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POTATO RESEARCH AND PROMOTION

GOVERNMENT

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HEARINGS

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. 2777, H.R. 4220, H.R. 8391, and H.R. 8851

APRIL 17 AND 18, 1969

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POTATO RESEARCH AND PROMOTION

THURSDAY, APRIL 17, 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 10:05 a.m. in room 1302, Longworth House Office Building, Hon. Thomas S. Foley (chairman) presiding.

Present: Representatives Foley, Sisk, Goodling, and Myers.

Also present: William C. Black, general counsel; Hyde H. Murray, associate counsel; John A. Knebel, assistant counsel; L. T. Easley, staff consultant; and Martha S. Hannah, subcommittee clerk.

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

The subcommittee meets this morning for consideration of H.R. 2777 by Mr. Jones of North Carolina, cosponsored by Mrs. May, Mr. Mathias, Mr. Teague, Mr. Ullman, Mr. Aspinall, Mr. McFall, Mr. Schadeberg, Mr. Rooney of Pennsylvania, Mr. Sisk, Mr. Evans of Colorado, Mr. Kyros, Mr. Langen, Mr. Tunney and Mr. Johnson of California; H.R. 4220, by Mr. Andrews of North Dakota; H.R. 8391, by Mr. Hathaway and H.R. 8851 by Mr. Downing.

These bills are all identical and are similar to H.R. 15030 as amended and reported to the House in the last Congress by this committee. Their purpose is to enable potato growers to finance a nationally coordinated research and promotion program to improve their competitive position and expand their markets for potatoes by increasing consumer acceptance of potatoes and potato products and by improving the quality of potatoes and potato products that are made available to the consumer.

(H.R. 2777 introduced by Mr. Jones of North Carolina for himself and Mrs. May, Mr. Mathias, Mr. Teague of California, Mr. Ullman, Mr. Aspinall, Mr. McFall, Mr. Schadeberg, Mr. Rooney of Pennsylvania, Mr. Sisk, Mr. Evans of Colorado, Mr. Kyros, Mr. Langen, Mr. Tunney, and Mr. Johnson of California; H.R. 4220 introduced by Mr. Andrews of North Dakota; H.R. 8391 introduced by Mr. Hathaway; and H.R. 8851 introduced by Mr. Downing; are similar bills, the text of which and the Department report follows:)

[H.R. 2777, 91st Cong., first sess.]

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Potato Research and Promotion Act".

FINDINGS AND DECLARATION OF POLICY

SEC. 2. It is the declared policy of the Congress and the purpose of this Act that it is essential in the public interest, through the exercise of the powers provided herein, to authorize the establishment of an orderly procedure for the financing, through adequate assessments on all potatoes harvested in the United States for commercial use, and the carrying out of an effective and continuous coordinated program of research, development, advertising and promotion designed to strengthen potatoes' competitive position, and to maintain and expand domestic and foreign markets for potatoes produced in the United States.

DEFINITIONS

SEC. 3. As used in this Act—

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

AUTHORITY TO ISSUE A PLAN

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

NOTICE AND HEARING

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

FINDING AND ISSUANCE OF A PLAN

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

REGULATIONS

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

REQUIRED TERMS IN PLANS

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

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

- (1) to administer such plan in accordance with its terms and conditions;
- (2) to make rules and regulations to effectuate the terms and conditions of such plan;
- (3) to receive, investigate, and report to the Secretary complaints of violations of such plan; and
- (4) to recommend to the Secretary amendments to such plan.

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

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

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

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

(f) Providing that—

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

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

(3) no funds collected by the board shall in any manner be used for the purpose of influencing governmental policy or action, except as provided by subsection (a) (4) of this section.

(g) Providing that, notwithstanding any other provisions of this Act, any potato producer against whose potatoes any assessment is made and collected under authority of this Act and who is not in favor of supporting the research and promotion program as provided for under this Act shall have the right to demand and receive from the board a refund of such assessment: *Provided*, That such demand shall be made personally by such producer in accordance with regulations and on a form and within a time period prescribed by the board and approved by the Secretary, but in no event less than ninety days, and upon submission of proof satisfactory to the board that the producer paid the assessment for which refund is sought, and any such refund shall be made within sixty days after demand therefor.

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

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

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

PERMISSIVE TERMS IN PLANS

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

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

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

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

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

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

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

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

ASSESSMENTS

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

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

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

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

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

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

PETITION AND REVIEW

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

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

ENFORCEMENT

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

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

INVESTIGATION AND POWER TO SUBPENA

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

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

REQUIREMENT OF REFERENDUM

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

SUSPENSION OR TERMINATION OF PLANS

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

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

AMENDMENT PROCEDURE

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

SEPARABILITY

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

AUTHORIZATION

SEC. 18. There is hereby made available from the funds provided by section 32 of Public Law 320, Seventy-fourth Congress (49 Stat. 774), as amended (7 U.S.C. 612c), such sums as are necessary to carry out the provisions of this Act: *Provided*, That no such sum shall be used for the payment of any expenses or expenditures of the board in administering any provision of any plan issued under authority of this Act.

EFFECTIVE DATE

SEC. 19. This Act shall take effect upon enactment.

APRIL 16, 1969.

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

DEAR MR. CHAIRMAN: This is in reply to your request of January 29 for a report on H.R. 2777. The purpose of the bill is to enable potato growers to finance a nationally coordinated research and promotion program to improve their competitive position and expand their markets for potatoes.

The Department has no objection to this bill but suggests some modifications. The bill provides for authority to establish a "Plan" to collect assessments on potatoes produced in the 48 contiguous States of the United States. Producers with less than five acres will be exempt from assessments. The assessments will be used for promotion of potatoes including paid advertising. In addition, assessments can be used for research and development projects. The costs incurred by the potato industry in administering the program will also be paid from assessments. Prior approval by the Secretary of Agriculture for all projects and expenditures is provided for as a safeguard against improper use of funds.

The bill provides for a maximum assessment rate of one cent per hundred-weight. Handlers are responsible for payment of the assessments, and they may deduct them from their settlement with the producers. Producers will be able to obtain a refund on the assessments paid by them, if they request it in the time and manner prescribed. The bill provides that hearings with respect to a proposed "Plan" be held when requested by potato producers. A favorable referendum vote, by two-thirds of the potato producers voting in such referendum, or two-thirds of their production and not less than a majority of those voting, is required to approve any "Plan" issued pursuant to this bill. If such a "Plan" is favored by producers, a board will be appointed by the Secretary of Agriculture from industry nominations of eligible producers. Such board will administer the "Plan" under the supervision of the Secretary of Agriculture.

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

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

Several potato producing areas have State orders or Commissions to promote potatoes produced in their specific areas. This bill is intended to supplement these existing programs with a nationally coordinated program.

The Department recommends the following modifications of this bill:

(1) In section 2, page 1, line 6, (Findings and Declaration of Policy) it is recommended that the "findings" deleted by the House Agriculture Committee from the National Potato Research and Promotion Bill in the 90th Congress (H.R. 15030, Unit Calendar No. 619, with accompanying House Report No. 1559, dated June 17, 1968, predecessor to this bill) be added as a part of section 2 of this bill. The addition would make clear that the legislation is intended to exercise the full sweep of the federal commerce powers. It would also facilitate administration and enforcement as proof would not be required in each action for enforcement that the potatoes involved were in interstate commerce or directly burdened, obstructed, or affected interstate commerce in potatoes or potato producers.

In the event the "findings" are not added, section 4 should be modified to indicate the intention to exercise the full sweep of the federal commerce powers. In section 4, page 3, line 25, (Authority to Issue a Plan) add to the end of the sen-

tence the following: "and as are in the current of interstate commerce or directly burden, obstruct, or affect interstate commerce in potatoes or potato products."

(2) In subsection 3(d), page 2, line 20-22 (Definitions), revise the term "handler" to read as follows:

"(d) The term 'handler' means any person (except a common or contract carrier of potatoes owned by another person) who handles potatoes in a manner specified in a plan issued pursuant to this Act or in the rules and regulations issued thereunder."

(3) In section 3, page 2, beginning on line 23, delete subsection (e)—the definition of "handle"—and renumber the remaining definitions.

(4) In subsection 10(a), page 9, (Assessments) revise the language beginning on line 25 and continuing through the word "potatoes," in line 3 on page 3, to read as follows:

"Sec. 10(a) Each handler designated by the board, pursuant to regulations issued under the plan, to make payment of assessments shall be responsible for payment to the board, as it may direct, of any assessment levied on potatoes;"

Also in subsection 10(a), add a sentence at the end to read as follows: "To facilitate the collection and payment of such assessments, the board may designate different handlers or classes of handlers to recognize difference in marketing practices or procedures utilized in any State or area. No more than one such assessment shall be made on any potatoes."

The changes in (2) and (3) are recommended in the interest of providing a greater degree of flexibility in designating the various activities that will make a person a "handler." The change in (4) will provide flexibility in designating the "handler" responsible for payment of assessments to, as well as the manner and method of collection of assessments by, the board. These changes follow similar provisions in the Cotton Research and Promotion Act and are desirable in the light of our experience under that Act.

(5) In section 6, page 4, line 16, (Finding and Issuance of A Plan) delete "or modifications", as being unnecessary and confusing inasmuch as the Secretary must find that all the terms and conditions contained in the plan as issued will tend to effectuate the declared policy of the Act.

(6) In subsection 9(e), page 9, lines 11 and 12 (Permissive Terms In Plans) modify "research and development or advertising and promotion" to read "research, development, advertising and promotion". This change will make the quoted modification conform to other specifications of such activities elsewhere in the Act.

(7) In subsection 12(b), (Enforcement) delete the word "willfully" in two places on page 13, lines 6 and 8. "Willfully" is an undesirable term because it is difficult to prove and would result in administrative and enforcement difficulties.

Also in subsection 12(b), page 13, line 10, delete the words "liable to a penalty of not" and substitute in lieu thereof the words "fined not less than \$100 or"; and delete the balance of the paragraph following the word "offense" in line 11. This change substitutes terminology generally associated with criminal prosecution in place of language relating to civil action. Additionally, specific authorization for civil action to collect unpaid assessments is unnecessary as subsection 12(a) provides the district courts with adequate authority to enforce collection.

We believe the enactment of the bill would result in a cost of \$325,000 to conduct promulgation proceedings, a referendum and related items to initiate a "Plan" if it is necessary to conduct the referendum by the use of polling places in each county. However, if the proponents of a "Plan" are able to provide suitable mailing lists of potato producers eligible to vote so that the referendum can be conducted by mail, this would reduce total costs to initiate a "Plan" to \$180,000. Additionally, the Department's annual cost for administration is estimated to be \$80,000.

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

Sincerely,

/s/ J. PHIL CAMPBELL,
Under Secretary.

Mr. FOLEY. The first witness will be Mr. Downing, of Virginia, a co-sponsor of this bill.

I am happy to see you, sir, and receive your testimony at this time.

STATEMENT OF HON. THOMAS N. DOWNING, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF VIRGINIA

Mr. DOWNING. Thank you, Mr. Chairman, members of the committee. I appreciate this opportunity to appear before you again this morning on my bill, H.R. 8851, and also the other bills, including that of the main sponsor, who is our colleague, Congressman Walter Jones of North Carolina, and who has really done the chief spadework on this good legislation. Your committee is intimately familiar with the purpose of this legislation, because it passed the bill out last year and the full committee passed it out, but it was held up due to the rush of adjournment and other bills and failed to clear the Rules Committee.

Mr. Chairman and gentlemen, the purpose of this program would be one of improvement, improving the quality of the potatoes and potato products that are made available to the consumer, improving the markets for potatoes and to improve the competitive position of those farmers who grow potatoes.

As you know, it is proposed that this program will be operated by the potato producers through a potato promotion board. The board will be selected by the producers from among their own members. It will be responsible to the Secretary of Agriculture for all funds collected and spent.

It is not proposed that the program be mandatory on producers. Any farmer who does not wish to participate may receive a refund of any funds withheld from any sales on request.

The assessment involved cannot exceed 1 cent per hundredweight.

I hasten to point out that this bill is enabling legislation only. If passed by the Congress, it would do nothing more than permit potato farmers to vote to tax themselves in order to raise funds for the program on a national basis.

Virginia farmers and I are most pleased that half a dozen of my own farmers from the eastern shore of Virginia are in the committee room this morning, Mr. Chairman and gentlemen, as evidence of their feelings about this bill—they have had considerable experience with promotional programs of this type on a statewide basis. Our own State of Virginia has such programs in effect for a number of commodities including eggs and poultry, sweet potatoes, tobacco, and pork. Generally speaking, they have all met with a reasonable degree of success.

My interest in the program has been sparked by my friends in the potato industry. I like it because it is a new concept in marketing development financing. These people ask to be allowed to do it themselves. It is quite rare for a project like this to come along. I feel it has something positive for everyone. It will be helpful to the potato producers and to the public in general. The people in the potato industry are united in this effort. If we will help them help themselves, they will help us help ourselves.

Thank you so much, Mr. Chairman and gentlemen. If you have any questions, I will be delighted to answer them.

Mr. FOLEY. Thank you, Mr. Downing.

Mr. Myers?

Mr. MYERS. No questions.

Mr. FOLEY. Thank you so much.

Our next witness will be Mr. Jones, sponsor of the bill, H.R. 2777.

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

Mr. JONES. Thank you, Mr. Chairman.

This bill, as has been stated, was before us last year, last session of Congress. This committee considered it. It received a favorable report from the full committee and stating again, it got caught in the adjournment commitment and the Rules Committee did not see fit to act upon it.

By way of review, I think there are a few pertinent points contained in the bill that I would like to point out to the committee and to get into the record. One is that no one planting less than 5 acres of potatoes will be covered under the terms of this legislation. They do not meet the requirements of the definition of a producer. The money involved states that the assessment can't exceed 1 cent per hundred pounds of potatoes handled. It makes provisions as to the responsibility of the collector of the assessment, which of course, as the bill provides, is the first handler. There are, of course, through necessity, specified penalties for willfully violating the provisions of the plan or failing to remit the collections. It provides for a \$1,000 maximum fine for each offense.

I think the important thing that we find here this morning, the thing that intrigues me, and may be a little out of date at this time, but here is free enterprise coming before this committee and the U.S. Congress, seeking permission to do something for themselves at their own expense. I would like to emphasize that. There are no Federal funds involved here beyond that of providing the cost of the referendum. I would like emphatically to state here that no criticism is implied of anyone, but I think the Department's estimated cost of the referendum last year was far beyond reason as it relates to facts. For there would be, based on the 1967 production records, there would be less than 15,000 potato producers involved in this referendum. I see no reason why the various ASC offices throughout the United States could not, through the simple process of a mail ballot, conduct this election. It has been done for other commodities and it could be done for the potato commodities in order to conduct the referendum on this plan.

I do not think I need to remind you that the plan must be approved in the referendum by two-thirds of the producers voting or by the producers of not less than two-thirds of the potatoes produced in a representative period by producers voting in such a referendum.

I think we need to point out that this is a voluntary plan. If this legislation is enacted and the referendum is approved, any producer affected can, under certain processes, ask for and receive a refund of the 1 penny assessment.

Also, I think the bill contains a feature that should remove some objections of others, that any time the referendum has been approved and the plan has been put into effect, at the request of the board which is created under the terms of this bill, or at least 10 percent or more of the potato producers, a referendum may be called to terminate the plan. It is not suggesting that they are going to be stuck with for the remainder of their lives if it proves unworkable and does not produce the results. This termination could become effective on a

majority vote provided more than 50 percent of the potato producers participate in the election.

So there are some of the high spots of the bills, some of the pertinent features. I would be happy to answer any questions. I am sure by this time the members of this committee realize that the Department in recent days, I think we only received ours this morning, filed their report. As time permitted, as I have studied their report; I do not see any great changes in the original bill, H.R. 2777, and the Department's report. It is a question of language here and there and makes no material difference, or at least as I interpret it briefly. I have not had time to study it thoroughly, because I repeat again I only received it this morning.

Here is a bill we have back here in the 91st Congress, that we had in the 90th Congress, identical, which has traveled the route this will have to travel. I will not impose on your time to any great length, simply saying that if there are any questions any member would like to ask, I will be happy to attempt to answer them.

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

Mr. Myers?

Mr. MYERS. No questions.

Mr. FOLEY. Mr. Sisk?

Mr. SISK. No questions.

Mr. FOLEY. I think the members are familiar with the bills and are happy to have had you testify as sponsor of it. Thank you very much.

Congressman Andrews is the next witness. We are always happy to have him.

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

Mr. ANDREWS. I do not want to take too much of your time. I do appreciate your courtesy in permitting me to testify before you and the other members of the subcommittee this morning on behalf of the Potato Research and Promotion Act.

As you know, I was one of the sponsors of this legislation in the last Congress, and I have also sponsored an identical bill in this Congress. I was very pleased with the favorable support given this proposal last year and I am hopeful that it will be well received again this year.

Potato growers are subject to some fairly significant market price fluctuations and while prices today are somewhat better than at the same time last year, we cannot take that as an indication that legislation of this sort is not as vitally needed today. It is needed very much.

This legislation is in my opinion the best means by which the growers of a commodity can receive the help they need without significant cost to the taxpayer and with a minimum of interference on the part of the Federal Government.

The aspect of this proposal that most appeals to me is that the success of the whole plan depends upon the ingenuity of the growers themselves—the people who know the most about their industry and what is the best action which can be taken to solve their own problems.

Under the proposal, the function of the Secretary of Agriculture is restricted to one of monitoring the program to insure that it conforms to the enabling legislation. Thus, a very minimum of Federal control

is involved and then only to the extent necessary to provide overall fairness, uniform administration, and effectiveness.

Advances made through research on other commodities have shown what great possibilities there are for potatoes. In addition to improved potato products that may be found for the marketplace here in the United States, this research can do much toward contributing solutions to the problem of the hungry poor, both here and abroad. I know this is one of the goals of the industry and I heartily endorse it.

In the area of promotion, there is also much that can be done. Competitive products have been waging an intensive and sometimes not quite fair campaign which in some cases has misrepresented the properties of potatoes. This legislation would give the industry the wherewithal to set the record straight and make American consumers aware of the wonderful qualities of potatoes.

In conclusion, I would strongly endorse this legislation and urge that this subcommittee act favorably upon it.

I would like, if I might, Mr. Chairman, to associate myself in my remarks with my good friend and close neighbor farmer, Kenneth Tweten, who is here. He is a distinguished member of the North Dakota State Legislature. He is also a member of the Red River Valley Potato Growers and is a resident of Grand Forks County. He has a statement. I would like to associate myself completely with the remarks of Mr. Tweten.

Mr. MYERS. Is he any relation to Al Quie? Did you say Quie?

Mr. ANDREWS. No; Tweten.

Mr. FOLEY. Thank you very much. We are pleased to have you this morning.

Mr. FOLEY. Are there any other Members of Congress?

I see none.

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

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

Mr. NICHOLSON. Mr. Chairman, members of the committee:

I am Paul Nicholson. I have already been introduced by the chairman. I am with the U.S. Department of Agriculture. I have with me again today J. Charles Krause, who is Director, Marketing Division, Office of General Counsel.

I have a statement, Mr. Chairman, on H.R. 2777. This statement would also apply to H.R. 4220, H.R. 8391, and H.R. 8851, which I understand are identical bills here today. These are bills to enable the potato industry to finance a nationally coordinated research and promotion program to improve their competitive position and to expand their markets for potatoes and potato products.

The Department has no objection to H.R. 2777, but suggests some modifications.

The bill provides authority to establish a plan to collect assessments on potatoes produced in the 48 contiguous States of the United States. The funds would be used to administer the plan and to finance a program of research, development, advertising, and promotion of potatoes and potato products.

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

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

2. Provide for the Board to submit to the Secretary a proposed annual budget and to recommend a rate of assessment, which may not exceed 1 cent per hundredweight of potatoes. The budget and the assessment rate are subject to approval by the Secretary. Producers not in sympathy with the plan could apply within 90 days for and receive a refund of assessments paid.

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

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

The bill would cover all potatoes produced in the 48 contiguous States of the United States and entering commercial channels, except those specifically exempted. Processed potatoes, as well as those marketed in fresh form, are included. Potatoes marketed for nonfood uses would be covered unless expressly exempted by the plan.

The handler of potatoes would be responsible for paying the assessment. The handler may collect the assessment from the producer or deduct the amount from the proceeds due the producer. Handlers are required to keep adequate books and records involving transactions in potatoes which are subject to assessment. All such information is confidential and may be disclosed only in general statements which do not identify the information furnished by any person.

Potatoes grown by producers with less than 5 acres of potatoes would be exempt from assessments. There are 310,008 potato producers in the United States, but only 16,990 produce five acres or more according to the 1964 agricultural census.

No plan could be made effective without the approval of producers voting in a referendum conducted by the Secretary. A plan must be favored by at least two-thirds of the producers voting in the referendum, or by two-thirds of their production and a majority of those

voting who, during a representative period determined by the Secretary, have been engaged in the production of potatoes. All ballots and other information relating thereto are confidential and may not be disclosed.

Any handler who willfully violates any plan is subject to criminal prosecution and liable to a penalty of not more than \$1,000 for each offense. Unpaid assessments may be collected under a civil suit brought by the United States. The Secretary may make such investigation as he deems necessary to carry out the act and to determine compliance therewith.

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

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

Potatoes are one of our most important crops. The value of potato sales at the farm during the past decade has ranged from \$306 to \$765 million, averaging \$491 million. The acreage devoted to potatoes in the United States has been declining. Thirty years ago, potatoes were grown on 2.9 million acres. The acreage declined to 1.3 million acres, and in 1968 was 1.4 million acres. During the same period, average yields per acre have increased sharply from 73 hundredweight per acre in 1937 to 213 hundredweight per acre in 1968. As a result, production has increased from 205 million hundredweight 30 years ago to 293 million hundredweight in 1968.

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

The per capita use of potatoes, which was 122 pounds per person 30 years ago, declined during the 1940's and early 1950's and has been approximately 110 pounds per person during the last few years. Ten years ago, approximately 82 percent of the potatoes were consumed in fresh form, and 18 percent were processed. By 1967, processed potatoes accounted for 42 percent of the total food use, and fresh potato consumption had declined to 58 percent.

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

Potato producers have been confronted in recent years with increased competition from other products marketed as easily prepared

convenience foods. Potato producers have not been able to match effectively this competition because production and marketing of potatoes are performed by numerous individual farmers. This has made it difficult to finance and carry out adequate research and promotion programs to maintain a competitive position in the markets. This bill will provide potato producers with authority to assess themselves to finance such programs.

Several potato producing areas have State marketing orders or commissions to promote potatoes produced in their specific areas. This bill is intended to supplement these existing programs with nationally coordinated research and promotion programs.

The Department recommends several modifications of these bills. These modifications are outlined in full in our report on the bill, H.R. 2777, which has been made a part of the record of the hearing and they need not be repeated here. However, I would like to comment specifically at this time on a few of these changes.

1. We recommend that the "findings," which were in the original version of the predecessor to this bill (H.R. 15030) be added as part of section 2 of this bill. The addition would make clear that the legislation is intended to exercise fully the Federal commerce powers. It would also facilitate administration and enforcement as proof would not be required on each action for enforcement that the potatoes involved were in interstate commerce or directly burdened, obstructed, or affected interstate commerce in potatoes or potato products.

As an alternative to adding this finding, section 4 of H.R. 2777 could be modified for the same purpose. This can be done by adding the following to the end of section 4, page 3, line 25—authority to issue a plan: "and as are in the current of interstate commerce or directly burden, obstruct, or affect interstate commerce in potatoes or potato products."

2. Comments or modifications: Several individuals frequently handle potatoes after they are harvested and before they are offered at retail. The bill now provides that the first handler pay the assessment. We recommend that the bill be modified to provide that the board may designate the handler responsible for paying the assessment. We also recommend that the definition of "handle" be deleted from the bill so that the term can be defined in the plan based on evidence at the public hearing which would be necessary. These changes will provide needed flexibility. They are outlined in detail in our report.

We believe the enactment of the bill would result in a cost of \$325,000 to conduct promulgation proceedings, a referendum, and related items to initiate a plan if it is necessary to conduct the referendum by the use of polling places in each county. However, if the proponents of a plan are able to provide suitable mailing lists of potato producers eligible to vote so that the referendum can be conducted by mail, this would reduce the costs to initiate a plan to about \$180,000. Additionally, the Department's annual cost for administration is estimated to be \$80,000.

These costs would be financed from funds appropriated pursuant to section 32 of Public Law 320, 74th Congress (49 Stat. 774), as amended (7 U.S.C. 612c).

Thank you, Mr. Chairman.

Mr. FOLEY. Thank you very much, Mr. Nicholson and Mr. Krause. We appreciate your testimony today.

Mr. MYERS?

Mr. MYERS. No questions.

Mr. FOLEY. Mr. Sisk?

