upon voluntary assent of a majority of the handlers affected, and should be administered jointly by producers and handlers.

Are you speaking in the case where the actual final processed product is affected?

Mr. HAMPTON. Yes.

Mr. FOLEY. Not in the case of raw food for processing?

Mr. HAMPTON. Not in the case of the product for processing.

Mr. FOLEY. If there are no further questions, we thank you very much, Mr. Hampton for your appearance here.

Mr. HAMPTON. Thank you, Mr. Chairman.

Mr. FOLEY. I would like to recall Mr. Nicholson just briefly.

Mr. Nicholson, I wonder for the information of the subcommittee if you could briefly describe what marketing orders exist presently or authority for them exists that affect freezing and canning products?

Mr. NICHOLSON. Mr. Chairman, marketing orders may be made effective only for six commodities currently under the Marketing Agreement Act for canning and freezing, only six commodities for canning and freezing. They are cranberries, apples in some States, grapefruit, cherries, olives, and asparagus. For two of those, only orders can be made effective also on the canned and frozen product. They are olives and asparagus.

Mr. FOLEY. That is in addition to the raw product, the final product?

Mr. NICHOLSON. In addition to the raw product for canning and freezing. Now, we have orders at the moment—of these six we have orders at the moment only on olives for canning and the canned product both, which the processors did agree to, and we have orders on cranberries for canning and freezing.

Does that answer your question?

Mr. FOLEY. Yes. In how many of these, the authority for these raw products is the approval of the processors required under the law?

Mr. NICHOLSON. Four of these six on the canning and freezing. They are cherries, apples, cranberries, and grapefruit. For the other two, which would be olives and asparagus, it is not required, the processor vote as we call it.

Mr. FOLEY. Mr. Goodling, do you have further questions of the departmental witness?

Mr. GOODLING. Mr. Nicholson, what will happen if we continue to overproduce these commodities?

Mr. NICHOLSON. Well, when you overproduce a commodity, as you know, Mr. Goodling, the price goes down and you are in real trouble. This has happened at various times in the pear industry, and there has been some very troublesome spots in the pear industry with prices quite low to the producer. They have been more fortunate in some of the last years in that weather has interfered with the crop, and in about half of the last 8 years, they have had a short crop and good prices. In the other half of the last 8 years, they have had long crops and generally poor prices. When you overproduce, your price goes down.

Mr. GOODLING. I am thinking of some information that I just received from your Department yesterday. I have been receiving this same information from time to time, because I have asked for it.

We are overproducing one commodity that I think of, and I am not going to mention it now; I do not want to alienate some of my friends from the South.

Mr. MYERS. Why don't you pick it up and wave it around—

Mr. GOODLING. CCC buys the surplus, and in just two particular lots sold recently, CCC lost \$3 million. Now, how long can we continue to do that? That, to my way of thinking, is not good business.

Mr. FOLEY. I think we should ask the CCC.

Mr. GOODLING. I do not have the answer to the problem, but I am trying to get it.

Mr. NICHOLSON. I am sorry, Mr. Goodling. I am not familiar enough with your particular example to testify on it. I do know that in some years when the pear industry has had low prices, we have stepped in and bought some quantities of pears under the surplus removal program, and these canned pears have in turn gone to outlets like school lunch and have been used up to good advantage. We do have on occasion surplus removal programs for fruit and vegetable commodities, but none of the fruit and vegetable commodities are price supported as such.

Mr. GOODLING. Thank you, Mr. Chairman.

Mr. FOLEY. Mr. Myers?

Mr. MYERS. No further questions.

Mr. FOLEY. Thank you very much. I wanted to have that in the record.

Without objection, the subcommittee will receive a statement from the American Farm Bureau Federation, John C. Lynn, legislative director, and will also receive a telegram, both of these in support of the legislation, from Mr. Reuben L. Johnson, director of legislative services for the National Farmers Union.

(These communications and another letter and a statement received by the subcommittee follow:)

AMERICAN FARM BUREAU FEDERATION

Washington, D.C., April 14, 1969.

HON. THOMAS S. FOLEY,

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

DEAR CONGRESSMAN FOLEY: The American Farm Bureau Federation is very much interested in H.R. 2690, legislation to amend the Agricultural Marketing

Agreement Act to include pears for canning or freezing to the list of commodities for which federal marketing orders may be applicable and to permit a mandatory check-off for marketing promotion projects including paid advertising.

At the most recent annual meeting of the American Farm Bureau Federation, the policy statement on federal marketing orders included support for amendments to the Agricultural Marketing Agreement Act to authorize marketing orders for additional processing fruits and vegetables whenever producers demonstrated a need for such a program.

The producers of pears for canning and freezing have demonstrated to us the need for broadening the Marketing Agreement Act to include their commodity. Therefore, we support this part of the legislation; however, the Farm Bureau cannot support the section of the bill that would amend the Agricultural Marketing Agreement Act to provide for the check-off of funds for market research and development projects because it does not meet our policy criteria concerning the promotion of agricultural commodities.

Thus, the American Farm Bureau Federation favors broadening the Agricultural Marketing Agreement Act to include pears for canning and freezing, and recommends that the provisions of the bill dealing with the check-off of funds for marketing research and development projects be deleted.

We would appreciate your making this letter a part of the hearing record on H.R. 2690.

