

1032

91144
Ag 8/2
P 84/5/969

POTATO RESEARCH AND PROMOTION ACT

Y
4
Ag 8/2
P 84/5
969

GOVERNMENT
Storage

HEARING

BEFORE THE

SUBCOMMITTEE ON AGRICULTURAL PRODUCTION,
MARKETING AND STABILIZATION OF PRICES

OF THE

COMMITTEE ON AGRICULTURE AND FORESTRY UNITED STATES SENATE

NINETY-FIRST CONGRESS

FIRST SESSION

ON

S. 1181

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

MAY 8, 1969

Printed for the use of the Committee on Agriculture and Forestry



U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1969

KSU LIBRARIES
11500 695532
A

COMMITTEE ON AGRICULTURE AND FORESTRY

ALLEN J. ELLENDER, Louisiana, *Chairman*

SPESSARD L. HOLLAND, Florida

JAMES O. EASTLAND, Mississippi

HERMAN E. TALMADGE, Georgia

B. EVERETT JORDAN, North Carolina

GEORGE McGOVERN, South Dakota

JAMES B. ALLEN, Alabama

GEORGE D. AIKEN, Vermont

MILTON R. YOUNG, North Dakota

JACK MILLER, Iowa

CARL T. CURTIS, Nebraska

MARLOW W. COOK, Kentucky

ROBERT J. DOLE, Kansas

COTYS M. MOUSER, *Chief Clerk*

SUBCOMMITTEE ON AGRICULTURAL PRODUCTION, MARKETING, AND STABILIZATION OF PRICES

SPESSARD L. HOLLAND, Florida, *Chairman*

B. EVERETT JORDAN, North Carolina

HERMAN E. TALMADGE, Georgia

GEORGE McGOVERN, South Dakota

JAMES O. EASTLAND, Mississippi

MILTON R. YOUNG, North Dakota

JACK MILLER, Iowa

CARL T. CURTIS, Nebraska

MARLOW W. COOK, Kentucky

(II)

CONTENTS

Statement of—

	Page
Burdick, Hon. Quentin N., a U.S. Senator from the State of North Dakota.....	11
Burns, Doyle, executive director, National Potato Council.....	13
Clark, David R., Washington State Potato Commission, Grandview, Wash.....	60
Datt, John C., assistant director, Washington Office, American Farm Bureau Federation.....	62
Esplin, Dalyle, executive secretary, Potato Growers of Idaho, Blackfoot, Idaho.....	77
Falconer, Norman A., Far-South Growers Cooperative Association, Goulds, Fla.....	84
Fox, Basil S., acting executive vice president, Maine Potato Council, Washburn, Maine; also representing the Maine Potato Commission.....	58
Goldwater, Hon. Barry, a U.S. Senator from the State of Arizona.....	78
Gumlia, Mrs. Glenn, Red River Valley Potato Growers Association, Crookston, Minn.....	36
Hagen, Cliff, executive secretary, Red River Valley Potato Growers Association, East Grand Forks, Minn.....	83
Hampton, Robert N., director of marketing and international trade, National Council of Farmer Cooperatives.....	79
Jablonski, Ted, vice president, Arizona Potato & Onion Grower-Shipper Association, Phoenix, Ariz.....	76
James, Vernon G., North Carolina Potato Growers Association, Elizabeth City, N.C.....	59
Jeffrey, Ardell, president, Red River Valley Potato Growers Association, East Grand Forks, Minn.....	83
Johnston, Don M., vice president, National Potato Council, Bakersfield, Calif.....	56
Jordan, Hon. B. Everett, a U.S. Senator from the State of North Carolina.....	78
Jordan, Hon. Len B., a U.S. Senator from the State of Idaho.....	12
Knoflieck, Louis, president, Potato Certification Association of Nebraska, Alliance, Nebr.....	83
Krause, J. Charles, Director, Marketing Division, Office of the General Counsel, U.S. Department of Agriculture.....	45
Lynn, John C., executive vice president, Florida Farm Bureau Federation, Gainesville, Fla.....	82
McCaleb, W. F., Jr., executive vice president, Association of Virginia Potato & Vegetable Growers, Belle Haven, Va.....	69
Magnuson, Hon. Warren G., a U.S. Senator from the State of Washington.....	11
Mercker, Albert E., executive secretary, Vegetable Growers Association of America.....	72
Mondale, Hon. Walter F., a U.S. Senator from the State of Minnesota.....	10
Moors, John, president, Maine Potato Council, Houlton, Maine.....	61
Muskie, Hon. Edmund S., a U.S. Senator from the State of Maine.....	79
Nicholson, Paul A., Deputy Director, Fruit and Vegetable Division, Consumer and Marketing Service, U.S. Department of Agriculture.....	41
Parr, Clarence, vice president, Potato Growers of Idaho, Burley, Idaho.....	74
Paul, James D., Potato Growers Association of California, Bakersfield, Calif.....	80
Pusateri, Francis P., executive manager, Potato Growers Association of California, Bakersfield, Calif.....	77
Scott, John W., master, National Grange.....	53
Smith, Hon. Margaret Chase, a U.S. Senator from the State of Maine.....	10