Mr. SISK. Mr. Chairman, I would like to ask Mr. Nicholson, how many plans of this type involving 48 States are the Department presently administering?

Mr. NICHOLSON. Mr. Sisk, I do not think we are presently administering a single one of this type; that is, involving 48 States. The cotton research and promotion act, was passed by Congress a couple of years ago. That is being administered by the Department, but I think 14 or maybe 15 or 16 States are involved. It would not be 48 States.

Mr. SISK. My question does not indicate any criticism of the plan. As a coauthor of one of the bills I am interested in these plans and programs. I happen to represent an area where we deal extensively in marketing orders. Generally, as you know, marketing orders are concentrated in given, selected areas. I was of the opinion this would be the first time we actually attempted to administer a program in all 48 States. I am curious to the extent that you feel this might afford undue administrative costs. Do I understand from your statement that you do not?

Mr. NICHOLSON. No, we do not. We think the administrative costs can be kept quite reasonable and as I have pointed out in my testimony, the costs of the promotion and research would be financed by the assessments on the industry itself and not, of course, from departmental appropriations.

Mr. SISK. Yes, I recognize the industry would pay the costs. It is an interesting step in getting into a program where you are operating in all 48 States. Quite frankly, there are some other commodities in agriculture today, when we look to the future as to what we are going to do in agriculture programs, where these ideas might be applicable. I am interested in your reaction.

The Chairman just called to my attention, of course, that we have 50 States in the Union today. But as I understand, this program only applies to 48 particular States. That is why I was not using 50 States. The legislation does not include Hawaii and Alaska although potatoes are grown in Alaska.

Mr. NICHOLSON. Yes, they do grow potatoes in Alaska, but the bill does not include Alaska and Hawaii.

On the administrative question, I might add we do not see any problem. If Congress sees fit to pass the program, the bills, we think we can administer it. We will certainly give it a hard try.

Mr. FOLEY. Just for the record, Mr. Nicholson, it would not be necessary to conduct a referendum among those potato growers who are not eligible for the program under the terms of the act?

Mr. NICHOLSON. That is correct. It would only be necessary to conduct it among those that grew 5 or more acres.

Of course, the difficulty is finding out who they are among the 300,000-some-odd potato producers. We think the industry would be able to help us on this and if they are able to furnish a suitable list, our cost of getting a plan in effect would be reduced as I indicated.

Mr. FOLEY. Thank you very much. There are no further questions.

Mr. Nicholson and Mr. Krause, we appreciate your attendance here.

Mr. SISK. Mr. Chairman, if I could, just one further question.

Do you have any figures, Mr. Nicholson, as to the relative production, percentagewise, of the 16,990 of the balance of 310,000? You may not have. I would assume that the idea is that this 16,990 who produce 5 acres or more do produce a substantial majority of the total volume of potatoes produced in 48 States. Is that correct or do you have figures?

Mr. NICHOLSON. That is correct and I do have some figures on it here. They are not added up, but it looks like it would be a very substantial majority in the—it looks like a high 90 percent.

Mr. SISK. In other words, the 295,000 or thereabouts who produce less than 5 acres are nothing more than gardeners and their volume is much less than the total?

Mr. NICHOLSON. That is correct. I think the potato industry, and you might ask some of the witnesses when they get on the stand, but I think the potato industry considers that anybody that produces less than 5 acres of potatoes is not really in the potato business and they do not worry too much about them.

Mr. SISK. Thank you.

Mr. FOLEY. Thank you very much.

According to the witness schedule, the next witnesses will be Mr. Doyle Burns and Mr. Headlee Wright, executive director and president of the National Potato Council. I am going to ask them to defer for just a moment. Mr. Andrews told us Mr. Tweten is a member of the North Dakota State Legislature. It is our policy to hear Members of Congress and members of State legislatures first, and if Mr. Tweten would care to come up, we will hear him at this time.

STATEMENT OF HON. KENNETH TWETEN, A MEMBER OF THE STATE LEGISLATURE OF THE STATE OF NORTH DAKOTA

Mr. TWETEN. Thank you, Mr. Chairman.

In connection with my testimony, we have some copies of our local area magazine, which goes out monthly to all of our growers. I have enough copies for the subcommittee if they so desire, and I can leave them with your committee clerk.

Mr. FOLEY. Without objection, they will be received and the clerk will distribute them.

Mr. TWETEN. Mr. Chairman, members of the committee, my name is Kenneth Tweten. I grow about 300 acres of potatoes in the Red River Valley south of Grand Forks. I am also a member of the Red River Valley Potato Growers Association, and also a member of the Farm Bureau. I am testifying on my own behalf in support of H.R. 2777. The Red River Valley represents a major production area in the two States of North Dakota and Minnesota.

In 1967, these two States passed legislation similar in many respects to the projected act being considered. It is a self-help program which will not cost the taxpayer anything and will be run by the growers themselves. Also, anyone who wishes to may choose not to participate by getting a refund.

The councils in the two States negotiate with the Red River Valley Potato Growers Association to provide services for marketing development and advertising.

The growers of the Red River Valley realize that a national advertising program is essential for the maintenance of consumer consumption of potatoes. They know that several production areas are selling potatoes in each market. Some are in competition, and some areas sell during seasons which we do not ship potatoes. By cooperating through the proposed national advertising and promotion program, each area can participate proportionately as to its production.

The Red River Valley and every other production area must then work to maintain its quality and advertise its advantages.

Our association has two market representatives who cover our natural marketing area. They contact potato dealers, buyers for chain-stores, and other potato distributors and processors. Due to the comparative small percentage of our producers to the net total, we realize our inability to contact consumers by mass advertising and realize that a year-long program must be developed. Our members realize that any area organization cannot provide the program necessary.

Although the Farm Bureau nationally has taken a stand against this legislation, I believe that 75 percent of my neighbor growers are Farm Bureau members. To my knowledge, there has been no opposition expressed to this legislation in my growing area.

That concludes the formal part of my presentation.

MR. FOLEY. Thank you very much, Mr. Tweten. We appreciate your testimony.

MR. GOODLING?

MR. GOODLING. On page 1, Mr. Tweten, you say this is a self-help program which will not cost the taxpayer anything, but will be run by the growers themselves. As I recall the testimony last year, and I am sorry I did not hear everything this morning, that is not a factual statement. It would cost the taxpayers. The Department of Agriculture would be responsible for the administration of the program.

MR. TWETEN. It is my understanding that that money will be paid out of the assessment. Am I correct?

MR. NICHOLSON. No.

MR. TWETEN. Excuse me. I stand corrected.

MR. GOODLING. I was almost certain that it would cost the taxpayers some money.

MR. TWETEN. My statement meant primarily that the advertising and promotion, other than the administration of the act itself, would be paid by the growers out of an assessment against growers only based on a hundredweight basis on this.

MR. GOODLING. Mr. Chairman, do we have an analysis of how much it would cost the taxpayer?

MR. FOLEY. The record shows, I think in the testimony of Mr. Nicholson, that the cost to the Government would consist of two items. One is the cost of conducting the referendum, and the other would be the annual cost of administration. The cost of the referendum would vary according to whether there was an election conducted at polling places by the Department or whether a mail list would be developed by the potato industry which would permit the referendum by mail. The figures are approximately 300 and—

Mr. NICHOLSON. \$325,000 in the first case of polling places, and \$180,000 in the second case.

Mr. FOLEY. That is right.

Questions?

Mr. TWETEN. May I add something?

Mr. FOLEY. Yes.

Mr. TWETEN. Though I do not represent the Red River Valley Potato Growers Association and can't speak for them specifically, I am sure that we would have in the Red River Valley Association for North Dakota and Minnesota a record of all potato growers who produce over 5 acres and, as a result, the cost of getting the names would be nothing. I am sure that this is on record in our association office.

Mr. MYERS. Mr. Tweten, last year on this bill, Mr. Miller, a member of the full committee, offered an amendment which would provide for reimbursement from these funds to the Federal Government for the \$80,000 or whatever it may be to operate it each year, and also for reimbursement for either the \$325,000, if the list is not very up to date, or the \$180,000 if you do have a real good mailing list, whichever the figure may be. Do you see any reason why this should not be an amendment to this bill, to have the Federal Government reimbursed for these expenditures? Because it really is your expenditure, your expense. It is going to help you and there is no reason why the taxpayer should pay for it. Do you see any reason why this should not be an amendment? It is in your first paragraph, anyway.

Mr. TWETEN. I would not want to speak for the members of my group, because—

Mr. MYERS. Do you see any reason as an individual?

Mr. TWETEN. As a member also of an appropriations committee on a much smaller basis than what you are faced with here, we like to see this approach ourselves, admittedly, when an organization wishes to do this. In North Dakota, incidentally, we have substantially the same program, but of course, we cannot cover the broad area of marketing. We cannot advertise because we do not operate in the market at a full year. We are only in the market about 7 or 8 months. Therefore, we feel we cannot afford to advertise nationally direct consumer advertising. So we do this in North Dakota. The State does not pick up the tab in North Dakota.

Mr. SISK. Mr. Chairman, in view of the fact that the question has been raised on these costs, in my opinion, it would be very nominal for an operation within 48 States. I recognize that in the many, many marketing orders that we have, Mr. Chairman, throughout the country, these particular administrative costs are picked up by the Department. After all, the Department of Agriculture has a responsibility to agriculture in this country to administer these programs. That is a very nominal figure, whereas the marketing order people primarily pay all their own assessments. It seems to me this is not a particular responsibility of the growers themselves any more than the thousand and one other obligations are the duty and responsibility of the Department of Agriculture.

The witness may comment on that statement if he wishes, but I simply want to say in fairness that with regards to present marketing

orders the Secretary picks up the administrative costs with section 32 funds.

Mr. TWETEN. Well, in the North Dakota and Minnesota area, we do not have a marketing order. As a result, the Department of Agriculture does not operate a marketing area.

Mr. SISK. I realize on your State marketing orders such as we have in California, there is no Federal cost whatsoever.

That is all.

Mr. MYERS. Mr. Chairman, I would like to respond.

The gentleman made a statement here that it would not be fair to the potato growers because this is a small amount. This is somewhat true when you add it to the total budget of \$196 billion that our Treasury is spending. But I think we are going to set a precedent here and there will be many others come in. I think this is unlike a marketing order, when this is a specific promotion for your industry. It is not a marketing order here that we are talking about. I think we can relate this directly back to benefiting them and it is not an expense that the Department is going to spend anyway. This is an additional expense that you are talking about here, the \$80,000 a year, which is going to be directly related to this promotion idea. So I think this is not quite like some of the other programs we have had before us. I think this is something that if we set the precedent here, we are going to have more of them coming in in the future and if we add them all together, it will be considerable.

Mr. SISK. If I may answer, I think this is something that should be taken up in executive session.

If we can bring about a balance in agriculture and a reasonably decent income and stabilized marketing program through this kind of program, I believe my colleague will agree we can do it far cheaper than we can with the present programs that are operating. That is why when we consider the vast cost, as I am sure my friend knows, on some of the support programs, we are getting off very reasonably if we are only talking of \$80,000, especially if this kind of program will stabilize the industry.

Mr. FOLEY. I am going to exercise the prerogative of the Chair and suggest that we should perhaps reserve this for executive discussion.

Off the record.

(Off-the-record discussion.)

Mr. TWETEN. Might I point out that I have not studied the details, the mechanics of the bill in particular. I am primarily supporting the principle of a local, of an industry promotion on its own. Obviously, we can do it no other way than with legislation. So the details of whether we will charge back to the promotion the cost of the administration to the Federal Government, this I would prefer to have the industry itself decide.

Mr. MYERS. We are just talking about mechanics here.

Mr. TWETEN. I understand.

Mr. FOLEY. Thank you very much, Mr. Tweten. We appreciate your testimony and your appearance here today.

Mr. TWETEN. Thank you.

Mr. FOLEY. I would like to ask one question, not of Representative Tweten but of Mr. Nicholson, just for information and not to open up the subject again.

In the cotton research and promotion legislation which is on the books, the annual cost of that is borne by the Department, is it not?

Mr. NICHOLSON. The annual cost of that is borne by the Department. The annual cost of these particular bills would be borne by the Department also, but out of what is called section 32 money, which you are familiar with.

Mr. FOLEY. Yes.

Mr. NICHOLSON. The case of cotton, it is borne out of regular appropriations. In the case of these bills, it would be borne under section 32.

Mr. FOLEY. I wonder if it would be possible for the Department to submit to the subcommittee a brief analysis of the cost of programs, either marketing orders or programs of promotion, similar to the bill proposed here today for the subcommittee's consideration? Could you give us a brief report on how those costs are borne in other programs?

Mr. NICHOLSON. Yes, I could tell you right now, I think.

The marketing order program costs are borne out of this same section 32 funds that I am talking about.

What was the rest of your question?

Mr. FOLEY. Legislation such as the cotton promotion.

Mr. NICHOLSON. It is borne out of regular appropriations.

Mr. FOLEY. Yes, that is a program more similar to the program under consideration today, I believe.

Mr. NICHOLSON. Yes, that is right.

Mr. FOLEY. There was a wheat referendum in 1964, I believe. Perhaps the Department could advise us of whether there was any effort to charge those costs and what they were. I do not like to ask you to testify. There was a wheat referendum in 1962, I believe.

Mr. MYERS. 1963.

Mr. NICHOLSON. You would like for us to submit the cost of the wheat referendum in 1963?

Mr. FOLEY. Yes.

(The Department of Agriculture submitted the following information:)

There was no separate identification made by the Agency conducting the referendum, ASCS, of the costs of the 1964 Wheat Referendum at that time. ASCS now estimates the cost to be about \$1,750,000. This estimate consists of \$1,120,000 for training 40,000 referendum committeemen and manning approximately 20,000 polling places; \$270,000 for 8,400 county committeemen to conduct and supervise the referendum in the 2,800 wheat counties, and \$360,000 for travel, establishing polling places, conducting educational meetings with producers and miscellaneous administrative costs.

Mr. FOLEY. I think it is obvious to those in the hearing room that this is going to be an issue for the subcommittee and the committee to resolve in its consideration of this proposed legislation. We would be happy to have witnesses, if they wish to comment on the suggestion that the costs of either the referendum or the annual costs be borne by the producers if they are prepared to do so at this time or to submit statements for the record while the record remains open.

The question that is raised is an appropriate question, because last year, this issue of cost and the responsibility of the Federal Government to bear was a principal issue that was raised before the Rules Committee in consideration of this legislation. I did not mean to cut off

comments on it and statements on it by the witnesses. I think they are quite appropriate and relevant. I think that the committee members, however, will have to resolve their own disagreements in executive session.

Thank you very much. We appreciate your testimony.

The next witnesses will be Mr. Doyle Burns, the executive director, and Mr. Headlee Wright, president of the National Potato Council.

If you would like to come forward together, gentlemen, or separately, whichever you wish.

STATEMENT OF DOYLE BURNS, EXECUTIVE DIRECTOR, NATIONAL POTATO COUNCIL

Mr. BURNS. Mr. Chairman, members of the subcommittee, I, too, would like to express my appreciation for the opportunity to appear here before you. We have a great many farmers who have come here to testify from all areas of the United States. With your permission, I would like to read my opening statement and file the full statement, since it is quite lengthy and covers all of the different parts of the act.

Mr. FOLEY. Without objection, it is so ordered.

Mr. BURNS. My name is Doyle Burns. I am employed as executive director of the National Potato Council, whose offices are located at 425 13th Street NW., Washington, D.C. The National Potato Council is a voluntary, nonprofit organization whose membership is made up of commercial potato growers throughout the United States.

According to the official bylaws of this organization, one of the purposes of the council shall be: "To promote the welfare of the potato industry of the United States, to promote increased use of potatoes, to foster a better understanding among the several areas of production of the problems peculiar to individual areas." It is on behalf of this stated purpose that we are appearing here today in support of the Potato Research and Promotion Act. At our most recent annual meeting, November 14, 1968, this act was discussed and approved by the board of directors representing the entire potato-growing industry of the United States. The act had been previously approved on November 16, 1967, by a unanimous rollcall vote of the board of directors.

We believe the potato industry is now ready to undertake the responsibility of developing and paying for a program which they will administer.

Farm programs over the past 40 years have been many and varied. For the most part individual farmers have felt very little loyalty toward these programs. This lack of loyalty or concern has undoubtedly been one of the reasons for the failure of some programs. When the proposed legislation before this committee was first being considered, there was general agreement that in any program developed, an effort must be made to instill or create a loyalty to the program on the part of the potato producer. I believe this legislation will accomplish this goal.

Mr. Chairman, I would like to digress at this point from the statement before you.

There has been a charge made that this legislation would open the gates with literally hundreds of commodities and products demanding a similar type program. I would like to point out that before any

commodity could attempt this kind of program it would be necessary for them to work together to accomplish many other goals before they could successfully meet the requirements of this proposal. If a commodity has a justifiable need for a program it will have to do its own homework. Look at cotton. Serious inroads were being made on cotton products. There was a need and the Cotton Research and Promotion Act is helping the cotton farmer to counteract the market influence of synthetics. Three years later the potato people have recognized a need to tell the true story about potatoes and improve their product. The problem facing potato farmers is a different one but it is just as real and just as painful as synthetics are to cotton. Programs such as this ought to be a welcome alternative to anyone who has decried the high cost and alleged ineffectiveness of previous Government control programs.

It is not a simple matter of any commodity just demanding a program. They must have a real need in their industry and then there are certain definite steps which must be taken.

First of all, the growers must design their own program. The plan will represent a composite of the thinking of potato farmers throughout the country. Second, these same growers must go before an administrative hearing to present and support their own proposal. Following this hearing the growers must support the plan in a referendum wherein the vote must be an overwhelming two-thirds majority. At this point the growers are voting upon themselves an obligation to support their own proposal. The growers must then select from among their own membership the people to represent them on the board and to administer their program. Finally, they must be willing to assess themselves in an amount sufficient to pay the cost of the program which they will establish.

Each of the steps mentioned above was designed to relieve the responsibility of Government and place it upon the individual. If the potato producers are not willing to complete each of these steps, their program will never become a reality. We subscribe to the reasoning that the proper place for Government is to help those who are willing and will work to help themselves.

In a sense, this is an experiment for perishable commodities. Potatoes are not bound by the shackles of restrictive programs. Over the years they have endured the harshness and the realities of a competitive market. If potato producers are willing to work for, support, finance, and defend their own program, then this act will become the necessary vehicle. If they fail to meet the necessary requirements, then tax moneys have not been spent, and no complicated Government-run program will have been launched to be perpetuated at Government expense.

Objections to this proposal have been on the basis of three specific points. This opposition is as follows: that the Secretary of Agriculture would collect the funds; that the Secretary would administer the program, and; that the Secretary would have veto power over the program.

These charges indicate that there is some misunderstanding or misinterpretation of the various provisions of this act.

First of all, the Secretary does not collect the funds. In fact, the Secretary will never have access to the funds. They are withheld from

the producers' proceeds by the responsible handler and paid directly to the potato promotion board. I specifically refer to section 10(a) of the act wherein it states:

The handler * * * shall be responsible * * * for payment to the Board of any assessment levied on potatoes.

Second, a charge has been made that the Secretary would administer the program. I specifically refer to section 8(a) (1) :

Providing for the establishment * * * of a National Potato Promotion Board * * * and for defining its powers and duties which shall include powers (1) to administer such plan in accordance with its terms and conditions.

The Secretary does not administer the program. Administration rests in the hands of the board, as I have previously indicated. The scope of the program or the range of possible projects is spelled out in the act itself. The Secretary has no authority to permit projects not authorized by the act. The Secretary cannot preclude or prohibit projects that are authorized by the act. Thus, the position of the Secretary shall be only that of preventing the board from going beyond the provisions authorized by the act.

The third charge is that the Secretary has veto power. I have worked on this proposed legislation since its inception. I have studied it carefully and I have reviewed it repeatedly. I cannot find any statement or any implication that the Secretary has veto power. The only time the Secretary can prohibit, or stop, any program would be when such program is not authorized by this act. The Secretary does not have arbitrary or dictatorial powers. The act spells out what the board can do and so long as the proposed programs fall within the scope of the act, the Secretary cannot prohibit or prevent such programs.

In our opinion, the Secretary serves a necessary and important function. The funds collected under the provision of this act are growers' moneys. The growers have a right to know that the programs they are paying for are those authorized and known to everyone. Confidence in the program is an important part of this venture. This is a new and unusual undertaking among perishable commodities. The growers will design their own program. They are paying the bill. Thus, the growers need some central authority to be sure that the program is within the scope of the act; that the funds are properly collected; that the funds are being dispensed properly without waste or squandering. The authority to guarantee these things rests in the Secretary. This arrangement will result in a stronger and more effective program.

There is no conflict between this national promotion of potatoes and the many State promotions conducted by various commissions and associations. The States recognize the need to tell the nutritional story for potatoes. Not any one State feels that it can afford to bear the entire costs of presenting this information. Under this proposal all States will bear their proportionate share of the cost.

Potatoes can be promoted as potatoes. It is not common knowledge that potatoes are relatively low in calories. It is not common knowledge that potatoes have specific nutritional advantages. The image of potatoes can be improved. The housewife can and will, when properly informed, begin using more potatoes and her family's health and well-being will be improved by it. A good example of this is the current temporary program being conducted by Potato Promotions, an affli-

ate of the National Potato Council. During 1968, the public relations program cost approximately \$23,000. This resulted in about three-quarters of a million dollars worth of TV time, newspaper and magazine space being devoted to potatoes. While this was undoubtedly not the whole answer, it might be worthwhile to note that per capita consumption of potatoes has shown a strong response for this period.

The National Potato Council is in full agreement with the changes proposed by the Department of Agriculture. We believe these changes will help to make any plan more workable.

In regard to the cost of the administrative hearing, referendum, et cetera, we favor the mail ballot proposal. Our various State associations have as near a complete list of growers as can be obtained. By utilizing the Marketing Field Offices of the Consumer and Marketing Service, as well as the facilities of the Extension Service, we believe a more thorough coverage of all potato growers can be made, and at the same time a substantial sum of money can be saved.

This is truly self-help legislation. There is nothing that would impose participation on any grower who does not wish to participate. The plan must be supported by two-thirds of the potato growers in a referendum. Any grower who is opposed to the program can get a refund of all money withheld from his sales. This is not what I would call a compulsory program.

The act spells out what the Secretary's duties and responsibilities are. He does not have arbitrary powers. His principal responsibilities are to see that the assessment is properly collected and properly dispensed and that the program selected by the board is within the bounds of the act. He is not the administrator. He does not collect the funds. He is not the one who dispenses the funds.

This legislation cannot become a millstone around the neck of the industry. A simple majority of growers can terminate the program.

I believe the potato farmers should have a chance to accept or reject this proposal. It is presently supported by practically every known and recognized potato grower organization professing to exclusively represent potato farmers. In two previous hearings held on this legislation, not a single potato grower appeared or testified in opposition. It would be hard to conceive that any program could be developed that did not generate some opposition. Undoubtedly there are a few growers someplace who would not favor this proposal. Any such growers can and will, upon request, receive a full refund of any assessment they have paid.

This is not a proposed program which will be forced upon a commodity group. It is not a proposal that will rely upon the Treasury of the United States for funds to make it go. It would be an opportunity for a common interest group to work together to solve some of their problems.

I respectfully ask that this committee support this legislation and report it with all due expediency.

(The unread portion of the statement follows:)

THE POTATO RESEARCH AND PROMOTION ACT

Potatoes are a basic food of the United States. They are an important part of the total economy of the agri-business world. In 1966, 1,497,000 acres of cropland were devoted to the production of potatoes in this country. Production has exceeded 300,000,000 hundredweight in the two of the three

most recent years. The estimated value of the crop to the producers averaged over \$560 million for the past five years with one year exceeding \$765 million. At the retail level the value is estimated to be in excess of \$2 billion.

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

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

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

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

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

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

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

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

It has long been recognized that a reasonable balance between the supply and the demand for potatoes is in the best public interest. This Act would not attempt to restrict production or availability of supplies. This is a separate and distinct problem which must be given separate consideration. At the present time there are ten marketing orders which have been enacted within limited marketing areas. Other marketing areas may develop a marketing order for their area at any time to restrict lower grades and prevent them from being marketed. We are fully aware of this problem and recognize it as an important adjunct to the promotion effort.

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

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

Definitions

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

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

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

Handler: The definition of the term "handler" should be changed to read as follows: "The term 'handler' means any person (except a common or contract carrier of potatoes owned by another person) who handles potatoes in a manner specified in a Plan issued pursuant to this Act or in the rules and regulations issued thereunder."

Potatoes travel many and varied paths from the spot where they are grown until they reach the possession of the consumer. Almost any movement pattern which might be visualized can be found in actual practice. The people who are responsible for this movement, or the ones who "handle" the potatoes, are to be known as the handlers.