Sincerely yours,

JOHN C. LYNN,
Legislative Director.

WASHINGTON, D.C., April 14, 1969.

THOMAS S. FOLEY,
Chairman, Domestic Marketing and Consumer Relations Subcommittee of the House Agriculture Commission, House Office Building, Washington, D.C.

DEAR CONGRESSMAN FOLEY: Please insert the message as follows in the record of hearings on H.R. 2690: National Farmers Union supports H.R. 2690 and other bills authorizing Federal marketing orders for pears.

REUBEN L. JOHNSON,
*Director of Legislative Services,
National Farmers Union.*

NATIONAL GRANGE,
Washington, D.C., April 18, 1969.

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

DEAR MR. CHAIRMAN: As Master of the National Grange, I appreciate this opportunity to make a statement in regard to H.R. 2690, H.R. 3279 and H.R. 4147, and to re-emphasize the Grange's historical support (over 30 years) for market order legislation.

We believe that any commodity group should have authority under the Agricultural Marketing Agreement Act of 1937 to decide whether or not they want to regulate themselves. The law has proven to be very beneficial for the producer groups that have been permitted and have chosen to use it.

History has proven that producers have raised their income and improved the quality and grade of their product without having any adverse effect on the ability of the consumer to buy plentiful supplies of the regulated products at reasonable prices.

The producers of pears, through their several organizations, have determined that there is a great need for them to have authority to submit a "market order" proposal to their members. As you know, items (1), (2) and (3) of the bills merely extend to the producers of pears the opportunity to do what the producers of the other commodities embraced within the law are already authorized to do.

I would call your attention to (4) Sec. 8c (19) on page 2 of the bills. The provisions of this section provide for the preservation of the identity of state groups. This provision truly protects the rights of the minority. This section is especially significant in a crop such as pears where there is a concentration of production in a few states and the need for a marketing order may vary very significantly from state to state or from one region to another.

We therefore sincerely request that you and the members of your honorable Committee use your influence to have the provisions of H.R. 2690, H.R. 3279 and H.R. 4147, which are identical bills, enacted into law.

We commend you for holding hearings on these bills and request that this statement be made a part of the hearing record.

Sincerely,

JOHN W. SCOTT, *Master*.

STATEMENT OF THOMAS B. HOUSE, EXECUTIVE VICE PRESIDENT, NATIONAL ASSOCIATION OF FROZEN FOOD PACKERS

The undersigned, Thomas B. House, Executive Vice President of the National Association of Frozen Food Packers, presents the following statement in behalf of the Association and the industry it represents in connection with the H.R. 2690.

The National Association of Frozen Food Packers is a voluntary, non-profit organization formed for the purpose of promoting and protecting the interests of the American frozen food industry and its allied trades. Members of the Association pack approximately 90% of the entire national production of frozen foods. Total frozen food production is in excess of 13 billion pounds annually with a retail value of more than \$6 billion.

H.R. 2690 introduced in the U.S. House of Representatives, January 9, 1969, would amend the Agricultural Marketing Agreement Act of 1937 to bring pears for canning or freezing under the marketing control provisions of the Act. We are opposed to H.R. 2690 for the following reasons:

1. It would permit pear growers, through a Federal program administered by the Department of Agriculture, to control the conditions under which processors could obtain pears for canning and freezing.

2. It would deny processors the right to vote on a marketing order program nor would it assure them representation in the administration of an order.

3. Processors should have the right to vote on the use of a marketing order where they supply a sizeable portion of the outlet since they will have invested, *before the product is sold*, three to four times the value of the raw product paid to the growers. They will have paid the grower, added the value of processing, containers, labels, storage, insurance, marketing and promotion, and eventually sales and distribution. They, therefore, have three-four times the economic interest of those who grow the raw product. This makes it unwise for the growers to leave them out.

4. Only the processor knows how well and how fast his markets are developing. No committee of growers can know his needs for quality of product required. Only the processor knows what quality product he needs to provide for the type of customers his company has developed, nor does anyone else know for what end-product he plans to utilize this raw product. Different qualities of varieties of fruits, vegetables, citrus, seafood, etc. are required to make specific end-products. If this were not so, there would have been no need to have the USDA develop different grades for different products and for processing use versus fresh market sales.

5. Although a marketing order on pears for processing is said to involve only the interests of the producers, the fact is that any control program would indirectly control the marketing of the processed product.

6. Disproportionate increase in prices of growers' products will bring of necessity higher costs to processors and a resultant passed on higher price of frozen foods to the consumer. Consequently, consumers will turn to other foods which they would consider to be a better value. Reduced sales will result in reduced purchase of pears from growers and employment in processing plants.

Accordingly, we respectfully request that this Subcommittee recommend against the enactment of H.R. 2690. Thank you.

Mr. FOLEY. Are there any other persons in the hearing room who wish to testify who may not have been originally scheduled for this morning?

If not, and without objection, the record will remain open for a period of 2 weeks to receive the additional matters authorized by the sub-

committee, additional statements authorized by the subcommittee, and any other statements appropriate for these hearings.

The subcommittee will stand in recess and will meet at the call of the Chair.

I want to say I appreciate the attendance on the part of the witnesses and those in the hearing room today.

Thank you very much.

(Whereupon, at 11:05 a.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.)