We would recommend that the term "handle" be deleted from this legislation. Because of the complexity of the potato marketing system, we believe the term could be more adequately defined under the rules and regulations to be formulated as a part of the plan. This deletion would make this Act identical to the Cotton Act. It has been found to be a practical arrangement under the Cotton Act. When this sub-section, namely Sec. 3(e), has been deleted then sub-sections (f) and (g) would become (e) and (f).

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

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

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

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

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

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

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

Because the production of potatoes is scattered throughout the entire country, it would appear to preclude a small Board. A large Board will assure a spokesman for smaller representative areas, however, the business conducted by the Board should not be of a controversial nature such as would be the case if

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

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

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

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

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

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

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

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

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

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

There is no uniform method of production, handling or marketing potatoes in this country. Potatoes are produced in six separate and distinct seasonal groups. Potatoes are handled in many diverse and sometimes intricate and complicated ways. Marketing varies from pre-plant contractual arrangements to conditional acceptance on arrival. Because of this diversity, the Board should have the authority to establish systems of collection which may be compatible with the existing circumstances. The Board may negotiate with an existing agency to collect the assessment for any designated area. In those states or areas where assessments are presently being collected, the Board may negotiate for a simultaneous collection in order to minimize bookkeeping and accounting for the handler. The Board should, in such cases, have the authority to pay a collection charge to the appropriate collection agency.

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

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

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

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

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

We would recommend deletion of line 25, page 9 and lines 1, 2 and 3 to semicolon, page 10, and addition of the following:

"Each handler designated by the Board pursuant to regulations issued under the Plan, to make payment of assessments, shall be responsible for payment to the Board, as it may direct, of any assessment levied on potatoes;"

Also, add after line 14, page 10:

"To facilitate the collection and payments of such assessments, the Board may designate different handler or classes of handlers to recognize difference in marketing practices or procedures utilized in any state or area. No more than one such assessment shall be made on any potatoes."

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

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

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

Any information provided by the handler in connection with reports and assessment collections should be kept confidential by all officers, members and employees of the Board and the Department of Agriculture. The Secretary may reveal such information as is deemed necessary in connection with a lawsuit or administrative hearing for the purpose of proving collection liability or violation of the requirements of the Plan.

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

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

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

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

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

The Secretary can call a referendum to see if a Plan will continue to operate when requested to do so by the Board, or if ten percent of the growers request

a referendum. Any referendum to terminate or suspend such Plan should allow sufficient time to close out all Board business. Any such referendum should require that only potato producers be allowed to vote and suspension or termination should be favored by a majority of those voting and such majority must produce more than fifty percent of the production of those voting in the referendum.

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

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

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

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

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

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

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

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

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

The Secretary must establish a Potato Promotion Board.

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

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

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

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

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

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

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

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

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

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

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

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

Board—Position, formation, duties.—The position of the Board with respect to this Act shall be that of Administrator of the Plan.

The Board assumes primary responsibility for the collection of all assessments as provided in the Plan except for those covered by Section 8(a)(3).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Handler—Position, responsibilities, duties.—The position of the handler shall be that of collection agent. The handler must pay the assessment on those potatoes which he handles.

The handler must pay all such assessments to the Board or to such collecting agent as the Board may direct.

The handler may pay the assessment himself or he may lawfully withhold the assessment from the producer. In the event that the producer is also the handler designated by the Board, then he must pay the assessment.

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

Any information required by the Board from any individual handler must be kept confidential. A collective report showing combined figures of more than one handler shall not be construed as a violation of that confidentiality.

The handler has the right to petition the Secretary whenever he feels the provisions of any Plan do not apply to him or are in violation of the Act.

Mr. BURNS. Mr. Chairman, I would be happy to attempt to answer any questions the committee might have.

Mr. FOLEY. Thank you, sir.

Mr. Goodling?

Mr. GOODLING. Thank you, Mr. Chairman.

Are you at all familiar with the National Apple Institute program?

Mr. BURNS. Not real close, Mr. Goodling. I know a little bit about it, the fact that it is being conducted, but very little other than that.

Mr. GOODLING. Have the potato growers ever thought of doing anything of a similar nature?

Mr. BURNS. We have a problem in the potato industry in that potatoes are grown literally in every State in the Union in some commercial amount. This complicates the program for the potato people to attempt any type of volunteer program. When you have to go to every State—the cotton program, for example, was confined to 13 States. I am not familiar with apples. I do not know how many States are involved. But potatoes literally cover 48 States with commercial production.

Mr. GOODLING. The National Apple Institute is strictly a volunteer organization—all contributions are voluntary. It is in no way connected with the Government, and the National Apple Institute is doing for itself just what you are proposing here that the Federal Government help you do in the potato industry.

Mr. BURNS. On the voluntary program that we have in operation at this time, we made an effort to raise \$75,000 from among potato

people. The National Potato Council bore the collection cost of this so that we could utilize the entire amount, and we were able to raise \$78,000. But if we had had to have paid a collection cost or if we had had to pay the collection expenses involved in getting this across to the people who paid the money, we would probably have spent almost as much as we collected in trying to collect it from the many scattered areas of the country. This has indicated to us that we need a system that is established that can raise these funds.

Mr. GOODLING. How much of a burden would it be on some bureaucracy to make the refunds that you propose?

Mr. BURNS. The only requirement that we visualize for a refund is simply a statement from the individual grower that he paid the money. Now, we want to be sure, of course, that he did pay the money in the first place before any refund is made. That is the only requirement that we visualize being necessary.

Mr. GOODLING. Somebody is going to have to write that check to make the refund and somebody is going to have to audit all those accounts.

Mr. BURNS. That is right.

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

Mr. FOLEY. Mr. Sisk?

Mr. SISK. Mr. Chairman, I have no specific questions.

I want to compliment you, Mr. Burns, on what I think is a very excellent statement. I feel very strongly on this legislation, because I believe in self-help programs. They are the direction that all agriculture should go, picking up its own tab, conducting and administering its own program to the greatest extent possible. I congratulate you on a very excellent statement.

Mr. FOLEY. Mr. Burns, does the Potato Council have any estimate as to what revenues might be produced from research and promotion in this program? I realize it is difficult to make an estimate because of the refund provisions of the act and it is difficult to know how many producers might want a refund.

Mr. BURNS. This is true and in trying to come up with a figure, there are several factors involved. We have a total production of potatoes in this country of roughly 300 million hundredweight. All of these are not sold. A good many of them are culls, they are disposed of for livestock feed and numerous uses.

As near as we can tell, taking into consideration the request for refunds, the fact that we may not be able to reach all of these potatoes immediately, the fact that there are discards and for nonfood uses, we think it would be somewhere between one and a half and two million dollars. Here again, this is a very general figure, because we have no way of knowing.

Mr. FOLEY. That is on an annual basis?

Mr. BURNS. That would be annually; yes, sir.

Mr. FOLEY. Would you assume that if this legislation were approved with an amendment which requires reimbursement of the referendum costs, that those costs could technically be borne, feasibly be borne without disrupting the main purposes of the program?

Mr. BURNS. Mr. Chairman, I can visualize a lot of problems created by this approach. Knowing potato farmers like I do, if the Department of Agriculture came to us and said it is going to cost \$180,000

or \$325,000 to do a certain job, I can see potato farmers saying, We can do that ourselves for less money than that and we do not want to pay that much.

In other words, this could be a wedge between the Department in its normal functions and the potato growers on the other hand.

It seems to me that we are asking for—

Mr. FOLEY. It might well affect the outcome of the referendum itself, do you think?

Mr. BURNS. It is possible it could. Personally, and I think this is the position, at least, of our members that I have discussed this with, we feel that the amount involved here is nominal. The \$180,000 is, of course, the one we are talking about, because this is the plan that we think should be used. Recognizing that it is a lot of money, we still feel that because potatoes have no type of program whatsoever—there is no control program, there are no loan programs, anything where money is being spent upon potatoes in any huge amounts other than the diversion programs, which are periodic. We feel that if the Department can stand its administrative expenses on this thing, certainly, we are looking at it from the farmer's standpoint. This gives us another \$80,000 that we can promote potatoes with.

I think that if this position were taken, that this is going to have to come out of the funds that we raise, I am sure that it would reflect very strongly in the referendum and in the attitude of potato farmers toward the Department, because they feel that they are entitled to a certain amount of assistance. This they feel is the assistance that they want.

Mr. FOLEY. And that, compared to Federal programs for other commodities, these costs would be low?

Mr. BURNS. I think any way you can look at it, from the total value of the crop involved, from any standpoint, I think potatoes have every justification for asking for this amount of assistance.

I have talked with the people in the Department. We think that maybe \$80,000 is a little high for the annual administrative expense. We are taxpayers too. We would be very interested in keeping any of the expenses down just as low as we possibly can.

Mr. FOLEY. Thank you very much.

Any questions?

Mr. GOODLING. No questions.

Mr. SISK. No questions.

ADDITIONAL STATEMENT OF DOYLE BURNS, EXECUTIVE DIRECTOR NATIONAL POTATO COUNCIL

Some of the questions posed and the discussion that followed during the hearing April 17 and 18, 1969, on H.R. 2777, centered around the proposal that the Potato Promotion Board be required to reimburse the Department of Agriculture for all expenses involved by the Department in their handling of matters pertaining to any Plan developed under the Act. The annual figure of estimated cost has been set at \$80,000 by the Department. We cannot argue with that figure but we feel that in actual practice it should be much less than this amount.

To some casual or disinterested parties, this does not sound like an unreasonable proposal; however, from the standpoint of the potato industry and the successful administration of this Act, it does pose some serious problems and creates substantial objections. The problems are not necessarily financial; they are mechanical, psychological, practical and technical. The potato farmers and their program could probably absorb a reasonable Departmental cost without destroying their own effort, if that was the only question involved.

First let me point out, insofar as I have been able to determine, there is no precedent for this proposal in any earlier legislation. Certainly none of the programs of a similar nature, such as the Cotton Act, Marketing Orders, (which include Marketing Orders for promotion), etc., stipulate reimbursement.

As an individual or as a business man, I would not commit myself for any debts, costs or expenses over which I had no control. Any corporation, company or retail business would consider a proposal such as this to be the epitome of poor business management. From a practical business viewpoint, this is exactly what this proposal would do: namely, it would ask the Board to stand good for expenses which the Board could not regulate or control. Charges have been made that this Act would create a "slush fund." As it was originally introduced it could never become a "slush fund" but if this proposal is adopted, then the door is open for it to do just that.

In my opinion, farmers probably would not vote favorably in any referendum to enact a Plan if they were to be charged with such costs. Gentlemen, potato farmers are not stupid or uninformed. They know of the many programs representing billions of dollars for subsidies to industries; they know of concessions such as depletion allowances, investment credits, write-offs, cost-plus contracts, low interest loans and outright gifts. They are aware of the many programs in agriculture alone and what has been done for the basic commodities and other commodity groups. They are especially sensitive to the subsidization of their chief competitor in the starchy food market. They have attempted to face this subsidized competition in the open competitive market. They have faced the overwhelming loss ratio of the past fifteen years. Now, put yourself in that potato farmer's shoes. How would you feel if you came to Congress, united in your industry, offering to pay the actual cost of your own program, knowing about all the concessions and circumstances mentioned earlier, and then were told to pay the government's cost without any assurance of what it would be? Potato farmers want this legislation, desperately, but I cannot see them supporting it in referendum under the circumstances outlined here.

It is entirely possible, and not unreasonable, to assume that enactment of this legislation would result in substantial reduction or possibly eventual elimination of the need for diversion programs in the potato industry. A reduction of no more than ten percent would result in a dollar saving of about ten times the estimated cost to the government for this program. If complete elimination could ever be achieved, the return could easily be one hundred to one, based on the most recent diversion costs and USDA estimates.

All responsible citizens are painfully aware of the need to cut government expenses. Certainly every practical cut that is possible must be made. However, we must recognize that the services of government are comparative. Each of us views his total contribution to government and unconsciously weighs it in the balance against the service he receives in return. In any real attempt to curb government expense, why not start by encouraging and assisting those who are willing to help themselves? This is the philosophy back of this proposed legislation. This is the reason that potato farmers, who can ill afford it, are offering to pay their own ticket.

If, in the collective judgment of this Committee, this is not good legislation; if you do not feel this is a step toward curbing government involvement and increasing citizens' responsibility to solve their own problems, then we suggest that you kill it. But we respectfully ask that you do not maim and cripple what we feel is a sincere effort toward progressive, sensible and practical self-help legislation by charging the program with what we feel is a legitimate and justifiable government expense.

In response to questions which were asked during the hearing pertaining to the National Apple Institute and its current promotion program, I would like to report the following information:

The apple promotion is carried out under an agreement signed by the various states and areas, of which there are 27. At the Institute level the agreement is voluntary but the funds are provided by most states and areas with a compulsory assessment either under a Marketing Order or a commission system. From the standpoint of the apple grower, this is strictly a compulsory, no-refund proposition. There are a few states or areas which are on a bona fide voluntary contributing basis and we are advised that these are the weak ones. They have no system for collection and are often unable to meet their obligation under the agreement.

The apple people do not feel their program, as outlined above, is adequate or practical and are presently trying to bring apples under Federal Marketing Orders for promotion in order to increase and stabilize their effort.

Briefly, we would reiterate the facts as contained in the Act in response to charges in the hearing:

The Potato Promotion Board is responsible for the actual physical collection and protection of all funds.

It is the responsibility of the Board to perform the actual physical administration of the Plan.

This is not a compulsory program. Any grower who has paid the check-off can get it back.

The Secretary is not a hindrance or a deterrent within this legislation. He serves a necessary and important function in the system of checks and balances incorporated in the Act.

The question of a referendum every three years is not pertinent with respect to this Act. A referendum could be held every year or more often if the growers so desired.

Mr. Chairman, we appreciate the interest, the concern and the full consideration which your Committee has devoted to this proposed legislation.

Mr. FOLEY. The next witness to appear before the committee will be Mr. Headlee Wright, president of the National Potato Council.

Would you please suspend for a moment?

I want to say we have a great number of witnesses in the room this morning. We are always pleased to see this much response to proposed legislation. I want to assure any of the witnesses who follow Mr. Wright that their statements as well as his will be included in their entirety in the record, regardless of whether they choose to testify fully from their prepared remarks. So any of the witnesses that wish to ask to have their statements included in the record in full and wish to summarize from them, we would be very happy to have that done.

We do have the problem that the committees must adjourn, under the rules of the House, in about 40 minutes. We have witnesses scheduled for tomorrow. So any carryover witnesses that are not heard today will have to be heard tomorrow and we are just going to have trouble with 2 days of hearings in hearing everybody fully.

So with that encouragement, Mr. Wright, will you proceed?

STATEMENT OF HEADLEE WRIGHT, PRESIDENT, NATIONAL POTATO COUNCIL, MONTE VISTA, COLO.

Mr. WRIGHT. Thank you, Mr. Chairman.

Mr. Chairman and members of the committee, my name is Headlee Wright, I live in Monte Vista, Colo. I produce 300 acres of potatoes each year. I am also president of the National Potato Council.

As president of the National Potato Council, I represent every major potato growers organization in the United States. National Potato Council Directors, appointed from these organizations throughout the Nation, voted unanimously to support this act. I might say for the first time since I have worked in the potato industry the growers are truly unified and actively working for passage of this act.

H.R. 2777 would provide a basic approach to one of the many problems the potato industry is forced to face. Too long have potatoes been classified as a taken-for-granted item.

The American consumer has become oriented to advertising and promotion. Each year over \$16 billion is spent by the many industries of our Nation to appeal or sway the consumer to buy their product. It has become a way of life. Large companies are spending as much

as 10 percent of their gross sales to promote their products. The potato industry has not kept up with the pace. Potatoes are grown in every State in the Union and potatoes are harvested in some States every month of the year. Because of the great diversity of production and harvest, it has been almost impossible to assemble all growers in a voluntary all-out program to promote potatoes as such.

A program to at least start in the direction, it is so evident we need, was initiated 2 years ago. Seventy-five thousand dollars was collected and a very effective program has been started. The program, though effective, is so small in relation to the billion-dollar industry we are trying to represent that it can only be considered a stopgap. Our competition is spending 50 times this amount. Potatoes are not under acreage control or price support.

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

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

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

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

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

Mr. Chairman, what I have just testified to has been on the need for such legislation. I would like to now confine my testimony to section 3 and section 10 of H.R. 2777.

Section 3 is the section on definitions as used in this act. Section 3(d) defines the term "handler." We would like to amend this section to include, following the word "person", line 22, page 2, "who handles potatoes in a manner specified in a plan issued pursuant to this act or in the rules or regulations issued thereunder," and delete all of section 3(e) or lines 23, 24, and 25 on page 2 and lines 1, 2, and 3 on page 3.

The term "first handler" and the definition of "handle," as referred to in the present form of this bill is designed to cover all persons handling potatoes from the time they are dug until finally reaching the consumer. This language is taken directly from marketing orders where it was advisable to have each person that handles the potatoes as being responsible. It is the feeling of the Department and others that one specific person should be looked to for the collection of assessments and this person should be designated by the board. Additional changes are necessary in section 10(a) to complete this idea.

Section 10(a) we would delete line 25, on page 9, line 1 and 2 on page 10 and line 3 to the semicolon following "potatoes." We would replace with the following sentence:

Each handler, designated by the Board pursuant to regulations issued under the plan to make payment of assessments, shall be responsible for payment to the Board as it may direct, of any assessment levied on potatoes.

Following line 14 on page 10 we would include, "to facilitate the collection and payment of assessments the board may designate different handlers or classes of handlers to recognize differences in marketing practices or procedures utilized in any State or area." No more than one such assessment shall be made on any potatoes.

The language used in these changes comes from the Cotton Research and Promotion Act and has been accepted well by the cotton people. It seems more desirable to not define exactly who will make the collection in the act. The many ways potatoes are sold or marketed seems to lend itself better to having the board designate who will collect the assessment. This seems to clarify in the minds of many just who will be making the collection instead of just saying "first handler" and defining "handler" adequately so everyone would know under any given set of circumstances if he was a first handler or not.

The requirement of bookkeeping and records required in section 10 are no more than are normally kept by any shipper or handler and are required under several other laws. All data would be made available to the Board and the Secretary for proper enforcement of this act or any plan or regulation issued pursuant to this act. This would in turn limit the Secretary and the Board to examination on collections of the assessment established by the Board and that alone.

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

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

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

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

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

Mr. Chairman, I personally, and the growers of this Nation, urge you to give favorable consideration to H.R. 2777.

Thank you for allowing me to appear.

Mr. FOLEY. Thank you very much.

Mr. Goodling, any questions?

Mr. GOODLING. No; no questions.

Mr. FOLEY. Mr. Sisk?

Mr. SISK. No questions.

Mr. GOODLING. Mr. Chairman, could I ask Mr. Burns a question?

Mr. FOLEY. Yes.

Mr. GOODLING. Mr. Burns, I recall that I brought this up a year ago on this same bill. At that time, every magazine in the country and every billboard—not every billboard, but a lot of billboards—said, “As a change from potatoes.” I never considered that to be legitimate advertising. I assume it is legal, but have you ever gotten into that question?

Mr. BURNS. Yes; we have, Mr. Goodling. Since the time that those were appearing, this has been taken care of by the Federal Trade Commission.

You are referring to the advertisement that was maligning potatoes?

Mr. GOODLING. Yes.

Mr. BURNS. Yes. This has been taken care of. These people have agreed not to develop this type of advertising in the future.

Mr. GOODLING. That is all.

Thank you, Mr. Chairman.

Mr. FOLEY. Thank you, Mr. Wright.

The next witness will be Mr. Ted Jablonski, steering committee and chairman, legislative committee, National Potato Council, Phoenix, Ariz.

Mr. Jablonski, we are very happy to see you.

STATEMENT OF TED JABLONSKI, STEERING COMMITTEE, AND CHAIRMAN, LEGISLATIVE COMMITTEE, NATIONAL POTATO COUNCIL, PHOENIX, ARIZ.

Mr. JABLONSKI. Mr. Chairman, members of the committee, I have prepared testimony, but I shall not bother to read it. I hope you will enter it into the record.

Mr. FOLEY. That will be done.

Mr. JABLONSKI. I would like to emphasize again that while Arizona only grows 13,000 acres of potatoes, every one of our potato growers is in favor of this legislation.

Mr. FOLEY. That is very effective testimony, I might say.

(The complete statement of Mr. Jablonski, referred to above, follows:)

STATEMENT OF TED JABLONSKI, PHOENIX, ARIZ.

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

John Jacobs Farms actively grows, packs, and ships fresh vegetables from some 1,000 acres of irrigated land in an area contiguous to Phoenix. Ideal climatic conditions permit us to double crop many acres of our land and as a result produce acres of vegetables substantially in excess of our 1,000 acres each year. We presently grow broccoli, carrots, lettuce, rapini, green onions, butter lettuce, romaine, endive and red potatoes. In June of 1968 we harvested 233 acres of Red Pontiac type potatoes with the entire crop being consumed by the fresh market. We now have 248 acres of red potatoes planted and expect to begin harvest in early June.

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

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

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

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

In 1968, Arizona planted and harvested some ten thousand acres of potatoes, and in 1969 will have almost thirteen thousand acres. While this figure in comparison to other producing states is somewhat less than impressive, our state does have a share of the late spring market and produces both a table stock and a manufacturing variety that has a good demand by the consumer and processor.

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

Mr. FOLEY. Mr. Goodling?

Mr. GOODLING. I have no questions, Mr. Chairman.

Mr. FOLEY. Mr. Sisk?

Mr. SISK. No questions.

Mr. FOLEY. Thank you very much, sir. Your statement will be printed in full in the record.

The next witness will be Mr. Basil Fox, vice president, National Potato Council, and director of the Maine Potato Council, Washburn, Maine.

STATEMENT OF BASIL FOX, VICE PRESIDENT, NATIONAL POTATO COUNCIL, AND DIRECTOR OF THE MAINE POTATO COUNCIL, WASHBURN, MAINE

Mr. Fox. Mr. Chairman, members of the committee, my name is Basil Fox of Washburn, Maine. My son and I grow 250 acres of potatoes. I am presently serving as a vice president of the National Potato Council. I am a director and treasurer of the Maine Potato Council. I am, on a temporary basis, acting as executive vice president of the Maine Potato Council. I also have been delegated authority to speak for the Maine Potato Commission.

The Maine Potato Council is a trade association representing all 2,000 potato growers in the State of Maine.

The Maine Potato Commission is set up by our State department of agriculture to administer a self-imposed tax of 2 cents per barrel—165 pounds—by potato growers of Maine to carry out research and promotion of Maine potatoes.

I shall just pick out a point or two that I had that I thought was important.

Mr. FOLEY. Your statement will be included in full in the record.

Mr. Fox. Thank you.

I would like to refer to section 17 which is to the effect that if a person or circumstance is held invalid, the validity of the remainder of the bill and the application of such provision or circumstance shall not be affected.

Section 18. This section makes provisions for section 32 funds to be used to carry out the provisions of this bill. The department that would administer the act would be the Marketing Service, USDA. These employees are now being paid from section 32 funds, so it seems only practical to have funds from the same source to administer this act.

We would favor referendums be carried out by State and local potato associations and extension associations where necessary. This method would be the cheaper of the two proposals of the USDA, and we are interested in keeping the administrative costs down as much as possible.

I am a Farm Bureau member, and our State Farm Bureau passed a resolution at their last annual meeting favoring the enactment of this legislation.

Mr. Chairman and members of the committee, we urge your whole-hearted support of it.

Mr. FOLEY. Thank you very much. Your statement will appear in full in the committee record.

(The complete statement of Mr. Fox follows:)

STATEMENT OF BASIL S. FOX, WASHBURN, MAINE

Mr. Chairman, members of the committee, my name is Basil Fox of Washburn, Maine. My son and I grow 250 acres of potatoes. I am presently serving as a vice president of the National Potato Council. I am a director and treasurer of the Maine Potato Council. I am, on a temporary basis, acting as executive vice president of the Maine Potato Council. I also have been delegated authority to speak for the Maine Potato Commission.

The Maine Potato Council is a trade association representing all 2000 potato growers in the State of Maine.

The Maine Potato Commission is set up by our State Department of Agriculture to administer a self-imposed tax of two cents per barrel (165 lbs.) by potato growers of Maine to carry out research and promotion of Maine potatoes.

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

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

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

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

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

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

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

To show you the interest in our own state, in 1968 our growers voluntarily subscribed \$11,000 to be turned over to the National Potato Council, merely to help start the program. Such a voluntary program, however, cannot be continued over a period of time because, as is true with most voluntary programs, the tendency is for a few people to carry the burden for all of the people. Thus we are asking for enabling legislation so that all or at least the majority of growers will support the program. In doing this, as will be noted from the bill, there is a provision so that if a grower is sincerely opposed to such a program he can ask for and obtain a refund of his contribution.

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

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

Our State Farm Bureau passed a resolution at their last annual meeting favoring the enactment of this legislation.

I would like to refer to Section 17 which is to the effect that if a person or circumstances is held invalid, the validity of the remainder of the bill and the application of such provision or circumstances shall not be affected.

Section 18. This section makes provisions for Section 32 funds to be used to carry out the provisions of this bill. The department that would administer the Act would be the Marketing Agreement Section of the Fruit and Vegetable Branch of the Consumer and Marketing Service, U.S.D.A. These employees are now being paid from Section 32 funds, so it seems only practical to have funds from the same source to administer this Act.

We would favor referendums be carried out by state and local potato associations and Extension Associations where necessary. This method would be the cheaper of the two proposals of the USDA, and we are interested in keeping the administrative costs down as much as possible.

Mr. FOLEY. Mr. Goodling?

Mr. GOODLING. I have no questions.

Mr. FOLEY. Mr. Sisk?

Mr. SISK. No, thank you, Mr. Chairman.

Mr. FOLEY. Thank you, Mr. Fox.

The next witness is Merle Anderson, Steering Committee, National Potato Council, and Board of Directors, Red River Valley Potato Growers, Climax, Minn.

STATEMENT OF MERLE ANDERSON, STEERING COMMITTEE, NATIONAL POTATO COUNCIL, AND BOARD OF DIRECTORS, RED RIVER VALLEY POTATO GROWERS, CLIMAX, MINN.

Mr. ANDERSON. Mr. Chairman, members of the committee, I would like to read part of my statement and file the balance of it.

Mr. FOLEY. Without objection, your statement will be included in its entirety.

Mr. ANDERSON. My name is Merle Anderson, and I am a farmer from Climax, Minn. I have been a potato grower for 27 years. Today I represent the Red River Valley Potato Growers Association of North Dakota and Minnesota. This area annually has an acreage of approximately 180,000 acres planted to potatoes with an average production of from 20 to 25 million hundredweight.

Growers of the Red River Valley have evidenced support of the type of program by supporting, on a voluntary basis, the "kick-off" fund

for the national potato promotion program and by contributing our entire quota for the second year of the program. We know of no opposition to this program in the Red River Valley.

If I might digress from my statement for just a moment, I represent 200,000 potato growers in the Red River Valley of the United States. I get around this area a great deal and talk from time to time with most of these growers, and we know of no opposition; nobody has ever registered with our association or myself against this program. In visiting with the growers around this area, they are concerned and they are always asking when and how can we pass this legislation and get this plan enacted.

Growers in each of these States favor legislation for advertising, promotion and research, as the 1967 sessions of these legislatures passed legislation very similar to that now being proposed on a national level and a satisfactory acreage is signed up this year.

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

Digressing again from my statement, our association spends what we think is a pretty substantial amount of money. I think it would probably run \$150,000 a year that we spend promoting and advertising our own product. But we do not feel that we can ever get the job done. It is two different types of advertising that we are talking about here. Our advertising gets into the markets with point-of-sale material and directly to the consumer, but we can never penetrate the mass media of advertising that could be done by working together on a national level.

Our association knows that it could never sponsor an ad, for instance, in Life Magazine or buy a half hour of television time, and so on. I would like to make it clear that our area and the potato growers, I think, throughout the country are interested in this different type of advertising, in an across-the-board, year-round advertising program. It would certainly complement the efforts of our organization in what it is doing.

We feel that better than twice the mileage could be gotten out of what we are already doing by complementing it with a national program.

The rest of my testimony deals specifically with parts of the bill. If this committee would like to ask me any questions about it, I would be real glad to try to answer them.

I might make one additional comment, that I am a past member of the State ASC committee of the State of Minnesota and have had some experience with the farm program administration. It has been discussed here, conducting a referendum and what it would cost, and how it would work. As I see it in our two States that I am representing here, I think it would be real simple and not very costly to conduct a referendum, because there are two sources of the list of potato growers.

The State department of agriculture has a complete list of potato growers for various reasons; this is one source. The potato growers association that I represent in the Red River Valley also has a complete list.

The county ASC committees and offices are functioning and it would seem to me to be a very simple and normal operation to conduct this referendum without a great deal of additional expense or work.

(The complete statement of Mr. Anderson, above referred to, follows:)

TESTIMONY OF MERLE ANDERSON, REPRESENTING RED RIVER VALLEY POTATO GROWERS ASSOCIATION

My name is Merle Anderson and I am a farmer from Climax, Minnesota. I have been a potato grower for 27 years. Today I represent the Red River Valley Potato Growers Association of North Dakota and Minnesota. This area annually has an acreage of approximately 180,000 acres planted to potatoes with an average production of from 20 to 25 million hundredweight.

Growers of the Red River Valley have evidenced support of this type of program by supporting, on a voluntary basis, the "kick-off" fund for the National Potato Promotion program and by contributing our entire quota for the second year of the program. We know of no opposition to this program in the Red River Valley.

Growers in each of these states favor legislation for advertising, promotion and research, as the 1967 sessions of these legislatures passed legislation very similar to that now being proposed on a national level and a satisfactory acreage is signed up this year.

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

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

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

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

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

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

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

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

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

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

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

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

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

Mr. Goodling?

Mr. GOODLING. No questions, thank you.

Mr. FOLEY. Mr. Sisk?

Mr. SISK. No questions.

Mr. FOLEY. Thank you very much.

The next witness will be John Mooers, steering committee, National Potato Council, and president, Maine Potato Council, Houlton, Maine.

STATEMENT OF JOHN R. MOOERS, STEERING COMMITTEE, NATIONAL POTATO COUNCIL, AND PRESIDENT, MAINE POTATO COUNCIL, HOULTON, MAINE

Mr. MOOERS. Thank you, Mr. Chairman, members of the committee. I wish to submit my testimony for the record. In the interest of saving time, I shall just read a paragraph or two.

Mr. FOLEY. Thank you, sir. Your whole statement will be included in the record.

Mr. MOOERS. My testimony refers primarily to section 9, which is the permissive part of the plan, which I think is pretty well spelled out in the bill.

My name is John Mooers, of Houlton, Maine. I personally grow 200 acres of potatoes and ship around 200 cars and trucks of potatoes to market. Currently, I am president of the Maine Potato Council. The growers of our association sincerely feel that the passage of H.R. 2777 is of vital importance, not only to us but to the potato growers throughout the Nation.

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

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

(The complete statement of Mr. Mooers referred to above follows:)

STATEMENT OF JOHN R. MOOERS, HOULTON, MAINE

Mr. Chairman—members of the committee,

My name is John Mooers of Houlton, Maine. I personally grow 200 acres of potatoes and ship around 200 cars and trucks of potatoes to market. Currently I am president of the Maine Potato Council. The growers of our association sincerely feel that the passage of H.R. 2777 is of vital importance, not only to us, but to potato growers throughout the nation. In addition to grower members our association has as members starch manufacturers, potato shippers and handlers, farm machinery dealers, farm supply dealers, credit and transportation interests.

The Maine Potato Council is equally as strong in its support of this legislation as is the National Potato Council. To show you the interest that growers have in this bill, in 1968 we raised on a voluntary basis \$11,000 to be turned over to the National Potato Council merely to start what they believe to be a very constructive program prior to the time that we might be able to obtain legislation that would permit a much more aggressive and effective program.

To avoid taking undue time of this very busy committee, those of us of the National and Maine Potato Councils have directed our testimony to certain phases of the bill to avoid duplication of testimony. My testimony, as far as the bill itself is concerned, applies to Section 9, the permissive terms of the plan. If, following

enabling legislation by this committee, a plan such as we visualize is put into effect, it will not, as provided in paragraph (a) of section 9, assess potatoes that are utilized for non-food purposes.

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

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

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

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

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

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

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

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

Mr. Goodling?

Mr. GOODLING. I have no questions.

Mr. FOLEY. Mr. Sisk?

Mr. SISK. No questions.

Mr. FOLEY. Thank you, Mr. Mooers.

Our next witness is Mr. Robert Jones, vice president, National Potato Council; and president of the Pennsylvania Cooperative Potato Growers, Inc., of Bath, Pa.

STATEMENT OF ROBERT JONES, VICE PRESIDENT, NATIONAL POTATO COUNCIL, AND PRESIDENT OF THE PENNSYLVANIA COOPERATIVE POTATO GROWERS, INC., BATH, PA.

Mr. JONES. Mr. Chairman, members of the committee, I am a potato grower from Northampton County, Pa. I am also president of the Pennsylvania Cooperative Growers, Inc., who support this bill and ask your support. I am also a member of the Pennsylvania Farmers Association, which is an affiliate of the American Farm Bureau in Pennsylvania, and am a member of the local potato committee.

In our area, we also support this legislation. I think most of the growers in Pennsylvania who are primarily members of the Pennsylvania Farmers Association also support it.

Thank you.

Mr. FOLEY. Your complete statement, Mr. Jones, will be included in the record in its entirety.

(The complete statement of Mr. Jones, above-referred to, follows:)

STATEMENT OF ROBERT JONES, VICE PRESIDENT, NATIONAL POTATO COUNCIL, AND PRESIDENT, PENNSYLVANIA COOPERATIVE POTATO GROWERS, INC., BATH, PA.

Mr. Chairman and members of the committee, my name is Robert Jones of Bath, Pennsylvania. I am a potato grower from Northampton County, Pennsylvania. In addition, I serve as President of Pennsylvania Co-operative Potato Growers, Inc., which is a marketing cooperative handling sales of potatoes for growers from every part of Pennsylvania. I am appearing before you today in this capacity, with instructions from the Board of Directors of this organization. The board supports and encourages your favorable consideration for the enactment of the Potato Research and Promotion Act, H.R. 2777.

For many years the Pennsylvania grower has felt frustrated because he has not been able to tell the consumer the story of the potato. We are convinced that the only way this can be done is through the united effort of all growers working together. Working not only for the promotion of potatoes, but also to conduct research into ways to give the consumer a better product.

A potato when properly grown, processed or packaged, handled, and properly prepared and served can be a delicious food. Research and education are desperately needed to ensure that in each of these steps proper procedures are followed, so that the consumer will be able to enjoy this end product.

We think this can best be accomplished through H.R. 2777, which enables the potato grower of this country to finance this program. Never before have the potato growers been so united behind any program. For this reason we respectfully urge your favorable consideration of this proposed bill.

Mr. FOLEY. We appreciate the courtesy of the witnesses in submitting their statements for the record.

I just want to say, myself, that I have sat in very few hearings in which a more unanimous expression of support has come from the growers of a particular commodity than has come forward to support this bill. Both last year and this year, we have had no notice of any witnesses who attempted or wished to appear in opposition to the bill.

The demonstration of support before us has been very impressive. We appreciate your participation.

Mr. Goodling?

Mr. GOODLING. Thank you, Mr. Chairman.

I should say a word of welcome to a fellow Pennsylvanian. I might ask you this, Mr. Jones: Are you familiar with what the apple producers and apple processors are doing for themselves in Pennsylvania?

Mr. JONES. In one way. We formed a potato council. The apple-growers are now using a similar proposal to this in Pennsylvania to raise money to support the national program.

Mr. GOODLING. Well, we are assessing our own growers.

Mr. JONES. You are assessing your own growers.

Mr. GOODLING. And our own processors, and the thing is working out satisfactorily. I wonder if you had ever considered a similar measure.

Mr. JONES. We are considering the same thing in Pennsylvania. Our hearing is going to be held on May 27 on the potato bill.

Mr. GOODLING. You have never asked for a referendum?

Mr. JONES. No; we will ask for the referendum depending upon the results of that hearing, on May 27.

Mr. GOODLING. That is all.

Mr. SISK. I have no questions.

Mr. FOLEY. Thank you very much.

The next witness is Leland Nixon, board of directors, National Potato Council, and past president of the Pennsylvania Cooperative Potato Growers, Inc., State College, Pa.

STATEMENT OF LELAND NIXON, BOARD OF DIRECTORS, NATIONAL POTATO COUNCIL, AND PAST PRESIDENT, PENNSYLVANIA CO-OPERATIVE POTATO GROWERS, INC., STATE COLLEGE, PA.

Mr. NIXON. Mr. Chairman, members of the committee, I have a statement that I shall submit to the committee.

Mr. FOLEY. It will be received for the record, without objection.

(The complete statement of Mr. Nixon, referred to above, follows:)

STATEMENT OF LELAND NIXON, BOARD OF DIRECTORS, NATIONAL POTATO COUNCIL;
PAST PRESIDENT, PENNSYLVANIA COOPERATIVE POTATO GROWERS, INC., STATE COLLEGE, PENNSYLVANIA

Mr. Chairman:

I wish to thank the committee for the privilege to appear as a proponent of HR 2777 commonly known as the "Potato Research and Promotion Act". My name is Leland W. Nixon and my place of resident is R.D. # 1, Box, 68, State College, Pennsylvania.

I have been engaged in potato production in excess of twenty years. I am on the Board of Directors and served several terms as President of the Pennsylvania Cooperative Potato Growers Association, Inc. This organization has been actively engaged in marketing potatoes since 1936 and for several years has contributed to various research efforts within our state. Frequent attendance of meetings such as those of the National Potato Council have been informative and tend to broaden ones thinking.

Active participation in these areas has made me aware of the dilemma in which our industry finds itself.

Ever present problems of potato culture are studied to some degree by research agencies throughout the country. Cultural progress has been made and efficiencies adopted for the industry in selling its product for essentially the same prices on average as were received twenty years ago. However, rising costs made it increasingly difficult to dispose of our crop for a reasonable return. Why? We believe the potato story has not been told to the consuming public. The most popular misconception is that they are "fattening". In the face of this and increasing numbers of food forms available to consumers, potatoes have been fortunate to maintain recent stability in per capita usage after years of steady decline. This was possible only through development of convenient processed forms of potatoes.

We of the industry are asking you in Congress to give us means by which monies can be collected from the producers to the end that proper research and promotion of our product would result in increased consumption.

H.R. 2777 provides this means. This act spells out in definite terms how much may be assessed per hundredweight and that money may be used only for research and promotion. In addition if a producer so chooses, he may request a refund of funds collected from him. In short, this act is a self help plan which involves no tax dollars—an appealing aspect to say the least.

Development of new uses for potatoes may be included. Nutritious economical food forms with potatoes as a base can be evolved that will feed millions of undernourished people. Potentials in foreign markets need to be cultivated—especially for the processed forms of potatoes. Here balance of payments position of our country could be enhanced.

Development and administration of any plan is by a Board of Potato Producers selected by the Secretary of Agriculture from nominations made by growers.

The Secretary is responsible only to see that the declared policy and intent of this act is carried out. Certain aid in fund collection, investigation and enforcement are also functions of the Secretary.

That there is a need for more action is made evident by the fact that we are here today. After years of thought, H.R. 2777 represents a program which most nearly fulfills that need while remaining compatible to all segments of the industry. And most certainly, the consumer will benefit, for better grades, packaging and new products will evolve as we compete for her favor. H.R. 2777 is grower initiated, grower financed, grower administered and grower approved or disapproved. H.R. 2777 could be a giant step forward for the industry. I believe it will work and urge your support.

Mr. NIXON. In the interest of time, I shall just ask that you support the bill. We do in our State, wholeheartedly.

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

Mr. Goodling?

Mr. GOODLING. Mr. Chairman, I would be curious to know if Mr. Nixon has any relatives living in Washington.

Mr. FOLEY. That question came across my mind, but I thought it would be better if it were asked by one of the minority members.

You are not speaking for the administration, are you, Mr. Nixon?

Mr. NIXON. No, sir; I am not. The other day, he was a relative; I am not sure about today. I have not read the papers.

Mr. FOLEY. The next witness is Mr. Phillip Hickman, of the board of directors of the National Potato Council, and president of the Association of Virginia Potato & Vegetable Growers, from Horntown, Va.

Mr. Hickman, I understand your testimony will be oral.

**STATEMENT OF E. PHILLIP HICKMAN, BOARD OF DIRECTORS,
NATIONAL POTATO COUNCIL, AND PRESIDENT, ASSOCIATION OF
VIRGINIA POTATO & VEGETABLE GROWERS, HORNTOWN, VA.**

Mr. HICKMAN. I have a statement, Mr. Chairman. I shall give it to the reporter. I would just like to speak a few words.

My name is E. Phillip Hickman of Horntown, Va. My principal business is growing and marketing 500 acres of white potatoes on the eastern shore of Virginia.

The eastern shore of Virginia is a small potato-growing area, yet we are a substantial factor during the time we can produce potatoes. They are shipped fresh during the months of June and July.

I am the past president and present director of the Accomac County Farm Bureau, past president and present director of the Association of Virginia Potato & Vegetable Growers, past president and member of the executive committee of the Peninsula Horticulture Society, director of the National Potato Council, member of the Virginia Seed Potato Commission, and a member of the Virginia Commission of the Industry of Agriculture.

For the past 30 years I have been active in farm and grower organizations aimed at improving the economic well-being of farmers in Virginia and the United States.

I feel the House rule 2777, the Potato Research and Promotion Act, is soundly constructed legislation and would foster the economic well-being of the U.S. potato growers.

Potato farmers and other farm groups are becoming a numerically smaller portion of our population. Economic pressures have forced

potato growers to expand their individual operations. Unfortunately, it is much easier for the individual farmer to expand his production and operation than it is to affect market prices received for their potatoes.

This act would enable producers to assess themselves for funds on a nationwide basis with which to carry on research enabling them to put better quality potatoes on the consumer dinner table, hopefully at lower cost to the consumer while increasing producers' profits.

This is one of the few programs sponsored by producers on a nationwide basis which requires no Federal funds for its implementation.

The past year of 1968 resulted in a severe economic loss to Virginia potato producers. Many growers are now in dire financial difficulties.

We feel that this legislation would help improve the economic stability of potato growing and marketing operations in Virginia and the United States.

Thank you, Mr. Chairman.

Mr. FOLEY. Thank you very much, sir.

Mr. Goodling?

Mr. GOODLING. No questions.

Mr. FOLEY. Mr. Sisk?

Mr. SISK. I have no questions.

Mr. FOLEY. The next witness is Mr. Elvin Custis, president of the Accomac County Farm Bureau, Craddockville, Va.

STATEMENT OF ELVIN R. CUSTIS, JR., PRESIDENT, ACCOMAC COUNTY FARM BUREAU, CRADDOCKVILLE, VA.

Mr. CUSTIS. Thank you for the opportunity to appear before you today. I have a statement that I shall present to the reporter.

I am Elvin R. Custis, Jr., of the eastern shore of Virginia. I am president of the Accomac County Farm Bureau, chairman of the Southeastern Potato Marketing Committee, and past president of the Peninsula Horticulture Society, and member of its board of directors.

At a regular meeting of the Accomac County Farm Bureau held on April 14, 1969, our board of directors reaffirmed their support of the Potato Research and Promotion Act, H.R. 2777. The Accomac County Farm Bureau have supported this proposed legislation since its inception because it is a program conceived by potato growers to be operated and funded by them. This program will help put better potatoes and potato products on the shelves of retail stores, resulting in the increased consumption of highly nutritious potatoes by consumers with the resulting economic benefits to all potato producers and handlers.

As the operator of a diversified vegetable growing operation, specializing in white potatoes and sweet potatoes, I feel that there is a definite need for this act.

I feel that this act will bring great economic benefits to potato producers and handlers in the United States, and I would like to present my statement in behalf of the act.

Mr. FOLEY. Thank you very much. Your statement will be received in support of the legislation.

The next witness is Clarence Parr, steering committee, National Potato Council, and vice president, bargaining, of the Potato Growers of Idaho, Burley, Idaho.

STATEMENT OF CLARENCE A. PARR, STEERING COMMITTEE, NATIONAL POTATO COUNCIL, AND VICE PRESIDENT OF BARGAINING, POTATO GROWERS OF IDAHO, INC., BURLEY, IDAHO

Mr. PARR. Thank you, Mr. Chairman.

May I say it is indeed a pleasure for me to appear before this subcommittee in support of H.R. 2777. I believe my prepared statement you have before you. I would like to make a few comments on some of the statements that were made ahead of me in this hearing, particularly toward the feasibility of a voluntary program.

In Idaho, we are well aware of what can and cannot be done through a voluntary program. In this session of the Idaho Legislature, it was necessary for our growers' organization to approach the legislature with a piece of legislation that would require a first handler to withhold dues to grower organizations. I have a copy of that legislation. It did pass the Idaho Legislature and was signed by the Governor, and I would like to admit it in evidence.

Mr. FOLEY. It will be received for the file, without objection.

(The document above-referred to will be found in the files of the subcommittee.)

Mr. PARR. I would also like to comment that in my 2 years as president of the Potato Growers Association in Idaho—and you have before you a map of the State of Idaho showing our districts, the outline of our districts, and the number of members in each of our districts—this organization that I represent covers the entire State and it is divided into these seven districts. It is the responsibility of the president of the growers organization to attend and preside at each district meeting every year just prior to the State annual meeting.

I have yet to have one grower in the State of Idaho approach me in opposition to this legislation that you have before you today.

Mr. FOLEY. I think that is an impressive fact and will be noted by the members, I am sure.

(The complete statement of Mr. Parr, referred to above, follows:)

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

Mr. Chairman, members of the committee:

My name is Clarence Parr; my residence is 1900 Yale Avenue, Burley, Idaho 83318.

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

I am immediate Past President and am presently serving as Vice President in charge of statewide bargaining of the Potato Growers of Idaho, Inc., a non-profit organization of producers of Idaho potatoes, numbering 2483 bona fide members of the state's approximately 4,400 potato growers. The Potato Growers of Idaho, Inc. is organized under provisions of the Capper-Volstead Act, and is active in grower bargaining with processors, as well as dedicated to the advancement of the Idaho Potato Industry. I speak here today for these members and for myself as a producer of potatoes.

Mr. Chairman, members of the committee, I would venture to say that it is the exception rather than the rule for you to engage in hearing procedures on legislation concerning agriculture, wherein unanimity prevails. This is not something that just happened. Many factors have motivated this request that we be allowed to launch this self-help program, not the least of which is a continual

decline in per capita consumption of fresh, healthful potatoes, and a corresponding decrease in profit incentive in the production of this all important segment of American agriculture.

It has become increasingly apparent that agriculture as a whole is looking toward Congress for assistance in attaining strength through bargaining power. There seems also to be a new development arising from this atmosphere, and that is complacency toward sound marketing principles. The potato industry cannot set aside the fundamentals of good marketing practices for very obvious reasons. H.R. 2777 will allow us to attack our problem in the normal capitalistic fashion much more palatable to our nation's consumers.

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

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

This industry has a story to tell that is important to the health of our nation's people; stories of the nutritional value of potatoes and destruction of the long standing myth concerning their calorie content; stories that are not being told by individual states in their respective advertising campaigns.

Idaho Statute at the present time requires payment of $2\frac{1}{4}$ cents at the handler level. 2 cents are paid by the grower and $\frac{1}{4}$ of a cent by the first handler. No other major potato producing state has an assessment rate this high. Idaho growers do not complain; however, they do feel that the side effects have aided the entire potato industry.

Studies by our leading economists show that it takes a 5% decrease in the price of a specific commodity to induce a 1% increase in consumption. Obviously the potato industry could not possibly survive any further drop in prices in order to bring about an increase in per capita consumption. This proposed "Potato Research and Promotion Act" is the only alternative available to an industry united in its' desperate search for survival, and determined to pull itself up by the bootstraps.

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

I would like to call your attention to the language in Section 14, lines 16 through 20. I wondered if it would not sound better if the wording were changed to say "For the purpose of ascertaining whether the issuance of a plan is approved or favored by producers, the Secretary shall conduct a referendum among producers who, during a representative period determined by the Secretary, have been engaged in the production of potatoes."

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

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

Referring to Section 8B, beginning at line 13, we would like to recommend the following change be made "Providing that the board shall be composed of representatives of producers as provided in the plan, and selected by the Secretary from nominations made by producers in such manner as prescribed in the plan. In the event producers fail to select nominees for appointment to the board,

the Secretary shall appoint producers on the basis of representation provided for in such plan."

We feel that it is not essential to the ultimate success of this program for the Secretary to assume the responsibility contained in the present wording, but it is essential that the industry itself agree on the basis for representation on the board and manner of nomination if we are to achieve the desired goals.

In closing I would like to repeat the resolution that was passed unanimously at the annual meeting of the Potato Growers of Idaho, Inc., at Pocatello, Idaho, December 10th and 11th, 1968.

"Whereas, the National Promotions Act is enabling Legislation that could result in a well financed national promotion of potatoes, Whereas, this Legislation is in the best interests of the Idaho potato industry, Be It Resolved, that the Potato Growers of Idaho, Inc., meeting in Pocatello on December 10, 1968, wholeheartedly give its continued support to the National Promotion Act."

For the foregoing reasons, I respectfully request that this committee rule favorably on H.R. 2777 with a "DO PASS" recommendation to the Congress of the United States.

Mr. FOLEY. Mr. Sisk, do you have any questions?

Mr. SISK. I have no questions, Mr. Chairman.

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

The next witness is Dave Clark, treasurer of the National Potato Council, and past chairman of the Washington State Potato Commission, Grandview, Wash.

Mr. Clark, I am happy to go through the usual exercise of giving a special welcome to a resident of the State of Washington.

STATEMENT OF DAVID R. CLARK, JR., TREASURER, NATIONAL POTATO COUNCIL, AND PAST CHAIRMAN, WASHINGTON STATE POTATO COMMISSION, GRANDVIEW, WASH.

Mr. CLARK. Thank you, sir.

Mr. Chairman and members of the committee, I am David R. Clark, Jr., a potato grower from the State of Washington. I live at Grandview, Wash., and grow about 500 acres of potatoes in the lower Yakima Valley.

I am glad to have the opportunity to appear before this committee in favor of H.R. 2777, the Potato Research and Promotion Act. I am speaking for myself and as a member and as officer of the Washington State Potato Commission.

Mr. Chairman and gentlemen, 13 years ago the potato growers of our State began a self-help program. Through a State marketing order the producers assess themselves and use the funds on research and promotion.

Research has largely been conducted in the cultural and disease areas. Promotion has necessarily been limited to available funds but even so a great deal has been done in spreading the knowledge of our State as a potato producer and identifying our potatoes in the markets.

As a result of these efforts and others we have some very measurable benefits. Our acreage is about double that of 14 years ago but total production is up nearly three times. This indicates the great improvement in yields that have been achieved, mainly as a result of sponsored research. All the research has been achieved through cooperating with Washington State University, the U.S. Department of Agriculture, Agriculture Research Service, and the Washington State Department of Agriculture.

We now have 12 processing plants making national distribution of their products. Certainly the successes of our programs are a part of the reason why potato processors have come in so heavily to the State of Washington, and why our industry has more than doubled. So generally the future of the potato industry in Washington is bright.

Gentlemen, I speak of this only because we believe it is an example of what the potato industry wants to do for itself on a national basis.

Individual States or production areas could not possibly conduct the programs necessary to benefit the potato industry nationally.

We feel there is a definite need to promote potatoes as a food. Advertising is a form of information and education for the consumers. The nutrient value of potatoes, the vitamin and mineral content, the real place potatoes should have in the daily diet are part of the information we want to make sure the consumers are aware of. Also the potato producer needs to compete in the marketplace for their share of the consumer's dollar. Potatoes in their many forms have long been a staple in the American home. However, recently the potato has been attacked and certain substitutes have gained a place in diets, largely through advertising.

Potato producing States other than Washington are carrying on considerable advertising and promotion programs. We believe that a national program will be an excellent supplement to these individual efforts. The individual areas would benefit materially from both programs.

The opportunity exists to promote potatoes as food in the present forms and to work toward the development of new uses and new markets. The processed forms of today lend themselves to greater use in poverty programs and overseas shipments.

Again may we point out that the cost of operating these programs, when adopted, will be paid for by the industry and will not be a continual burden on public funds. This legislation for sure will provide our industry with the opportunity to help itself, making it stronger and better able to serve the consumers of this Nation.

Therefore, we definitely urge your favorable consideration of this bill.

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

Mr. FOLEY. Thank you, Mr. Clark.

Mr. Sisk?

Mr. SISK. I have no questions.

Mr. FOLEY. The next witness will be Ed Stastny, executive committee, National Potato Council, and chairman of the Oregon Potato Commission, Malin, Oreg.

STATEMENT OF EDWIN J. STASTNY, EXECUTIVE COMMITTEE, NATIONAL POTATO COUNCIL, AND CHAIRMAN, OREGON POTATO COMMISSION, MALIN, OREG.

Mr. STASTNY. Mr. Chairman and members of the committee, I am pleased to be able to appear here today, hoping for the passage of the potato research and promotion bill. I am a member of the Farm Bureau; I have been for a number of years.

In talking to Farm Bureau neighbors, I have come across none that have opposed this particular bill.

The growers I represent as chairman of the Oregon Potato Commission want this legislation. All these growers support the commission with an assessment of $1\frac{1}{2}$ cents per hundredweight of potatoes. Without it, any promotion has of necessity, to be on a voluntary basis, which we now have nationally. Only a few States are participating with their full quota. We need complete support to do the job that is in need of being done. The potato and research bill would be a self-help program for our industry and would be wholly supported by our own people. We would endeavor to get a better, more wholesome product to the consumer.

We are not—I repeat, are not Government-subsidized growers. We are asking you in this legislation to permit us to tax ourselves up to 1 cent per hundredweight of potatoes to promote and conduct research in the potato industry. This bill is similar to the one now used in Oregon, as well as in some other States at the present time.

Speaking of Oregon, our advertising and research didn't get off the ground on a voluntary basis. A few people helped put minimal programs to trial, but these programs soon died for lack of financial support and nothing much was ever accomplished. Twenty years ago our farsighted growers and sympathetic legislators brought the Oregon Potato Commission into being. Since then, we have built greenhouses for researching and testing potatoes for disease cultures and because of this, we have a very good seed certification program. Good seed, of course, is the basis foundation of a good product.

We have also constructed housing for the migrant workers. In addition, numerous field trials have been conducted and we have instituted an advertising program in our produce markets. We like this type of program because all growers participate and we can continue it from year to year.

At this time when so many are asking for Federal aid, we are asking only for permission to promote our industry on our own. We hear much and know that some people connected with the soil are getting huge Government subsidies. Many of those not qualified for the subsidies are having a very difficult time staying in business.

We have been asked time and time again, "Why don't you advertise your product, and keep its good qualities constantly in the public eye?" We agree that we should, but that takes money. To raise the necessary finances, we need this legislation to help us. The question has been, and may be, raised about compulsory tax collection. Farmers who do not wish to participate may file for refunds of their payments and get them back.

We feel that on a national basis the potato industry can do much toward improving its lot with the money it would receive through this program. We pay taxes on taxes and certainly, if we didn't feel so deeply about the benefits we can conceivably receive under H.R. 2777, the potato research and promotion bill, we certainly would not ask for another assessment to be added to our already high production costs.

I want to thank you very much for the opportunity of appearing before your committee at this hearing to encourage you to make an affirmative recommendation of H.R. 2777.

Thank you.

Mr. FOLEY. Thank you, Mr. Stastny. We appreciate your testimony here this morning.

Mr. Sisk?

Mr. SISK. Mr. Chairman, due to the fact that we are running short on time, I was wondering if I could direct one brief question to Mr. Headlee Wright, of Colorado?

Mr. FOLEY. Surely.

Mr. Wright, would you come forward?

Mr. SISK. I had intended to ask this at the time of his testimony, and I overlooked it.

Mr. Wright, you suggested in your statement some changes, I believe in sections 3 and 10. Do I understand that the suggested changes conform to those suggested by the Department as discussed by Mr. Nicholson earlier?

Mr. WRIGHT. Yes, they are exactly the same.

Mr. SISK. They are for the identical purposes?

Mr. WRIGHT. Yes, identical. These are the exact amendments that they recommend.

Mr. SISK. Thank you, Mr. Chairman.

Mr. FOLEY. The next witness is Mr. Vernon James, past president of the National Potato Council, and past president of the North Carolina Potato Growers Association, Elizabeth City, N.C.

STATEMENT OF VERNON G. JAMES, PAST PRESIDENT, NATIONAL POTATO COUNCIL, AND PAST PRESIDENT, NORTH CAROLINA POTATO GROWERS ASSOCIATION, ELIZABETH CITY, N.C.

Mr. JAMES. Mr. Chairman and members of the committee, my name is Vernon G. James. I am the past president of the National Potato Council and past president of the North Carolina Potato Growers Association. I might also add that I am a past Kiwanian and a past Sunday school teacher. If you ever have seen a has been, this is it.

Mr. FOLEY. You are a very modest man to keep these other things hidden.

Mr. JAMES. I would like to submit my testimony, although it is very short.

I would like to refer to one thing outside of it. North Carolina has a similar State law to what we are asking here. The question has been asked about refunds. We seldom ever have refunds requested, I guess less than 1 percent have been requested. These usually come in years of very bad times and some hardship cases—not always, but mostly.

We have talked considerably about a voluntary program. I would like a voluntary program; I think the United States would come up a little short in their budget if they had a volunteer income tax program. It is estimated that 15 percent of the people pay for all church expenditures, and I am sure that that is probably a liberal estimate.

I do not believe that any programs would work on a voluntary basis. Some people always want a free ride, and they would certainly get it.

If we had a good year or so, we would be like the fellow in the ship at sea, we would not need any help when we could see land. So I certainly do not believe that that would work.

We referred to the cost to the Government. I do not think it is really relevant, the cost. I do not care who pays it. You have a policy. The Government has paid through diversion programs and direct purchases, and it has been pointed out here by your colleague; I think all we need to do is follow a prescribed policy.

I think that a small amount of cost, this small amount of cost, is really not even important. However, if the Congress feels that the potato growers should pay the entire cost of their program, I, for one, would be happy to bear that part of the burden, of potato growers.

I believe that is about all that I have to say.

(The complete statement of Mr. James, referred to above, follows:)

STATEMENT OF VERNON G. JAMES, PAST PRESIDENT, NATIONAL POTATO COUNCIL:
PAST PRESIDENT, NORTH CAROLINA POTATO GROWERS ASSOCIATION, ELIZABETH CITY, N.C.

My name is Vernon G. James. I live at R.F.D. #4, Elizabeth City, North Carolina. I am a past President of the North Carolina Potato Growers Association and past President of the National Potato Council. I am a Farm Bureau member and have been for the past thirty years.

I am appearing today in support of H.R. 2777. This bill would enable potato growers to advertise, promote and do research.

It is certainly not necessary for me to tell you gentlemen the necessity of such a program when most other competitive foods already have such a program. Potatoes are an inexpensive and nutritional food and the general public do not know the true value and the low calorie content of potatoes.

The national per capita consumption has steadily decreased and it is primarily because of misunderstanding.

There has been very little research done on new varieties of potatoes and it has not kept up with modern techniques of the fast moving world that we live in.

If we had the world's best tooth paste or the world's best detergent, we would not have any method of telling the public about it. This bill would give us this avenue to the public.

This bill is not compulsive. Any grower would be able to get his refund simply by requesting it. It would require $\frac{2}{3}$ of the production of potatoes to vote for it when only a simple majority vote would eliminate it.

I think this bill is a good one and I hope you gentlemen feel the same way. Thank you very much.

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

Are there any questions?

Mr. SISK. No.

Mr. FOLEY. The next witness will be Mr. Don Johnston, vice president of the National Potato Council, and past president of the Potato Growers Association of California, Bakersfield, Calif.

STATEMENT OF DON M. JOHNSTON, VICE PRESIDENT, NATIONAL POTATO COUNCIL, AND PAST PRESIDENT, POTATO GROWERS ASSOCIATION OF CALIFORNIA, INC., BAKERSFIELD, CALIF.

Mr. JOHNSTON. Thank you, Mr. Chairman and members of the committee. I wish to submit my statement before this committee and only make the brief comment that in California, as the president of our California Potato Growers Association, I have had the opportunity to travel through the State and throughout the country for the past 3 years talking with growers about our proposed legislation.

To this date, I have not heard one word of opposition from any grower, packer, or shipper in the State of California in opposition to this program.

In addition to that, I am a member of the Farm Bureau and a director of the Kern County Farm Bureau Federation. I was present and instrumental in having a resolution adopted by our county farm bureau people endorsing this legislation.

I was also present and instrumental in getting a similar resolution passed by the California State Farm Bureau Federation, endorsing as policy the principles of this bill.

Thank you for the opportunity to appear, Mr. Chairman. I submit the balance of my testimony for the record.

(The complete statement of Mr. Johnston, referred to above, follows:)

STATEMENT OF DON M. JOHNSTON, JOHNSTON FARMS, BAKERSFIELD, CALIF.

Mr. Chairman and members of the Committee. My name is Don M. Johnston, of Bakersfield, California. I reside in the second largest potato producing county in the United States. I am a potato grower, packer and shipper. I am a past president of the Potato Growers Association of California and a vice president of the National Potato Council and a member of the Board of Directors of the Kern County Farm Bureau. It has been my pleasure to help in the drafting of this legislation. I am appearing here today in support of S-1181 and H.R.-2777.

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

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

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

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

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

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

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

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

Third, the Bill provide for participation of potato growers in the program. We feel that this participation is not only highly desirable, but completely necessary, if the program is to be successful. The National Potato Promotion Board shall be composed of producers selected by the Secretary of Agriculture from nominations made by producers. This program will be producer-financed and producer-controlled. Through the Board, the funds will be producer-collected, producer-spent, and producer-administered. We think it has one further advantage—that in effect, this is a self-policing program. The potato farmer himself is not going to participate unless it is a well-administered program.

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

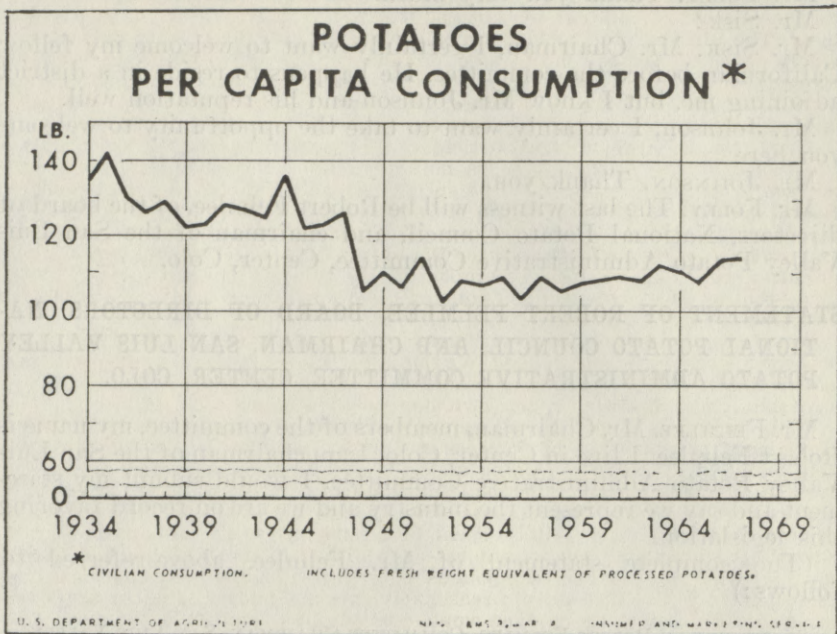
Fifth, the funds collected shall be used specifically for research, development, advertising, or promotion of potatoes and potato products and for administration, maintenance and functioning of the Board. In these programs no false or unwarranted statements can be made in behalf of potatoes or potato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

Sixth, the maximum assessment rate established in the Bill shall not exceed one (1) cent per one hundred pounds of potatoes handled. At the maximum assessment rate the Board could reasonably expect a budget of about \$2,000,000 annually. The cost to the grower would average less than \$2.00 per acre. This is a very small price to pay for the gains that can be made with an effective research and promotion program. We can afford the price of sales promotion designed to increase the general demand for potatoes. We can afford the price of research and development projects and studies designed to improve the quality of potatoes that are made available to the consumer.

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

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

POTATOES: ANNUAL PER CAPITA CONSUMPTION, 1930-1967



[In pounds]

	Fresh	Processed ¹	Total
Year—			
1930	132.0	—	132.0
1931	136.0	—	136.0
1932	134.0	—	134.0
1933	132.0	—	132.0
1934	135.0	—	135.0
1935	142.0	—	142.0
1936	130.0	—	130.0
1937	126.0	—	126.0
1938	129.0	—	129.0
1939	122.0	—	122.0
1940	123.0	—	123.0
1941	128.0	—	128.0
1942	127.0	—	127.0
1943	125.0	—	125.0
1944	136.0	—	136.0
1945	122.0	—	122.0
1946	123.3	—	123.3
1947	125.5	—	125.5
1948	105.4	—	105.4
1949	110.5	—	110.5
1950	100.0	6.3	106.3
1951	106.8	6.8	113.6
1952	93.8	8.1	101.9
1953	99.1	8.7	107.8
1954	98.1	9.0	107.1
1955	98.1	10.8	108.9
1956	88.7	14.0	102.7
1957	94.2	15.1	109.3
1958	87.7	17.0	104.7
1959	86.4	20.3	106.7
1960	84.7	23.6	108.3
1961	84.5	24.8	109.3
1962	79.5	27.7	107.2
1963	80.8	30.5	111.3
1964	75.5	35.3	110.8
1965	69.0	38.6	107.6
1966	68.5	44.8	113.3
1967 ²	70.0	45.0	115.0

¹ Fresh weight basis. Adequate processing data not available prior to 1950.² Preliminary.

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

Mr. FOLEY. Thank you very much.

Mr. Sisk?

Mr. SISK. Mr. Chairman, I certainly want to welcome my fellow Californian before the committee. He happens to reside in a district adjoining me, but I know Mr. Johnson and his reputation well.

Mr. Johnson, I certainly want to take the opportunity to welcome you here.

Mr. JOHNSON. Thank you.

Mr. FOLEY. The last witness will be Robert Felmlee, of the board of directors, National Potato Council, and chairman of the San Luis Valley Potato Administrative Committee, Center, Colo.

STATEMENT OF ROBERT FELMLEE, BOARD OF DIRECTORS, NATIONAL POTATO COUNCIL, AND CHAIRMAN, SAN LUIS VALLEY POTATO ADMINISTRATIVE COMMITTEE, CENTER, COLO.

Mr. FELMLEE. Mr. Chairman, members of the committee, my name is Robert Felmlee. I live in Center, Colo. I am chairman of the San Luis Valley Potato Administrative Committee. I would submit my statement and say we represent the industry and we are on record favoring this legislation.

(The complete statement of Mr. Felmlee, above-referred to, follows:)

STATEMENT BY ROBERT FELMLEE, COMMITTEE CHAIRMAN, SAN LUIS VALLEY POTATO ADMINISTRATIVE COMMITTEE, MONTE VISTA, COLO.

Mr. Chairman and members of the committee, my name is Robert Felmlee, I live in Center, Colorado. I am a grower and presently raise 150 acres of potatoes each year. I am now serving as Chairman of the San Luis Valley Potato Administrative Committee. This Committee is elected by the producers and handlers of the San Luis Valley and administer both State and Federal Marketing Orders and is on record as favoring HR-2777.

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

The San Luis Valley is a high mountain Valley in South Central Colorado with an average elevation of 7600 feet. Due to this high altitude our average number of frost free days are 100 or less. With this short growing season potatoes are one of the only cash crops that we can grow. Potatoes, for this Valley, annually return to the grower between 12 and 25 million dollars. Price being the big difference. Our production has remained stable and so has our yield. Potatoes generally contribute one-half of all the income produced by all crops.

With potatoes so great a part of our livelihood the grower here feels an urgent need for National Promotion of potatoes. We must do all in our power to stop the decline in per capita consumption. We feel the authority to promote potatoes as such, provided for in HR-2777 can help do this job.

As a potato committee in Colorado we spend 70% of our collected assessments on Advertising and Promotion, this represents about \$65,000. This money is spent to help sell San Luis Valley Potatoes. If the consuming housewife can be made to realize how beneficial potatoes can be to her pocketbook and to the nutrition she supplies to her family then the dollars we spend will go much further in promoting our individual product.

Mr. Chairman, I urge you and your Committee to give HR-2777 favorable consideration.

I thank you for allowing me to appear.

Mr. FOLEY. Thank you very much.

I want to express my appreciation, not only to Mr. Felmlee, but to all of the witnesses here today, for your consideration in this rather extensive witness list. We managed to conclude these hearings and make, I think, an excellent record within the time allotted. They will, of course, receive consideration and are very much appreciated by the Chair.

I think there has been a powerful demonstration of support expressed by the witnesses this morning and will underline the testimony tomorrow when these hearings will continue.

The Subcommittee on Domestic Marketing and Consumer Relations will stand adjourned until tomorrow at 10 o'clock.

(Whereupon, at 12 noon, the subcommittee adjourned, to reconvene at 10 a.m., Friday, April 18, 1969.)

Mr. Forney: Thank you very much.
 I want to express my appreciation, not only to Mr. Belcher but to
 all of the witnesses here today, for your contribution in this case.
 I think I managed to combine these hearings and
 make I think an excellent record within the time allotted. I will
 of course receive consideration and a very much appreciated
 help.
 I think there has been a general demonstration of support ex-
 pressed by the witnesses this morning and will undertake the test-
 imony tomorrow when these hearings will continue.
 The Subcommittee on Unethical Practices and Consumer Fair-
 ness will stand adjourned until tomorrow at 10 o'clock.
 The hearing at 12 noon, the subcommittee adjourned to reconvene
 at 10:00 a.m., Friday, April 16, 1969.

POTATO RESEARCH AND PROMOTION

FRIDAY, APRIL 18, 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 10:08 a.m. in room 1302, Longworth House Office Building, the Honorable Thomas S. Foley (chairman) presiding.

Present: Representatives Foley, Sisk, Vigorito, and Myers.

Also present: William C. Black, general counsel; Hyde H. Murray, associate counsel; John A. Knebel, assistant counsel; and Martha S. Hannah, subcommittee clerk.

Mr. FOLEY. The Subcommittee on Domestic Marketing and Consumer Relations will come to order for further consideration of the bills H.R. 2777, H.R. 4220, H.R. 8391, and H.R. 8851.

The committee's usual practice has been not to convene without a member of the minority present, but we have two witnesses of the minority present, who are members of the full committee. We do not want to delay them. I am sure they will not object to proceeding.

I call first on Mr. Mathias of California, member of the full Committee on Agriculture and a cosponsor of H.R. 2777.

We are very happy to welcome you this morning, Mr. Mathias.

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

Mr. MATHIAS. Thank you, Mr. Chairman.

It is an honor for me to be here this morning to testify before such a distinguished subcommittee. I am sorry more members of the minority are not here this morning.

Mr. FOLEY. We both thank you.

Mr. MATHIAS. It is an honor for me to be here to testify on a matter so vital to the welfare of the potato producer and to our entire Nation.

The Potato Research and Promotion Act was originated by and for potato producers. It will enable them to finance a national research and promotion program designed to strengthen potatoes competitive position, and to maintain and expand domestic and foreign markets. This is "self-help" legislation. It is merely an enabling act which will permit potato producers to adopt a coordinated research and promotion program.

This bill is intended to supplement State and regional orders or commissions that promote potatoes produced in their areas. The ob-

jectives of this proposal are to : maintain potatoes' competitive position in the markets; develop new uses and markets for potatoes; seek new and better ways to deliver potatoes to the consumer; and to inform consumers about the merits of using more potatoes in their diets.

In recent years, potato producers have been confronted with increased competition from other products, which have benefitted from promotion and research programs on a national basis at industry expense. Potato producers have not been able to effectively match this competition.

Potatoes are not a price-supported or Government-subsidized commodity. There are no incentive payments, Government loans or guaranteed prices. Potato production is not restricted by acreage allotments, quotas or other Government limitations. Potatoes are essentially a free crop.

The maintenance of expansion of existing potato markets and the development of new and improved markets are vital to the welfare of those concerned with growing, marketing and processing potatoes as well as the general economic welfare of the Nation. This can best be accomplished through a nationally coordinated research and promotion program.

This legislation is not without precedent, for already the Congress has enacted into law similar measures for wool and cotton.

California is the third largest potato producing State in the Nation exceeded only by Idaho and Maine. These States have only a fall harvest season. In California, however, potatoes are grown the year round and there are actually five harvest seasons, when the total potato-producing area of the State is considered.

In 1964, 91 percent of California's potato farmers and 84 percent of the farmers in my Congressional District grew potatoes on 5 or more acres. They would contribute, under provisions of this act, based upon the 1964 figures, \$233,915 to the promotion and research fund. More than half of this money would come from my congressional district, because the Kern Potato District produces close to 50 percent of California's potato output.

As you can readily see, the potato industry is very important to the economic stability of California and to welfare of its people. As a matter of fact, potatoes are rated the State's second most valuable crop.

California potato farmers want this Potato Research and Promotion Act. This bill is supported by the Potato Growers Association of California, the Kern County Farm Bureau, and by the California Farm Bureau Federation.

In order for the industry to meet the competition of other products, the potato industry needs a national research and promotion program. The bill is designed to assist the potato growers in coordinating and providing a self-help program, and only then, when supported by two-thirds of the farmers voting in a referendum.

I believe the bill under consideration will provide the tools necessary for the potato industry to compete more effectively in the marketplace and to improve and expand its markets.

I, therefore, urge the subcommittee to give favorable consideration to the Potato Research and Promotion Act.

Mr. FOLEY. Thank you very much, Mr. Mathias. Mr. Vigorito?

Mr. VIGORITO. No questions.

Mr. FOLEY. Mr. Sisk?

Mr. SISK. No questions. I appreciate the comments of my colleague. I recognize that he has the biggest potato district in California. I join with him in his support of this program.

Mr. FOLEY. We appreciate your testimony.

Mr. MATHIAS. Thank you, Mr. Chairman.

Mr. FOLEY. The next witness will be Congressman Orval Hansen of Idaho.

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

Mr. HANSEN. Mr. Chairman, members of the subcommittee, I do appreciate the opportunity to appear here today to support H.R. 2777, the Potato Research and Promotion Act. The program being proposed by this bill is one of self help. It is designed to establish a coordinated nationwide promotion and research program for potatoes, which will be financed by the growers and not by the Federal Government. Enactment of this legislation will enable our potato producers to initiate efforts aimed at promoting their product at their own expense and on a voluntary basis.

Since the potato industry is subject to considerable price fluctuation, it is lacking in a centralized promotion and research effort. There is real need for a program designed to help the industry meet the demands of today's marketplace; I might add a very changeable and dynamic marketplace.

In addition, it is essential that the American consumer be well informed as to the important nutritional values of potatoes and the increasing number of ways that potatoes are now being prepared for market. Enactment of this proposal will not only benefit the potato producer who pays for the program but will also serve to better educate the consumer as to the merits of using potato products.

I am impressed by the fact that this legislation provides a means by which the potato grower may help himself to improve his market position. The taxpayer is not being asked to subsidize the industry as is the case with many other of our farm programs.

I am also impressed by the voluntary approach which this proposal provides. Growers are able to decide by referendum whether or not they want a promotion and research program. If a referendum is successful, those producers who do not wish to contribute may have their assessments refunded at their request.

The potato industry, which is such a vital part of the economy of my own State, the State of Idaho, will surely benefit from the enactment of the bill. I know the majority of the potato growers in Idaho are in support of this legislation. I would urge the subcommittee to give the bill its careful consideration and approval.

I might add, Mr. Chairman, that in the potato industry over the years, we in Idaho have been in competition with potato growers from all over the Nation in promoting our products in the Nation's markets. So it is a source of great satisfaction to see that potato growers across the country have joined together in this effort to seek the tools of self help that will enable them to strengthen their own industry, to ex-

pan and the markets, and at the same time, render a service of great value to the American consuming public.

With that cooperative effort, it seems to me that the request that these tools be made available in the form of this enabling legislation is fully justified.

Again, Mr. Chairman, I appreciate very much having the opportunity to appear to make this statement this morning.

Mr. FOLEY. Thank you very much, Mr. Hansen. It is a pleasure to hear from a fellow Congressman from a neighboring State and neighboring district. Mr. Meyers?

Mr. MEYERS. No questions, Mr. Chairman.

Mr. FOLEY. Mr. Vigorito?

Mr. VIGORITO. No questions.

Mr. FOLEY. Mr. Sisk?

Mr. SISK. No questions, Mr. Chairman.

Mr. FOLEY. Without objection, the statement of the Honorable William D. Hathaway, Member of Congress from the State of Maine, will be included in the record at this point in its entirety. The statement is in support of the legislation, as Mr. Hathaway is a cosponsor of the legislation before the subcommittee today.

(The statement referred to follows:)

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

Mr. HATHAWAY. Mr. Chairman and distinguished members of the committee, it is a pleasure to have this opportunity to present this statement in support of the Potato Research and Promotion Act.

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

This proposal is purely enabling legislation. Its enactment would provide the Nation's important potato industry with a vehicle to be used in solving industry problems, to develop new markets, to promote their product, and to develop more effective marketing procedures. The act would enable the industry to utilize the powers of the Federal Government to help itself. This is a self-help measure.

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

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

Last year a bill similar to the one before us was reported favorably by the Agriculture Committee, and I hope it will be possible for the committee to endorse this proposal again this year.

Thank you.

Mr. FOLEY. There will be placed in the record at this point the statements by Congressman Al Ullman, of Oregon, Congressman Fred B. Rooney, of Pennsylvania, Congressman John V. Tunney, of California, and Congressman Odin Langen of Minnesota.

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

Mr. Chairman and members of the committee, I would first like to thank you for the opportunity to express my strong support for H.R. 2777, the potato research and promotion bill.

I became a cosponsor of this legislation because I believe that it is a practical method of assisting potato producers and will benefit consumers throughout the Nation. Under the plan outlined in this legislation, potato producers would assess themselves to finance needed research and advertising for their product. These producers are concerned about their competitive position due to the recent proliferation of other, similar products, and would like to expand their market with a nationwide promotional effort. This bill, H.R. 2777, gives them the authority to finance an industrywide program themselves to develop new uses for potatoes, to improve production, and to promote their value as a food product.

The operation of this plan depends on the cooperation of the producers in coordinating a program for the benefit of all. It is my experience, from knowing the producers in one of the Nation's largest potato-growing areas, Oregon's Second Congressional District, that although this industry is composed of numerous individual farmers, they have a great capacity to work together for the benefit of the industry as a whole. Many joint efforts have been made over the years to improve the quality of potatoes and benefit all producers. I think that the Potato Research and Promotion Act would be a logical addition to these efforts.

Mr. Chairman, I strongly urge you to take affirmative action on this bill, because its passage would not only greatly benefit the Nation's potato industry, but consumers as well will profit from the knowledge, new production techniques, and expanded market it would provide.

**STATEMENT OF HON. FRED B. ROONEY, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF PENNSYLVANIA**

Mr. ROONEY of Pennsylvania. As a cosponsor of H.R. 2777, the Potato Research and Promotion Act, I would like to urge the committee to act favorably on this bill. It is essentially the same legislation which was reported favorably by the subcommittee and full House Agriculture Committee in the 90th Congress, but failed to reach the floor of the House. I am hopeful that since the bill is being considered earlier in this Congress than in the last, we shall see it enacted and signed into law during the 91st Congress.

Before even pointing out the specific merits of this legislation, I find that the most persuasive argument for passage of the bill is that it is a self-help program, a program of voluntary taxation which is being sought by the potato growers themselves. It is a program which

all of the potato growers in this country have been developing in conjunction with the National Potato Council for the past several years. It has virtually the support of all potato growers, large and small alike.

Yes, fundamental to the plan is the right of any grower to demand and receive a refund of his paid assessment should he choose not to participate.

The growers, by means of this legislation, are merely asking the Secretary of Agriculture for his approval and for assistance in administering the plan so that it will operate in the most efficient manner.

Certainly, a very significant factor in making this bill most appealing to the growers is that the funds may be used for sales promotion. Yet, equally important, not only to the growers but to the consumer as well, is the provision for using these funds for research into new uses and new markets for potatoes and potato products, and for better quality potatoes and potato products.

At a time of great concern about food shortages throughout the world and of malnutrition even in our own country, we should be giving more emphasis to new methods of processing foods for nutritional purposes. Potatoes contain the largest single source of vitamin C next to oranges and other citrus products. It is possible for potatoes to be dehydrated, with the fat removed, but fortified with vitamins back to the natural level, to produce in the end a cheap yet wholesome and nourishing food product.

It is also the intention of the potato growers to be able to conduct research into methods of shipment and delivery of the product from farm to market in order to reduce damage, and to make available to the consumer a better quality product for his money. This research may indicate new methods of delivery, or the need for an improved educational program on the existing methods of packing and shipment.

Mr. Chairman, I urge the committee to act favorably on this bill, not only for the benefit of the potato growers themselves, but for the consumer and for those many people suffering from hunger and malnutrition in this country and throughout the world.

STATEMENT OF HON. JOHN V. TUNNEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. Chairman, I appreciate having the opportunity to testify before your subcommittee in support of legislation to enable potato growers to finance a nationally coordinated research and promotion program. As you know, Mr. Chairman, I am one of the cosponsors of this legislation.

I would like to emphasize that this is a self-help program. This legislation enables the potato producers to join together in a self-help program to increase potato consumption. The cost of the program will be borne by the potato producers, and any producer who does not wish to participate in the program may receive a refund of any funds withheld from his sales by making a request to the Potato Promotion Board. The Department of Agriculture, which has a nationwide marketing service, will assist the growers in implementing their co-operative arrangement.

The purpose of the bill is to improve potato producers' competitive position and allow them to expand their markets for potatoes by increasing consumer acceptance of potatoes and potato products. They seek to do this by improving the quality of potatoes and potato products that are made available to the consumer.

The bill provides for a referendum among potato growers to see if they favor a promotion plan. If the vote is favorable, a National Potato Promotion Board will be set up. The members will be nominated by potato growers and serve without pay.

California ranks as one of the Nation's top potato producing States. The California crop is almost \$100 million per year and this legislation will be helpful to the industry there.

I hope that the committee will take favorable action on this legislation as soon as possible. The potato industry should be assisted in their efforts to revitalize their industry through self-help.

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

Mr. Chairman and members of the subcommittee, I am most grateful for the privilege of submitting a statement in support of H.R. 2777, cosponsored by myself and other Members of Congress. Known as the Potato Research and Promotion Act, it is essentially the same bill that was favorably reported by the House Committee on Agriculture last year, but which failed to achieve floor action. I am hopeful that it can be enacted during this Congress.

This proposal is a serious attempt, through self-help legislation, to assist an important commodity group in solving some of the problems of the industry. There is a definite need for this legislation which will help potato producers to work cooperatively to solve their own problems.

Potatoes constitute one of the most important crops grown in this country—and those grown in my congressional district in northwestern Minnesota are among the best—but they are not price supported. There are no guaranteed prices, acreage allotments, or loan programs. Potatoes are literally at the mercy of a competitive market, which has been far from stable.

As you know, this legislation will provide for a nationwide referendum of potato growers to pass upon the question of providing an assessment of 1 cent per hundred pounds of potatoes handled. The funds derived from this legislation will finance a nationally coordinated research and promotion program to improve their competitive position and expand the markets for potatoes by increasing consumer acceptance. The consumer would benefit from the improved quality of potatoes and potato products.

This proposal reflects the willingness and desire of our potato growers to assess themselves from their own income to finance a nationally coordinated research and promotion program. They should be given that opportunity. They are not asking for Federal funds, but merely want permission to institute the program.

In addition to the two-thirds vote of the growers necessary to institute a plan and assess the industry for the operating funds, no grower is bound by the plan even if approved. Any grower can request a re-

fund of any amount of money he is assessed if he chooses not to participate in the plan. Therefore, it is completely voluntary.

I respectfully urge favorable consideration for this self-help legislation that will enable our potato growers to strengthen their economic position through sales and promotion plans that not only benefit the industry but benefit every American consumer.

Mr. FOLEY. The next witness will be Mr. W. F. McCaleb, Jr., of the Managers Advisory Committee, National Potato Council, and also executive vice president, Association of Virginia Potato and Vegetable Growers.

Is Mr. McCaleb here?

If not, the next will be Mr. John C. Lynn, legislative director, American Farm Bureau Federation.

STATEMENT OF JOHN C. DATT, ASSISTANT DIRECTOR, AMERICAN FARM BUREAU FEDERATION, WASHINGTON, D.C.

Mr. DATT. Mr. Chairman, my name is John C. Datt. I am assistant director for the Washington Office of the American Farm Bureau. Mr. Lynn was listed as the witness but he had another hearing this morning, so I am testifying for the Farm Bureau.

Mr. FOLEY. We are very pleased to have you in his place.

Mr. DATT. Thank you, Mr. Chairman.

On behalf of the American Farm Bureau Federation, which represents 1,796,641 paid-up member families in 49 States and Puerto Rico, I want to express my appreciation for the opportunity to appear before this committee with respect to the provisions of H.R. 2777.

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

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

Farm Bureau has a long record of experience in the promotion of agricultural commodities. At our most recent annual meeting, in December 1968, the official voting delegates of the member State Farm Bureaus adopted the following resolution on this subject:

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

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

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

1. The program must be initiated and developed only by the producers of the commodity involved.
2. Funds collected must be used only for research, education, and promotion and not for legislative or political activities.

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

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

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

6. Each producer must have the right to refuse to pay at the first point of collection.

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

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

This policy statement makes it clear that the Farm Bureau supports programs for the promotion of agricultural commodities. H.R. 2777 is contrary to this statement of policy because it provides that the Federal Government shall administer and have the veto power over the program. In addition, the legislation does not provide for periodic referendums on continuation of the program; nor does it give the producer the right to refuse to pay at the first point of collection.

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

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

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

3. The contracts which the national Potato Promotion Board proposed to make with any other organization would be subject to approval by the Secretary. I would just like to comment that yesterday there was reference made to the Cotton Research and Promotion Act. I think the record should be clear that actually what you have is that the Cotton Board has a contract with the Cotton Producers Institute and that contract is subject to the approval of the Board and the Secretary of Agriculture.

4. The rate of assessment would be fixed by the Secretary, but in no event could it exceed 1 cent per 100 pounds of potatoes handled. A producer could obtain a refund of his assessment from the Board, provided (1) that the demand for the refund is made by the producer under conditions prescribed by the Board and approved by the Secretary and (2) that the producer has proved to the satisfaction of the Board that the assessment had been paid. I would like to comment here that this legislation says that this request shall be made personally. Here again, folks have suggested that it is a very simple procedure for

a producer who wants to obtain his refund back. However, I have here, if you are interested in seeing it, a copy of the regulations that are in existence as it relates to the cotton research and marketing program. Under these regulations, a producer has to write to the Cotton Board and then get a form back from the Cotton Board and then have that form certified and then send it back to the Cotton Board. So it is not exactly the easiest procedure in the world for obtaining a refund.

Mr. FOLEY. May I interrupt for a moment?

Mr. DATT. Yes.

Mr. FOLEY. We had some testimony when the cotton bill came up regarding the extent of some of the crops. In one case, a California grower produced 60 to 80 thousand bales a year, which represents a 60 to 80 thousand dollar payment for research. Now, if he wanted that amount of money back, do you not think it is appropriate that he have to write a letter and certify that he wanted it back? Should he be able to just do it orally with that kind of money at stake?

Mr. DATT. I would agree with you that he ought to write and seek to have it back or have the right to refuse to pay at the first point of collection.

Mr. FOLEY. Why is the Cotton Board requirement unreasonable in your judgment?

Mr. DATT. I am not suggesting that it is unreasonable, I am suggesting that it does take a definite and rather lengthy procedure in order to get your money back, and it is not as easy as some folks have suggested.

I am not suggesting that it ought to be made easier. I am merely suggesting that there is a definite procedure, that a fellow just does not walk in and say I want my money back.

Mr. FOLEY. You are not saying it is unnecessarily complex?

Mr. DATT. No; that is right, I am just saying that it takes some steps to get it back.

Mr. SISK. John, have you heard any complaint from any cotton grower as to any difficulty he has had getting his money back if he wanted to get it back? Does the Bureau have any record of complaint?

Mr. DATT. No; I would say we have had no complaint, Mr. Sisk. The only complaint we have had had to do with—well, I guess you would say yes, in the sense that some of the cotton fellows felt that in terms of having to write in and then get the forms and then fill those forms, they felt that the forms should have been, say, made available in the local ASC office.

Mr. SISK. You know that I represent many cotton growers who are deeply involved in this program. Congressmen are in the habit of getting complaints about everything in the world, yet I have never had one single complaint from a farmer who wanted to get a refund. So I do not think there is any problem. Especially I do not feel this is a good reason to oppose the program. Certainly, the growers have to certify that they have received the copies that must be made. I think we all agree this should be required before you get a refund.

Mr. DATT. Again, I merely wanted to make the point that it was not as easy and simple to get your money back as some folks had suggested that it would be. That is merely the point I am making.

Mr. SISK. We have to do that on our income tax, also.

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

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

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

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

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

I think we should stop here and get the record clear as to what we are talking about. There was reference made here yesterday to the fact that this is not administered by the Department and so forth and so on. Actually, this potato board is an agency of the Department of Agriculture. Therefore, its activities and its program and its budget are all subject to the approval of the Secretary of Agriculture. I suggest there is no other way that you can do this if the Federal Government is going to be responsible for collecting the money, because I think constitutionally, you could not have this power being used to collect the money and then turn it over to some other group to spend or some other agency being responsible for it.

Yesterday, the Department indicated that it would take \$80,000 a year to administer the program. Well, if the Department does not have administrative responsibility for it, why do they need \$80,000 to administer it? So I think that it is pretty clear that the Department and the Secretary do have, and rightly so, the final authority in terms of how this money is to be used.

Mr. FOLEY. I want to get this clear. You began your testimony by stating the conditions under which the Farm Bureau Federation felt that a program like this could have its approval.

Mr. DATT. That is right.

Mr. FOLEY. One of the statements made, as I recall, is that there has to be no administrative veto by the Secretary or no administrative direction by the Secretary. Is that correct?

Mr. DATT. Yes, that is one of the points.

Mr. MYERS. Page 3.

Mr. FOLEY. You have just stated that you think it is wholly constitutional and required that the Secretary have some administrative

responsibility in the program where there is a checkoff. Does not that mean that you are opposed to any such program as we envisage here today and that what you are really asking for is an impossibility under the Constitution?

Mr. DATT. Well, what we visualize is actually a program that does not involve the Federal Government in terms of the collection or the administration of it. That is what we visualize in terms of the criteria that we have outlined here.

Mr. FOLEY. It would be a totally voluntary program?

Mr. DATT. A totally voluntary program without the involvement of the Government.

Mr. FOLEY. I would like to pursue some other questions on that, but if you would rather have them when you finish, I do not want to interrupt.

Mr. DATT. Whatever your pleasure is.

Mr. SISK. If the Chairman will yield, and John, you and I have had discussions on this. We have some disagreements on marketing orders and other things.

Mr. DATT. Oh, yes.

Mr. SISK. The view of the Farm Bureau Federation has always been one of opposition to this kind of program. Isn't that true? Every program proposed that requires any type of departmental administration is opposed by the Bureau.

It just begins to leave me a little bit cold, John. As I say, you and I have discussed this before.

Mr. DATT. Oh, yes.

Let me respond to Mr. Sisk in this way. I cover it in this statement.

I think it is fair to say that the Farm Bureau does and has opposed basically any promotion program that involves the Federal Government in terms of the collection or administration or veto power over it. Now, to suggest that we have not supported others that are voluntary in nature outside of this role, I do not think is accurate, Mr. Sisk. Because as I cite later on, we support the American Dairy Association, the National Livestock and Meat Board, and various other national promotion programs that do not involve the Department of Agriculture at all in terms of the collection, the administration, or anything like that, which are considered successful by the people who are involved in them.

Mr. SISK. Mr. Chairman, I will have some questions to direct to him.

Mr. DATT. Maybe I had better go ahead and read the statement and then you can ask further questions.

Mr. FOLEY. Let me just make the record clear, I am not suggesting that the American Farm Bureau has not every right to take any position it wishes to on this legislation. But I have the impression that there were some modifications in the program before the committee for consideration, that would make it acceptable to the Farm Bureau. I just wanted to clarify in my own mind and for the record that this type of program, which involves a checkoff and then a possibility of refund, is essentially opposed by the Bureau. Is that right?

Mr. DATT. As long as you have the Federal Government involved in it.

Mr. FOLEY. And your statement is that under the Constitution the Federal Government must exercise some supervision in any program of this type?

Mr. DATT. That is right.

I would agree with you on this point, that if you are going to go this route, certainly, the Government has some responsibility. As a citizen, I would certainly hope they would.

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

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

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

In addition to these nationwide efforts to promote potatoes, growers in a number of States have for many years carried on effective programs to promote the sale of the products of their own States. Farm Bureau members, who are potato producers, have a record of supporting these State potato promotion efforts. And if you recall yesterday, there were quite a few of the folks who started out by indicating their name and saying that he was a member of the Farm Bureau. So we have been active in this area.

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

Just let me comment here that the Farm Bureau is a general farm organization; therefore, we have the producers of all the various commodities in it. Therefore, I would expect that their attitude is different from, say, a specialized commodity organization. Because there is real concern among our folks that once you start down this road, you could end up having a series of commodities seeking a national checkoff

program. You also have a honey bill that you had up last year. I do not know where we would be, Mr. Chairman, if we had a series of these commodities all competing for the food that goes into your stomach, where we would be after it is all over in terms of the net result to the producer and to his income position.

So we have real concern, and this makes this one different from the cotton or wool checkoff, because the cotton one was basically designed to deal with the synthetic product situation. Here you are now starting down another road that involves potatoes versus some other commodities that might be followed by others sometime later.

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

Here again, I think that Mr. Sisk would agree—maybe—that as far as the cotton producers are concerned now, their attitude toward this program is quite different than it was when we had, as you recall, the voluntary program that was financed by the growers, by the ginners and the other processors in the industry, plus the mills.

Now, what you have substituted for that program today is basically a promotion and research program that is being financed by the growers and the growers alone. And you do not have the support, the continued support that you had at one time of the other industry people. This is what you will have if you go the "Government potato promotion" route.

Mr. SISK. John, are you indicating that there is any disagreement in the industry today with the program? I have had some recent contacts. I was in Memphis recently to speak to the cotton shippers. I have not found any disenchantment with this program whatsoever. Are you indicating that there is?

Mr. DATT. I am not suggesting any disenchantment. I am just saying that you now have today basically a program that is being financed by the growers.

Mr. SISK. That is correct.

Mr. DATT. As compared to a program that you previously had that was being financed by the total industry.

Mr. SISK. It was not doing the job and was not raising the necessary amount of money. Consequently it was not meeting the need. I think this is what concerns the potato people with their present volunteer program. As you indicated, John, the potato people do have in isolated instances small programs. But it is nowhere near meeting the need that exists. You were here yesterday—I say you—and heard people testify in favor of this program. They said the present program was not doing its job.

No need to argue the question. I just wanted to point out that as far as I am aware there is no disenchantment with this program on even the peripheral industries tied to the cotton industry.

Mr. DATT. They are not going to be in disagreement, because they are not having to put in as much money at one time as they were going to.

Mr. SISK. It is a cooperative effort. Everyone is interested in the success of the program.

Mr. DATT. Yes; I do not think there is any question about that. But I think particularly if you look at the research part of the program, we are beginning to see a substitution of some of the CPI research money for some of the research that had been carried on at one time by the Department of Agriculture. There are quite a number of things going on here.

Well, one of the unanswered questions is, "What will happen to existing nationwide potato promotion programs that do not involve the Federal Government, and to the many State promotion programs, if a 'Federal potato promotion plan' such as provided in H.R. 2777 is enacted?"

Here again, I think you have to ask the question, and I do not know the answer, but I think as a potato grower, I do not know that they have unlimited money to put into this sort of thing. But when you look at the rate that some of the States are now deducting and then add this to it, the question that I have—I say I do not know the answer—is as to whether you are going to have a decline in the amount that is being used at the State level. These fellows say that they do not think they will. But I do not think any of us really knows the answer to that question.

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

Here again, I would make the point that we are talking about money that is taken from the income of potato farmers to be used for this purpose. We sometimes think we are just pulling this out of the air. But it in fact is money that is coming out of their income. But I think the question that we keep asking ourselves is are they getting or do we get back in return for the money that they put in sufficient results to warrant continuing this kind of contribution? I think this is one of the secrets to the National Livestock and Meat Board and these other programs, because they have to go out every year and convince these boys that they ought to put their money in this thing to continue it for another year. They do not have a yearly referendum or anything like that. They go out on a continuing basis to convince the livestock and dairy and poultry industry that this is a good program and they ought to stay in it.

Mr. SISK. Mr. Chairman, I hate to keep interrupting, but John, at any time, and this bill specifically requires two-thirds of the potato growers or two-thirds of the production to be in favor of it, they can get a referendum—even 10 percent of them.

Mr. DATT. Well, Mr. Sisk, now, both of us have dealt with the marketing order field for quite a long time.

Mr. SISK. That is right.

Mr. DATT. And we know the record as far as terminating them. Once you get them started, you have to have quite an upheaval before you really get them terminated.

Mr. SISK. We have terminated some—our grape and wine order not too long ago.

Mr. DATT. You have terminated a wine one, but it takes a good amount of turmoil before you reach that point.

Mr. SISK. If the growers become disillusioned and the program is not doing the job, I think they will terminate it.

Mr. DATT. I hope so. But you have to go a long way before you reach that point.

Farm Bureau has supported, and will continue to support, sound promotion and research programs for potatoes. We do not believe that the research contained in H.R. 2777 is in the best interest of the potato industry, and we respectfully recommend that this legislation not be approved.

Then I have included two tables that we had for another purpose. They are not quite accurate for our purposes, but they give you some idea as to where this potato acreage is. Unfortunately, they do not break it at 5 acres, they break it a 10. But you get some idea, Mr. Chairman, as to where these growers would be who would be involved in this kind of referendum.

Thank you very much for the opportunity to present our point of view on this legislation.

(The tables referred to follow:)

DISTRIBUTION OF IRISH POTATO PRODUCTION BY QUANTITY (HUNDREDWEIGHT) HARVESTED PER FARM WITH
STATES LISTED IN ORDER OF QUANTITY HARVESTED, SELECTED STATES, 1964

State	Total harvested on all farms	Less than 10 hundredweight harvested	Quantity harvested for farms with—					Total
			10 hundredweight or more harvested, by acres harvested per farm					
			0.1 to 9.9	10 to 24.9	25 to 49.9	50 or more		
Idaho.....	37,339,271	3,871	346,024	2,741,800	5,130,565	29,117,011	37,335,401	
Maine ¹	35,251,148	11,395	215,741	985,858	4,964,875	29,073,279	35,239,753	
California.....	23,381,567	638	34,189	530,614	1,447,861	21,368,265	23,380,929	
New York.....	15,408,554	11,071	395,819	498,975	1,426,860	13,075,829	15,397,483	
Washington.....	11,059,479	6,446	114,726	735,655	1,706,710	8,495,942	11,053,033	
Minnesota.....	10,975,273	28,548	204,379	268,363	631,776	9,842,207	10,946,725	
Wisconsin.....	10,885,703	31,174	400,112	491,288	612,197	9,350,932	10,854,529	
North Dakota.....	10,666,782	21,353	49,183	73,430	376,591	10,146,225	10,645,429	
Oregon.....	8,389,972	4,881	138,248	618,650	1,478,964	6,149,229	8,385,091	
Colorado.....	8,132,408	853	86,023	560,167	1,097,105	6,388,260	8,131,555	
Michigan.....	7,407,483	13,138	494,985	846,018	1,277,091	4,776,251	7,394,345	
Pennsylvania.....	6,405,367	21,660	768,810	930,225	874,048	3,810,624	6,383,707	
Florida.....	4,954,548	1,979	19,810	34,639	185,182	4,712,938	4,952,569	
New Jersey.....	3,130,947	372	63,507	99,266	210,485	2,757,317	3,130,575	
Ohio.....	2,890,413	37,116	201,519	208,815	345,055	2,097,908	2,853,297	
Virginia.....	2,700,387	102,210	133,426	104,190	212,490	2,148,071	2,598,177	
Texas.....	2,260,994	34,186	70,553	92,576	393,563	1,670,116	2,226,808	
Alabama.....	2,132,129	19,344	60,545	139,091	306,001	1,607,148	2,112,785	
Indiana.....	1,652,965	34,449	79,038	75,424	78,076	1,385,978	1,618,516	
Arizona.....	1,642,596	30	994	13,464	58,400	1,569,708	1,642,566	
United States (50 States).....	221,873,934	1,226,735	5,694,084	11,359,131	24,551,936	179,042,048	220,647,199	

[PERCENT OF TOTAL]							
Idaho.....	100	(²)	0.9	7.4	13.7	78.0	100.0
Maine.....	100	(²)	.6	2.8	14.1	82.5	100.0
California.....	100	(²)	.1	2.3	6.2	41.4	100.0
New York.....	100	0.1	2.6	3.2	9.2	84.9	99.9
Washington.....	100	.1	1.0	6.7	15.4	76.8	99.9
Minnesota.....	100	.3	1.9	2.4	5.7	89.7	99.7
Wisconsin.....	100	.3	3.7	4.5	5.6	85.9	99.7
North Dakota.....	100	.2	.5	.7	3.5	95.1	99.8
Oregon.....	100	.1	1.6	7.4	17.6	73.3	99.9
Colorado.....	100	(²)	1.1	6.9	13.5	78.5	100.0
Michigan.....	100	.2	6.7	11.4	17.2	64.5	99.8
Pennsylvania.....	100	.3	12.0	14.5	13.7	59.5	99.7
Florida.....	100	(²)	.4	.7	3.8	95.1	100.0
New Jersey.....	100	(²)	2.0	3.2	6.7	88.1	100.0
Ohio.....	100	1.3	7.0	7.2	11.9	72.6	98.7
Virginia.....	100	3.8	4.9	3.9	7.9	79.5	96.2
Texas.....	100	1.5	3.1	4.1	17.4	73.9	98.5
Alabama.....	100	.9	2.8	6.5	14.4	75.4	99.1
Indiana.....	100	2.1	4.8	4.6	4.7	83.8	97.9
Arizona.....	100	(²)	.1	.8	3.5	95.6	100.0
United States (50 States).....	100	.6	2.5	5.1	11.1	80.7	99.4

¹ Data on basis of 10 or more barrels harvested.

² Less than 0.05 percent.

Source: "1964 U.S. Census of Agriculture," Bureau of the Census, U.S. Department of Commerce.

DISTRIBUTION OF FARMS HARVESTING IRISH POTATOES BY QUANTITY HARVESTED BY ACRES HARVESTED PER FARM LISTED IN ORDER OF TOTAL QUANTITY HARVESTED, SELECTED STATES, 1964

State	Total farms harvesting Irish potatoes	Less than 10 hundred weight harvested	Farms by quantity harvested				Total
			10 hundredweight or more harvested by acres harvested per farm				
			0.1 to 9.9	10 to 24.9	25 to 49.9	50 or more	
Idaho.....	4,434	628	611	1,098	1,000	1,097	3,806
Maine.....	4,052	1,389	829	237	524	1,073	2,663
California.....	864	164	76	113	158	353	700
New York.....	4,763	1,798	2,139	180	195	451	2,965
Washington.....	2,139	1,216	378	166	168	211	923
Minnesota.....	7,840	5,052	1,993	163	151	481	2,788
Wisconsin.....	8,226	5,232	2,430	230	110	224	2,994
North Dakota.....	5,872	4,221	994	56	112	489	1,651
Oregon.....	1,870	927	350	176	183	234	943
Colorado.....	1,040	150	212	195	187	296	890
Michigan.....	5,492	2,259	2,480	320	204	229	3,233
Pennsylvania.....	8,011	3,424	3,861	389	155	182	4,587
Florida.....	839	536	91	15	36	161	303
New Jersey.....	433	62	168	44	35	124	371
Ohio.....	8,967	6,977	1,755	88	57	90	1,990
Virginia.....	23,937	20,425	3,246	60	58	148	3,512
Texas.....	8,470	7,217	1,070	38	69	76	1,253
Alabama.....	5,473	4,681	547	80	67	98	792
Indiana.....	7,241	6,127	1,047	30	12	25	1,114
Arizona.....	57	8	6	5	5	33	49
United States (50 States).....	310,008	236,880	58,482	4,289	3,835	6,522	73,128

Mr. FOLEY. Thank you very much. We appreciate your testimony. Mr. Lynn should be assured that you made his statement and the statement of the Farm Bureau as well as he could have done himself, without any disrespect to him.

Any questions?

Mr. MYERS. Yes, Mr. Chairman.

Mr. DATT, according to the criteria which you have spelled out on pages 1 and 2, this bill deals with most of these items with the exception of Federal intervention. That is about your main objection, is it not?

Mr. DATT. I would say that it does not meet point 4. And point 6, it certainly does not meet.

Mr. MYERS. Point 6—yes.

Mr. DATT. I would guess that these probably would be the two.

Mr. MYERS. These are just matters of mechanics. It actually does it, but not the way you want it done, isn't it?

Mr. DATT. The legislation as now drafted does not meet point 4 or point 6.

Mr. MYERS. Well, he pays but he gets it back in point 6. It is merely a matter of mechanics.

Mr. DATT. There is quite a fundamental difference.

Mr. MYERS. Let's not argue that. Really, what you are talking about here, what you would prefer would require no legislation whatsoever, would it?

Mr. DATT. That is correct.

Mr. MYERS. You could have done that now as the Farm Bureau, getting along with all the other major farm organizations. Why has this not been done? Why have you not gotten together with the other farm organizations?

This always remains a mystery to me. Why do not all the farm organizations get together and help do the job, which you spoke of on

page 4, that the National Potato Council has started to do, but as the testimony yesterday has shown has not done an effective job. Why has not everybody gotten together and started something without waiting for the Federal Government to start to do it?

Mr. DATT. We have tried to work with the Potato Council in terms of their program.

Certainly, our record at the State level in terms of what our State Farm Bureaus have done in terms of the promotion of the various State programs is one, I think, that we have reason to be proud of.

Why we have not gotten together, I would suspect, is that there are some basic differences that exist between the organizations in terms of philosophy, we do work together on a number of different areas. We have worked together on some of the areas like I mentioned here. The Farm Bureau and the Farmers Union and others have worked together as related to the National Livestock and Meat Board, the ADA and this type of program. That probably would be the best answer that I could give you.

Mr. MYERS. I would like to agree with you. In fact, I do agree with you. Ideally, I would like to see the Federal Government not have to have the responsibility of bringing the industry together here. But we have to be realistic and realize that the job has not been done up to now. Not only in this area, but in many areas. People come in and say, well, we do not want the Federal Government to do it. But after so long when nothing has been done, there really is not much choice. When we have to accomplish the goal that has to be accomplished, sometimes the Federal Government has to step in.

We do not agree, all this group here, on getting together, but eventually we are going to have to get together. I think what the farm organizations are going to have to do is compromise a little bit; otherwise, the Federal Government is going to be doing more and more.

Mr. DATT. Let me say the promotion area is one area where there has been basically an agreement between the organizations involved. But in terms of the voluntary approach, certainly that has been the approach that we in the Farm Bureau have supported—I think you and I could probably have a very interesting debate if we wanted to conduct it in terms of the question of whether we have done everything we ought to have now as relates to potatoes. What have they done in your home State of Indiana in terms of potato promotion program? I think the record would indicate that probably there has not been anything done.

Mr. MYERS. We are 19th in the list you have presented here.

Mr. DATT. But you still have not had potatoes promoted.

I would also say we have a real question in terms of promotion effort, of just promoting potatoes. I would ask you how many more potatoes you are going to buy on the basis of a straight "Eat More Potato" promotion program.

Mr. MYERS. I have not seen any promotion yet by the National Potato Council, to be honest with you. If I have, I have not been aware of it.

Mr. DATT. Yes, because basically you have promotion programs that involve the promotion of Idaho potatoes, because they follow the pattern of the automobile industry and other industries. You do not promote the sale of cars; you promote the sale of Chevrolets, Fords,

and so on and so forth. This is the way they have essentially gone in the potato industry. They have promoted the sale of California Long Whites or Idahos or so on. I think if you were to talk to my wife, she is probably going to buy potatoes on the basis that somebody has convinced her that Idaho is what she ought to buy, not on the basis that she just ought to buy potatoes.

Mr. MYERS. That is all.

Thank you.

Mr. FOLEY. Mr. Vigorito?

Mr. VIGORITO. No questions.

Mr. FOLEY. Mr. Sisk?

Mr. SISK. Mr. Chairman, I am not sure I should take the time of the committee.

Mr. DATT. I will make an appointment to see you next week.

Mr. SISK. John and I, I might say, have been discussing this question regularly for the past 15 years, as I have a variety of marketing orders operating in my area. Generally, these orders had to overcome opposition from the Farm Bureau.

Mr. DATT. Not on the marketing order programs.

Mr. SISK. John, sometimes the Bureau rationally does not go along. The Farm Bureau in Fresno county is probably the largest bureau organization in America. But they do not agree with the National Farm Bureau on some of these positions. Isn't that right?

Mr. DATT. All I can say to you, Mr. Sisk, is that I, as you know, from 1950 to 1957 or 1958, was in charge of the fruit and vegetable program for the American Farm Bureau. This is how I got acquainted with this whole area.

Mr. SISK. Let me say, John, I respect you. Even though we disagree—

Mr. DATT. During that period, I probably conducted more educational meetings on what you could or could not do with a Federal marketing order and helped more State Farm Bureaus develop a Federal marketing order program than any other activity that we carried on. So that we have been active in this field and the policy that we have on Federal marketing orders indicates our support for the Federal marketing order approach. But you are doing a different thing, as you know, in a Federal marketing order than you are in this potato checkoff legislation.

Mr. SISK. I recognize this is a different type of approach. But honestly, John, I have difficulty in understanding the position of you and your organization. I should say your organization, because I recognize you are speaking for the organization.

Mr. DATT. That is correct.

Mr. SISK. This industry has struggled for many, many years. I recall a few years ago, it seems to me shortly after I came to Congress back in the mid-1950's, that this very question arose. These potato people came to us today with, I think you will agree, the greatest unanimity I think I have seen in an industry. We just have not been able to do the job. We would like to pattern a program for them after that of the cotton industry. Shouldn't they be given this opportunity? Just between the two of us, forgetting your organization's position, shouldn't they be given this opportunity if two-thirds of the industry is willing. Especially if every organization, as far as I know, dealing

with potatoes nationwide, supports such a program. Is it fair for us here in Congress to deny them the vehicle which is provided under basic law?

Mr. DATT. Let me say that is a decision that you have to make as a Member of Congress.

Mr. SISK. I recognize that.

Mr. DATT. That is the choice you have to make in terms of what you want to do as far as this legislation is concerned. I have tried to indicate to you this morning the attitude of the Farm Bureau as reflected through our policy development process, which may not be perfect, but it is the best we know how to do. It may not involve all the potato growers that it should, but we try to involve as many as want to be involved in it. This is where the voting delegates say they are on this question as of today.

Mr. SISK. Well, Mr. Chairman, just one other thing.

You were here yesterday, and heard the testimony by Mr. Doyle Burns?

Mr. DATT. Yes, sir.

Mr. SISK. When he, I am sure, had in mind some of the statements by the Farm Bureau. Mr. Burns covered, point by point, these areas of opposition. He particularly takes a strong position on page 2 of his statement in regard to the very point you have raised.

He states: "First of all, the Secretary does not collect the funds. In fact, the Secretary will never have access to the funds."

That is a basic statement of fact, is it not?

Mr. DATT. Well, I can't agree with that.

Mr. SISK. Why?

Mr. DATT. Because the Potato Marketing Board, Mr. Sisk, is an instrument of the Secretary.

Mr. SISK. Well, John, isn't that true, for example, on the raisin marketing order?

Mr. DATT. That is correct.

Mr. SISK. The Raisin Administration Committee and the Raisin Advisory Board in a sense are instruments of the Secretary, are they not?

Mr. DATT. That is correct.

Mr. SISK. They have to be under a Federal program.

Mr. DATT. I would not argue that point.

Mr. SISK. Do they represent the growers?

Mr. DATT. Yes, but even with the raisin marketing order program, Mr. Sisk, the Raisin Advisory Committee can make all sorts of recommendations. But the ultimate decision on those recommendations remains with the Secretary of Agriculture.

Mr. SISK. That is right.

Mr. DATT. Let me give you the best example that I have at the moment which you are familiar with, the Florida Tomato Marketing Order. You have a Tomato Marketing Advisory Committee which recommended that certain grades and size recommendations be put into effect. The ultimate decision as to whether those grade and size recommendations go into effect remains with the Secretary of Agriculture.

Mr. SISK. I do not argue this point, John. Whenever you operate under any kind of a Federal program, authorized by the Congress

and where the Secretary is directed to conduct the program, in the final analysis, it is the Secretary's responsibility to see that the law is followed.

Mr. DATT. That is correct.

Mr. SISK. Mr. Burns points out that the board will be making the decisions, it will be collecting the fees, and it is only limited by the requirements of the law itself and other provisions which Congress puts in there.

The Secretary can't go beyond that in vetoing board actions. He cannot make them do more nor can he make them do less than what the law itself provides. So within that area, the board does have considerable flexibility. Is that not true?

Mr. DATT. That is true. But if you look at the cotton program, which we talked about, for instance, the press release of September 3, 1968, says the USDA approves cotton research and promotion programs. Then it goes on to point out that it has approved the cotton research and promotion programs by the CPI and recommended by the Cotton Board. Then it says how the money is to be spent within the budget.

I do not think there is any disagreement between you and me in terms of what we understand the authority the Secretary of Agriculture to be under this legislation.

Mr. SISK. I do not think there is any disagreement, John, between you and me as to what is the law and what is the responsibility of the Secretary.

Mr. DATT. That is right.

Mr. SISK. The extent of our disagreement is limited to whether or not the Secretary should have authority. Is that basically where we disagree?

Mr. DATT. No, because I think we would—

Mr. SISK. I know in your colloquy with the gentleman from Washington, chairman of the subcommittee, you indicated that from the standpoint of the constitutional question, the Secretary should have that authority. I am not saying that you disagree with that point.

Mr. DATT. Yes.

Mr. SISK. It seems however, you disagree with the terms that the Federal Government or any vehicle—

Mr. DATT. Agency thereof—

Mr. SISK. Should be involved in the program.

Mr. DATT. This is right.

Mr. SISK. When a group of people comes to us with a unanimous position saying we cannot solve our problem and asks Congress to assist, should we deny them that right?

Mr. DATT. My point simply is if you go the route proposed here, nobody ought to be under any misapprehension that this is some grower program out here that they are going to do what they want to do and so on and so forth. Because the final and ultimate authority for that decision remains with the Secretary of Agriculture. Now, he may never use it.

Mr. SISK. John, you and I agree completely on this.

Mr. DATT. He may never use it.

Mr. SISK. They must abide by the terms of this act if it becomes a law.

Mr. DATT. And the Department in effect administers it.

Mr. SISK. Let me point out another of Mr. Burns' statements. You spoke of the veto power. I recognize the long standing position of the Farm Bureau in this area. On page 3, Mr. Burns states:

I have worked on this proposed legislation since its inception. I have studied it carefully and I have reviewed it repeatedly. I cannot find any statement or any implication that the Secretary has veto power.

He goes on:

The only time the Secretary can prohibit, or stop, any program would be when such program is not authorized by this act.

This goes along with what we said.

Mr. DATT. That is right.

Mr. SISK. The Secretary does not have any arbitrary or dictatorial powers. The act spells out what the board can do and so long as the proposed programs fall within the scope of the act, the Secretary cannot prohibit or prevent such programs.

Would you agree with that statement?

Mr. DATT. Well, I would say this, that the Secretary has the veto power as this relates to how the money is to be spent.

Mr. SISK. You mean once the money has been collected in accordance with the act?

Mr. DATT. Yes.

Mr. SISK. The Secretary has the power to dictate what may be spent or what type of advertising may be used?

Mr. DATT. Oh, yes. He has that now under the cotton program, Mr. Sisk.

Mr. SISK. He has the authority to see that funds are spent in accordance with the Act.

Mr. DATT. But he also now, under the cotton program, approves basically how this \$10 million is going to be spent.

The Cotton Board comes in and says, as they are now saying, \$6.7 million is being used for sales promotion and 3.3 for research. The Secretary has the right, if he wants to, to say well, it ought to be five and five. Then he goes one step further. He has to approve all of the CPI's basic promotional program.

Mr. SISK. The point I am trying to make it that the program is flexible. Within this broad category of things that can be done promotionally, the Secretary does not necessarily direct that it be done a certain way?

Mr. DATT. No.

Mr. SISK. The board has rather broad latitude.

Mr. DATT. That is right. I would say that he has, and I think you would agree, that he has the power to veto a program that he does not think is consistent with what's in the basic legislation or with the way that he thinks the potato program ought to be going. If they come in and say, five ought to be spent here and five over here and he thinks it ought to be six and four, he has the right to say he thinks that it ought to be six and four.

Mr. SISK. Generally, though, where these figures do not violate the terms of the act, it is a matter of reasoned judgment. I have sat with groups on this subject. It always becomes a matter of give and take.

Mr. DATT. I think you and I would agree that he has this authority if he decides that he wants to use it.

Mr. SISK. I agree the secretary has that responsibility in accordance with the requirements of the act.

Mr. DATT. This includes the veto of certain programs and certain activities that are inconsistent with it.

Mr. SISK. Mr. Chairman, that will be all.

I have great respect for John Datt. He and I have these discussions from time to time and we agree more times than we disagree.

Mr. DATT. We agree most of the time.

Mr. SISK. This time, I find myself in disagreement with the bureau's policy, but this is—

Mr. DATT. Mr. Sisk and I, because he understands the marketing order program probably as well as any Member of Congress, because he has many in his area, has been interested in this area and while we may have some disagreements, I think we both have a great deal of respect for each other.

Mr. SISK. Thank you, John.

Mr. FOLEY. I am sure the record shows that very clearly.

Mr. Datt, I think you have stated very articulately the position of the American Farm Bureau Federation on this legislation. From what I know of the organization's policies, it has been stated consistently.

We do have a problem in Congress, and I think this affects more than the American Farm Bureau—it affects all organizations—to make decisions as to how representative an opinion is with respect to a particular group, whether farmers or whether they are labor union members or whatever. There are occasions, I am sure you will agree, where a national organization takes a position that might be different from segments of its membership.

We have had a number of witnesses, as you yourself pointed out, who came before us yesterday, and I am sure there will be others today, who are very active in the American Farm Bureau Federation and who are very clearly supporting the legislation. It has been my own experience in my part of the country that opposition, for example, by the American Farm Bureau Federation to the farm program is not always supported by individual farm bureaus—in wheat country where the wheat certificate may be supported, for example.

Could you give us an estimate of whether or not you believe that the American Farm Bureau Federation position on this legislation is supported by a majority of commercial potato farmers who are members of the Farm Bureau Federation?

Mr. DATT. No, I cannot give you that because within our policy development process, we do not attempt to take a specific poll of any one particular commodity group. As I indicated and as you know, we start out at the county level, go to the State level, and then come in at the national level on the policy development process. I would be the first to admit that everybody who is a member of the Farm Bureau does not always agree with all Farm Bureau policy just as everybody who is a Member of the Congress does not agree on every given issue.

I have said repeatedly to the fellows, and I know many of these fellows here, they are good friends of mine, if you are not satisfied with the Farm Bureau policy on this question, your job is to go back home and change it. The Farm Bureau is made up of members and

they have the right to take this organization and put it on record wherever they want to have it.

Mr. FOLEY. I think you may have misunderstood my question.

Mr. DATT. I understood your question.

Mr. FOLEY. I am not suggesting that the statement that the Farm Bureau has made today is unrepresentative of its membership. I am asking you if you think a majority of those members who are primarily commercial potato growers who support it?

Mr. DATT. I cannot answer that.

Mr. FOLEY. Do you know from your own knowledge of your organization and the potato farming industry, whether there is a substantial number of American Farm Bureau members who are primarily commercial potato farmers and who oppose this program?

Mr. DATT. I cannot answer that, because we have not had a poll or some type of indication purely from potato growers that would be a basis for policy—we operate on the basis of a majority decision.

Mr. FOLEY. My problem, again, is that I do not want the record to appear to be that we are in any way hostile to your testimony. But the fact remains that as far as the record presently shows, your testimony is the only testimony in two days of hearings in opposition to the proposal. It seems to us—at least to me—rather surprising that if there is substantial opposition among American Farm Bureau members, being the largest farm organization in the country, that somebody among those Farm Bureau members who are potato growers has not appeared in opposition to this legislation.

Mr. DATT. Let me say as I indicated in the beginning that the Farm Bureau is made up of potato growers, livestock, cotton, prunes, raisins, hog and other producers. In the policy development process of Farm Bureau you get a blend of all the various points of view as they relate to a given policy question. That is what we tried to reflect here today.

Mr. FOLEY. Let me ask this: Does the American Farm Bureau Federation have any feeling about changes in the bill that might make it more acceptable. If the provisions for secretarial review and so on remain, would it be more acceptable to you if there were a triennial referendum to determine whether the program should stay in existence?

Mr. DATT. I think I have tried to indicate to you that basically, this is not the direction that we feel we ought to go as far as a national potato promotion program is concerned. Having that position, it is very difficult for us to try to improve something that we are against.

Mr. FOLEY. Thank you very much.

I want to say again we are happy to have your testimony and I think you have stated articulately the position of the Farm Bureau Federation. Because it represents the only opposition to this legislation that has appeared in these hearings, we have taken a little longer than we have with others. I hope that other witnesses will not feel that the committee has taken too long. It is important to have the opposition to the legislation clearly stated.

Thank you very much, Mr. Datt.

Mr. DATT. Let me say I appreciate very much the opportunity to appear before you and the courtesies you have given me.

Thank you very much.

Mr. FOLEY. We had previously called Mr. McCaleb as a witness. He has had some difficulty, I understand, parking, and has been in the committee room for some time. We would be very happy to have his testimony at this time. Mr. McCaleb?

**STATEMENT OF W. F. McCALEB, JR., EXECUTIVE VICE PRESIDENT,
THE ASSOCIATION OF VIRGINIA POTATO & VEGETABLE GROWERS,
BELLE HAVEN, VA.**

Mr. McCALEB. Mr. Chairman, gentlemen of the committee, please accept my apologies for being late, but I got lost and I had this thing, literally, that I was trying to get rid of someplace. I finally made it.

Mr. FOLEY. We are glad to see you.

Mr. McCALEB. Gentlemen, my formal statement for the record is quite short. With your permission, I would just like to file it.

Mr. FOLEY. Without objection, it will be received and printed in full in the record.

Mr. McCALEB. Our Association of Virginia Potato & Vegetable Growers is an organization that has been in existence for 31 years. Two-thirds of our board of directors are named by county Farm Bureaus in Virginia which grow potatoes and vegetables. This is actually five counties growing roughly 90 percent of all the commercial potatoes and vegetables grown in the State of Virginia.

Now, I mention this two-thirds of the directors named by county Farm Bureaus because I think that what I say should be kept in mind, that the Farm Bureau dominates our potato and vegetable association at the local level.

Nevertheless, when this bill was discussed thoroughly at our annual meeting on the first day of February this year, there was not one vote cast in opposition to it, either by a director or by a member.

Now, I feel that when you find that everybody is in step, and I have worked with potato legislation and potato people for 20 years and this is the first time that I have ever seen any degree of unanimity in an industry as diverse and as widespread, facing as many different problems, as potatoes face, where you can have a solid front among the actual growers from Idaho to Florida to Maine and points in between, this, to me, is amazing. It is also a tribute to the development work over the years that was put in by the National Potato Council and other related groups that we finally got a program that the growers want.

Now, I hate to be critical of my good friend, John Datt, and the American Farm Bureau Federation. The Farm Bureau makes a great point always of being responsive to grassroots feeling and they state repeatedly that their policies start down at the county level and from there well up through the State organization and up to the national and that all that they are doing is merely passing on to the Congress on a national basis the decisions that were really made down at the country kitchen level.

Gentlemen, in this particular instance, and perhaps in others, this just is not true. It just is not true.

You had yesterday the president of the Accomac County Farm Bureau. Accomac County grows approximately 50 percent of the com-

mercial white potatoes grown in Virginia. You had this man come here at the busiest time of the year for him, and he is a real dirt farmer, to testify favoring this legislation.

Gentlemen, let's face it. This decision by the Farm Bureau to oppose this legislation is the decision of the executive establishment of the American Farm Bureau Federation right here in Washington, D.C., and no place else.

Our people want this legislation. We were one of the last States to finally endorse this, because we wanted to be sure. We wanted our people to really believe in this and to be ready to get in and support it. And this we definitely want to do, sir.

This would conclude my remarks, sir.

(The prepared statement follows:)

STATEMENT OF W. F. McCaleb, Jr.

My name is W. F. McCaleb, Jr., and I am Executive Vice-President of the Association of Virginia Potato & Vegetable Growers. Our Association has actively represented Virginia potato and vegetable farmers for the past 31 years. It represents a great majority of the commercial white potato acreage in Virginia.

Our Association strongly supports HR 2777 and companion bills. This bill establishes the legal means thru which potato farmers can institute and maintain a self-help program which may go a long way in curing the depressed situation of our growers and in supplying consumers with a vital food.

The subject bills are enabling legislation only, and their intent is to permit potato farmers to establish a fund raising system which they will use to promote their product and to expand their markets, both domestic and foreign, without direct cost to the Federal government. The program would be planned by potato growers and administered by the National Potato Promotion Board, democratically selected by potato producers themselves.

White potatoes are raised in every state and are important to the farm economy of many. Potatoes are important to Virginia farmers, normally bringing into our rural economy approximately ten million dollars annually. Virginia farmers favor HR 2777 because we have had experience in Virginia with similar self-help checkoff programs in peanuts and hogs, tobacco, eggs, poultry, and other crops. These programs have enjoyed a moderate degree of success in spite of being confined to only one state. A national program should be much more effective.

Every safeguard is provided in the bill to make certain that no plan shall be adopted under this enabling act unless approved by at least two-thirds of the producers voting in a referendum, or by the producers of not less than two-thirds of the potatoes produced during the representative period, by those voting in the referendum. Any plan may be suspended or terminated by a majority of those voting in a referendum, who produce more than 50% of the volume of the potatoes produced by those voting. Any individual, on proper application, can receive a refund of his assessment which in any event shall never exceed one cent per hundred weight.

It is the intent of this legislation to establish the means thru which potato producers, spending their own funds, and devising and administering the plan, can promote their product on a nationwide basis for the mutual benefit of themselves and consumers. We earnestly solicit your favorable consideration of this vital matter.

Mr. FOLEY. Thank you very much. Mr. Vigorito?

Mr. VIGORITO. No questions.

Mr. FOLEY. Mr. Myers?

Mr. MYERS. No questions.

Mr. SISK. I certainly wish to commend Mr. McCaleb on a very fine statement. I have great respect for Mr. Datt because I think he does a good job for his organization. I think one of the real concerns across the country is really where some of the organization's decisions are made. When I go out to talk to the farmers in my district, I find the

national organizations generally out of step. It causes me some concern.

Mr. FOLEY. Thank you very much, Mr. McCaleb. I appreciate your testimony.

Mr. McCALEB. Thank you.

Mr. FOLEY. At this point, without objection, a telegram from Francis P. Pusateri, executive manager of the Potato Growers Association of California, will be included in the record.

(The telegram referred to follows:)

BAKERSFIELD, CALIF., April 14, 1969.

Congressman THOMAS S. FOLEY,

Chairman, Domestic Marketing & Consumer Relations, House Committee on Agriculture, 1301 Longworth House Office Bldg., Washington, D.C.:

Reference H.R. 2777, scheduled to be heard before your committee on April 17 and 18, concerning proposed National Potato Research and Promotion Act, a self-help plan to enable potato growers to finance a nationally coordinated research and promotion program to improve their competitive position and expand their markets for potatoes by increasing consumer acceptance of potatoes and potato products, and by improving the quality of potatoes and potato products that are made available to the consumer; this is to advise that this subject has the complete and unanimous support of the membership of the Potato Growers Association of California, and to respectfully request that this communication be included as part of your committee record on H.R. 2777.

FRANCIS P. PUSATERI,

Executive Manager,

Potato Growers Association of California.

Mr. FOLEY. Also, without objection, the statement of Roy L. Holman, President of the Utah-South Idaho Farmers Union, supporting H.R. 2777 and related legislation will be included in the record.

(The statement referred to follows:)

STATEMENT OF ROY L. HOLMAN, PRESIDENT, UTAH-SOUTH IDAHO FARMERS UNION

Mr. Chairman and Members of the Subcommittee:

This statement is an expression of the views of the Utah-South Idaho Farmers Union and of National Farmers Union.

We urge the Subcommittee to approve H.R. 2777, introduced by Congressmen Walter Lee Jones (D-No. Car.) and co-sponsored by Mrs. May (R-Wash.), Mr. Mathias (R-Calif.), Mr. Teague (R-Calif.), Mr. Ullman (D-Ore.), Mr. Aspinall (D-Colo.), Mr. McFall (D-Calif.), Mr. Schadeberg (R-Wisc.), Mr. Rooney (D-Penn.), Mr. Sisk (D-Calif.), Mr. Evans (D-Colo.), Mr. Kyros (D-Me.), Mr. Langen (R-Minn.), Mr. Tunney (D-Calif.) and Mr. Johnson (D-Calif.).

Enactment of this legislation would enable potato growers to finance a nationally coordinated research and promotion program to improve their competitive position and expand their markets.

Potatoes are at the mercy of a competitive market and the demand is static. As a result, we lost 55 percent of our potato farmers between 1955 and 1964. Over half were eliminated in five years. Indications are that the trend has continued.

The legislation being considered would provide for the establishment of a National Potato Promotion Board appointed by the Secretary of Agriculture from nominations submitted by potato producers. The cost of research and promotion undertaken by the Board would be financed out of assessments on potatoes handled under the Act. Any producer who did not favor the program would have the right to a refund of the assessment.

Many people have cut down or quit eating potatoes entirely because they think potatoes are a fattening food. The fact is they are not. They have substantial amounts of vitamins C and B, as well as essential minerals. At the same time, the calorie count of potatoes is much less than many of the food products substituted for them. Pound for pound, potatoes provide more nutritional value for the

money spent than almost any other food. One of the purposes of the Potato Research and Promotion Act would be to make consumers fully aware of the important qualities of this wonderful vegetable.

In addition it would be the purpose of this legislation to enable the industry to improve the quality of fresh potatoes sold in retail stores. Dehydrated potato products could become an important part of future programs to supply food to famine-stricken areas of the world. After a plan is developed, it will be subject to a referendum vote. It will require a two-thirds vote before it is implemented. It is a simple self-help program, and potato producers deserve the opportunity to make such a choice.

Mr. FOLEY. There are also statements by Mr. Victor R. Klein, potato grower of Colorado; Mr. John W. Scott, master of the National Grange; Mr. Richard B. Amidon of the Empire State Potato Club, Mr. Edd Moore, executive manager, Idaho Grower Shippers Association, Inc., and Mr. Robert N. Hampton, director of marketing and international trade, National Council of Farmer Cooperatives, for insertion in the record.

(The statements referred to follow:)

KERSEY, COLO., April 7, 1969.

THOMAS S. FOLEY,
*Chairman, Domestic Marketing and Consumer Relations,
Committee on Agriculture.*

HONORABLE THOMAS S. FOLEY: In regard to H.R. 2777 scheduled for hearing on April 17, and 18, 1969, I want to express my feelings as I cannot personally attend this important legislative hearing.

I do want it known that this bill will enable us as Potatoe growers in the United States to voluntarily assess a levy for the promotion and research of our Potatoe industry and better inform the buying consumers of our products as to the nutritional value and the flexibility of this very fine product. We have in the past tried by areas to do this job but it is not feasible for any area alone to economically promote or do justice to the total program for it belongs to all of the Potatoe industry. With H.R. 2777 we can bring the problems that face all growers in the U.S. to help share cost that will enable us to do a better job informing the public of our fine products. We are willing to raise our own promotional capital and expenses on a voluntary basis. All growers will have a voice to accept or reject this plan if we get the necessary legislation passed to provide us with this tool. Again, I urge all concerned to positively pass H.R. 2777.

Thank you very much in reviewing my brief testimony.

Sincerely yours,

VICTOR R. KLEIN, *Potatoe Grower.*

STATEMENT OF JOHN W. SCOTT, MASTER OF THE NATIONAL GRANGE

Mr. Chairman and Members of the Committee:

I appreciate this opportunity to present the views of the National Grange relative to H.R. 2777, the Potato Research and Promotion Act.

The Grange wholeheartedly supports passage of the bill. *Self-help*, as it applies in marketing orders for promotion and research, is a veritable by-word in Grange policy. We have established a historical record of supporting programs for dairy, cotton, meat and other products. It is, therefore, our sincere belief that passage of H.R. 2777 will be of great benefit to the producers of Irish potatoes.

Potatoes have long been regarded as an essential food ingredient for the American family. Their production and marketing add considerably to the economic well-being of those who live in the entire rural areas in which they are produced.

Reports of the U.S.D.A. show that over $\frac{1}{3}$ of the potatoes are now being consumed after some form of processing. It is, therefore, essential that programs of research be continued that will enable growers and processors to provide more nutritious, better tasting potato products for the consumer.

It is our sincere belief that a well-financed program of research, development, and promotion will be in the public interest as well as in the best interest of producers.

At the 1968 102nd Annual Session of the National Grange a resolution, which originated in the State of Washington, was adopted. It reads as follows:

"Resolved that the National Grange support legislation that will enable potato growers to authorize a program that will cause an assessment to be made on producers for the purpose of financing programs of research and promotion."

H.R. 2777 fulfills the intent of this resolution. It is also very explicit in several important areas. I shall not take up your time to go into detail since I am confident that you are very familiar with the legislation.

However, several of the areas that make the legislation appeal to the Grange are:

1. The legislation is nonpolitical. Section 8.f(3) bans political use of the funds.
2. Participation in the policy development of the program by the National Potato Board, a grower group, is a most desirable feature.
3. Voluntary participation is afforded by the assessment return feature of Section 8 (g).
4. The combination of producer-government (Secretary of Agriculture) control and development of the programs and projects to be financed is a responsible approach. Section 8 (h) and (i).
5. The referendum procedure necessary to establish the plan, as outlined in Section 14 provides ample safeguards for the minority before a plan is established. The requirement of an affirmative vote of $\frac{2}{3}$ of the producers voting or by an affirmative vote of over $\frac{1}{2}$ of the producers representing $\frac{2}{3}$ of the production is very fair.

Mr. Chairman, in the opinion of the National Grange H.R. 2777 is legislation that is well drafted, legislation that provides fair treatment to all concerned, and above all, legislation that producers of potatoes have overwhelmingly supported in their commodity organizations. We urge the wholehearted support of your honorable Committee for its quick enactment into law.

EMPIRE STATE POTATO CLUB, INC.,
April 15, 1969.

Hon. THOMAS S. FOLEY,
Chairman, Domestic Marketing & Consumer Relations, Committee on Agriculture, 1301 Longworth House Office Building, Washington, D.C.:

On January 24, 1968 at 12:15 at the annual meeting of the Empire State Potato Club of New York State, at Rochester, New York, the following resolution was adopted:

Resolved that the Empire State Potato Club support the Potato Research and Promotion Act. This is now known as HR 277.

The Empire State Potato Club strongly urges that this act be passed.

Thanks,

RICHARD B. AMIDON,
Executive Secretary,
Empire State Potato Club.

IDAHO GROWER SHIPPERS ASSOCIATION, INC.,
April 14, 1969.

Re S. 1181.

Senator FRANK CHURCH,
405 Senate Office Building,
Washington, D.C.

DEAR FRANK: Senate Bill 1181 is a bill known as the Potato Research and Promotion Act. It is our understanding this bill is the same as S. 2862 introduced in the last session of Congress. We are very much opposed to S. 1181. Attached is a copy of a resolution unanimously adopted by our Association opposing this Act.

In addition to our resolution, we are unalterably opposed to this proposed legislation for the following reasons:

The general make-up of this proposed bill follows closely the format of the Federal Marketing Orders. Administration of the Act will be by the Secretary of Agriculture who will make the final decisions on all matters coming under the jurisdiction of the Act. The Secretary shall appoint grower

representatives to serve on a Board to make recommendations for a "plan" to provide research, development projects, advertising and promotion. Federal Marketing Orders for potatoes are only effective in the states of Idaho, Colorado, Oregon and Washington.

In this connection, we direct your attention to Senate Bill 816. This proposed bill would "Amend the Agricultural Adjustment Act of 1933, as amended, and reenacted and amended by the Agricultural Marketing, Agreement Act of 1937, as amended to provide for payment by handler assessments of the administrative costs of the Department of Agriculture." This burden of expense will fall on the shippers if this bill is ever passed and heaven forbid!

It is to be noted that "promotion" is the only term defined in any "plan" adopted. All sums collected conceivably could be used for research and development projects. Such projects could cover marketing. Marketing involves price received. Price can only be controlled by the availability of supplies, which would require volume controls.

Your attention is specifically directed to the fact, there are no provisions prohibiting the Board from recommending to the Secretary provisions for allotments of volume controls. There are no provisions for the make-up of the membership of the National Potato Promotion Board; their term of office; or, area membership in relation to production.

There is no prohibitive provision for varietal promotion which if permitted to exist, would result in preference or prejudice between producing areas.

The first handler of potatoes shall be responsible for collection and payment of all assessments leveled by the Board. The handler MAY collect such assessments from the producer on all potatoes handled affected by the Act. Payment by the producer is not compulsory, which discriminates against the handler.

This proposed legislation would require the shippers and processors, as first handlers, to incur considerable bookkeeping expense without compensation. It would place additional legal responsibilities and burden on shippers and processors unjustifiably in the normal course of business.

There are thousands of potato grower-shippers or producer-handlers who ship only their own production that will be affected by this legislation. These growers are scattered throughout every potato producing area in this country. The cost of enforcement and collection of this assessment will be exorbitant. Many thousands of potato growers have not and will not support potato promotion programs. These growers will take the full advantage of the refund provision of this bill resulting in excessive administrative cost in relation to monies available.

Passage of this bill will only result in duplication of efforts of the Potato Division of the United Fresh Fruit and Vegetable Association, our State Potato Commission, along with others, private businesses and other organizations.

If this bill becomes a law, it will cost the state of Idaho approximately \$500,000 annually. A half-million dollars invested in expansion of the Idaho potato industry annually in Idaho would substantially contribute to the state economy.

The proponents of this legislation state, "The purpose of this program would be to improve the image and increase the acceptance of potatoes by the consumer". It is a well known fact that the United States Department of Agriculture, shippers, wholesalers and retailers know that to establish a more favorable image for potatoes to the public would definitely require more rigorous grading, truth in packaging supported by authentic inspection. The absence of these fundamental facts renders this proposed legislation ineffectual.

We, respectfully, request that you oppose passage of this bill. In lieu thereof, support legislation that would require the packer to place his name on the container and be responsible for truth in packaging, as to origin and grade.

Sincerely,

EDD MOORE, *Executive Manager.*

RESOLUTION

Whereas the Idaho Potato Industry has built a world-wide image of superiority in its products, and

Whereas this image has brought about a demand for the product which in turn has produced premium prices compared to other producing areas, and

Whereas this image has been brought about through the efforts of the Idaho Potato Industry, without outside intervention: now, therefore, be it

Resolved, that the Idaho Grower Shippers Association, Inc., in session at the 41st Annual Meeting at Idaho Falls, Idaho, on December 7, 1968, support greater promotional efforts in behalf of the Idaho® Potato and actively oppose H.R. 15197 (i.e., The National Potato Promotions Act), in that this type of legislation provides the vehicle for further Governmental intervention into the Idaho Potato Industry.

NATIONAL COUNCIL OF FARMER COOPERATIVES,

Washington, D.C., April 24, 1969.

Hon. W. R. POAGE,

*Chairman, House Committee on Agriculture, U.S. House of Representatives,
Washington, D.C.*

DEAR MR. POAGE: On behalf of our member cooperatives who market potatoes for farmers in many areas of the United States, we urge your support for enabling legislation toward the establishment of a potato research and promotion program, as proposed by H.R. 2777 and other identical bills.

H.R. 2777 would provide an opportunity for potato farmers to act on an industry-wide, unified basis to plan and carry out more effective research and marketing programs. Potato producers are undoubtedly correct in their claims that the public does not generally appreciate the nutritional values of this commodity, and in fact has serious misconceptions about its role in the American diet.

This bill would provide the opportunity for farmers to join together in their own behalf, and programs of the kinds envisioned would also work toward improved marketing and merchandising to the benefit of the general public.

I would appreciate it if this letter is included as a part of your committee record of hearings on H.R. 2777.

Sincerely,

ROBERT N. HAMPTON,
*Director of Marketing
and International Trade.*

Mr. FOLEY. The next witness will be Mr. A. F. Mercker, executive secretary of the Vegetable Growers Association of America, Washington, D.C. Mr. Mercker?

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

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

Since early 1965 I have been executive secretary of the Vegetable Growers Association of America, which strongly supports H.R. 2777, providing for an assessment of a tax on the first sale of potatoes but which tax is subject to a referendum and also subject to the return of the tax to the grower on his request.

The potato industry as a whole has greatly suffered from much misinformation disseminated with respect to potatoes. This needs to be repudiated as potatoes, together with milk, make a practically complete diet with sufficient nutrients to nourish the human body. Per capita consumption has declined from about 200 pounds per person, at the start of this century, to a low of about 102 pounds per capita in 1956. Since 1956 per capita consumption has increased from 102 pounds to about 113 pounds per person from the 1966 crop, an increase of almost 10 percent, or 11 pounds per person. From the 1956 crop 170,795,000 hundredweight were used for food, of which 24,747,000 hundredweight were used as processed food, and of which three-fifths was in the form of potato chips and shoestrings. From the 1967 crop the total of 226,239,000 hundredweight were used as food, an increase of 55,803,000 hundredweight or about one-third more than was used in 1956. Of the total used as food 131,726,000 hundredweight was used as fresh and 94,872,000 hundredweight was used in the form of processed potatoes. This is equivalent to about 64 pounds per person—a drop of 1 pound from the 1966 crop—in the fresh form and 48 pounds per person in the processed form.

About 12 States have legislation which provides for a tax on the first sale of potatoes for advertising and research purposes, or a tax per acre for the purpose of obtaining funds for research or for potato promotion. In my judgment about \$3 to \$4 million are spent to promote potatoes from these funds and in addition the processing organizations or those selling processed potatoes spent an additional \$15 to \$20 million to promote the sale and consumption of processed potatoes.

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

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

(The table referred to follows:)

POTATOES—PRODUCTION AND UTILIZATION OF FOOD (EXCLUDING STARCH AND FLOUR)

[In thousand hundredweight sales]

Year—	Production	Total food use	Fresh	Total used for processing	Chips and shoe-strings	Dehydrated	Frozen	Canned
1956	245,792	170,795	146,048	24,747	14,566	3,223	4,675	2,283
1957	242,522	176,973	148,403	28,356	17,356	3,776	4,827	2,606
1958	266,897	182,975	148,868	34,107	17,063	5,917	8,263	2,864
1959	245,272	188,603	148,497	40,106	20,085	7,656	9,918	2,447
1960	257,104	197,975	149,002	48,973	21,018	10,104	15,042	2,809
1961	293,166	205,667	153,594	52,073	22,642	8,518	18,138	2,775
1962	264,810	204,402	149,710	54,692	24,086	9,280	18,400	2,926
1963	271,158	209,248	146,981	62,267	26,693	9,909	22,425	3,240
1964	241,076	195,964	129,525	66,439	28,783	10,801	23,654	3,201
1965	291,169	231,650	139,542	92,108	31,292	20,166	37,302	3,348
1966	306,902	229,413	133,856	95,557	32,729	19,811	39,631	3,386
1967	305,412	226,598	131,726	94,872	32,699	19,084	39,609	3,480

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

Mr. FOLEY. Thank you very much, sir.

We appreciate your testimony this morning. Mr. Myers?

Mr. MYERS. No, sir.

Mr. FOLEY. Mr. Vigorito?

Mr. VIGORITO. No, sir.

Mr. FOLEY. Mr. Sisk?

Mr. SISK. No questions.

Mr. FOLEY. There are no questions, Mr. Mercker.

Mr. MERCKER. It looks like they are afraid of me because I have been tainted by fighting with the boys in New York.

Mr. FOLEY. I think it reflects that we are in agreement with your statement.

Mr. MERCKER. Thank you.

Mr. FOLEY. The next witness is Cliff Hagen of the Steering Committee, Managers Advisory Committee, National Potato Council, and also executive secretary of the Red River Valley Potato Growers Association, East Grand Forks, Minn.

STATEMENT OF CLIFF HAGEN, STEERING COMMITTEE, MANAGERS ADVISORY COMMITTEE, NATIONAL POTATO COUNCIL; AND EXECUTIVE SECRETARY OF THE RED RIVER VALLEY POTATO GROWERS ASSOCIATION, EAST GRAND FORKS, MINN.

Mr. HAGEN. Mr. Chairman, members of the committee, I apologize for not having a printed report of what I was going to say. I would just like to add a few things. For 15 years, I have been a member of the American Farm Bureau and added this to a lot of other testimony. I realize that in our area, the big percentage, probably 75 percent or greater, of the growers are members of the Farm Bureau. I do not know of any of these growers that oppose this bill. We have had no dissent from any members and basically, our people are conservative.

We are also members of the United—I believe this was mentioned that United has a program. We realize that United as a division and as an organization, we realize that they have had a very limited budget and can do a limited amount of promotion. I understand their last potato specific promotion was in 1966 in California and it was not good enough to continue. It is not in use at the present time.

We have supported the United Potato Council's promotion bill. We have paid our dues this last year for this voluntary promotion. We hope our growers are waiting for this bill with the anticipation that, as a united effort, we can do more for each other. We need promotion from each crop area. I think when Florida is in season, if we have men on the road promoting but we hit them for six months when another market area comes in; there is no sustained promotion, no contact with markets. We cannot, of course, afford advertising as we think potatoes should be promoted.

I believe this is the position of our entire membership. We have about 1,500 growers in the Red River Valley and I would appreciate any questions you might ask of me.

Mr. FOLEY. Thank you, Mr. Hagen. Mr. Myers?

Mr. MYERS. No questions.

Mr. FOLEY. Mr. Vigorito?

Mr. VIGORITO. No questions.

Mr. FOLEY. Mr. Sisk?

Mr. SISK. No questions.

Mr. FOLEY. Thank you, Mr. Hagen.

Are there any others in the hearing room who are not listed to testify, but who would like to make a statement either in support of or in opposition to this legislation?

(No response.)

Mr. FOLEY. If not, the Chair wishes to express its appreciation not only to the witnesses but to the subcommittee for their attendance at these hearings.

The record will remain open for a period of 10 days to receive any additional communications on the legislation, after which the subcommittee will meet in executive session to further consider this legislation.

Accordingly, the Subcommittee on Domestic Marketing and Consumer Relations will stand adjourned, subject to the call of the Chair.

(Whereupon, at 11:30 a.m. the subcommittee adjourned, subject to the call of the chair.)