Statement of—Continued

Stastny, Edwin J., chairman, Oregon Potato Commission, Malin, Oreg.....	81
Trank, Warren, secretary, Nebraska Potao Council, Alliance, Nebr.....	81
Wright, Headlee, president, National Potato Council, Monte Vista, Colo.....	55
Young, Hon. Milton R., a U.S. Senator from the State of North Dakota.....	9
Miscellaneous documents:	
S. 1181, 91st Congress.....	1
Department report on S. 1181.....	7
Estimated annual assessments from potato producers.....	46
Potato production, acreage and yield.....	47, 72
Potato utilization.....	49, 72
Number of potato farms, by size.....	50

POTATO RESEARCH AND PROMOTION ACT

THURSDAY, MAY 8, 1969

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

The subcommittee met, pursuant to notice, at 10:05 a.m., in room 324, Old Senate Office Building, Senator Spessard L. Holland (chairman of the subcommittee) presiding.

Present: Senators Holland, Talmadge, Young of North Dakota, Curtis, and Cook.

Senator HOLLAND. The subcommittee will please come to order.

The subcommittee is holding hearings today on S. 1181, to authorize a research and promotion program for potatoes, much like that provided for cotton by the Cotton Research and Production Act approved in 1966.

The subcommittee held hearings on a similar bill, S. 2862, last year. The program would be financed through assessments of not more than 1 cent per hundred pounds of potatoes collected from producers by handlers.

Any producer who did not desire to support the program could obtain a refund of his assessments. Producers growing less than 5 acres of potatoes would not be subject to the act.

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

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

(The bill and copy of the report follow:)

[S. 1181, 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 is essential in the public interest, through the exercise of the powers pro-

vided 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 programs 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;

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 of 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, insurance, 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 officers 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 direction 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 or forfeiture; but no individual shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that any individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

REQUIREMENT OF REFERENDUM

SEC. 14. The Secretary shall conduct a referendum among producers who, during a representative period determined by the Secretary, have been engaged in the production of potatoes for the purpose of ascertaining whether the issuance of a plan is approved or favored by producers. No plan issued pursuant to this Act shall be effective unless the Secretary determines that the issuance of such plan is approved or favored by not less than two-thirds of the producers voting in such referendum, or by the producers of not less than two-thirds of the potatoes produced during the representative period by producers voting in such referendum, 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.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., April 18, 1969.

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

DEAR MR. CHAIRMAN: This is in reply to your request of March 3 for a report on S. 1181. 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 those in 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", as contained in the National Potato Research and Promotion Bill in the 90th Congress (S. 2862 dated January 23, 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 products.

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 sentence 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 10, 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 this 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,

CLIFFORD M. HARDIN,
Secretary of Agriculture.

Senator HOLLAND. I understand we have several witnesses set for this morning. The first is Senator Young of North Dakota, one of the sponsors of the bill.

Senator Young.

STATEMENT OF HON. MILTON R. YOUNG, A U.S. SENATOR FROM
THE STATE OF NORTH DAKOTA

Senator YOUNG. Thank you, Mr. Chairman.

I am most grateful, as are the other sponsors, for your holding this hearing this morning. I know something about the terrific schedule you have had all through this session.

The legislation before us today is sponsored by 15 Senators, including myself, and would permit the establishment of a national potato promotion program in order to assist potato producers to expand markets and improve their products.

This is a serious attempt, through self-help legislation, to permit a commodity group to deal with pressing problems of their industry.

While potatoes are one of the most important crops grown in this country, they are not a price-supported commodity. There are no guaranteed prices, acreage allotments, or loan programs.

With potatoes at the mercy of a competitive market and confronted with a static demand, it has been impossible to maintain a reasonable and stable market for the grower. Largely because of this, we lost 55 percent of our potato farmers between 1955 and 1964. Over one-half were eliminated in 5 years.

Mr. Chairman, I do not know of a more risky crop to grow than potatoes. You certainly gamble when you go into that business.

Part of the problem has been the inability of the industry to do anything to improve the overall quality of fresh potatoes sold in retail stores.

Many Members of Congress have received complaints from their constituents about the poor quality of potatoes offered for sale.

Under this proposed legislation, the growers will be able to make more effective efforts to upgrade and improve the product available to the consumer.

Many people have cut down or quit eating potatoes entirely because they think potatoes are a fattening food. They are not. They supply substantial amounts of vitamin C and the B vitamins 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.

This is enabling legislation which would allow potato farmers to decide by referendum whether they want to conduct and pay for marketing research, public relations, and promotion projects and to be able to offer an improved product to the consumer.

It would require a two-thirds majority vote by producers to establish a program under this proposed act.

If at any time the program were not successful, it could be voted out by a simple majority. Even with a program in effect, growers who do not wish to participate could request and receive a refund of any funds withheld from their sales. This is much the same as the wheat program we have in North Dakota, the wool program, and some others.

A national potato promotion board composed of growers would be selected to design and carry out the program. The members of the promotion board would be appointed by the Secretary of Agriculture from nominations submitted to him by potato producers.

Mr. Chairman, potato farmers should have a chance to accept or reject this program. It is my understanding that this legislation is supported by every potato grower's association, commission, or other organized group exclusively representing potato growers.

It has been actively supported by many equipment manufacturers, supply firms, and chemical companies which depend on the potato industry.

Mr. Chairman, I hope the committee will take favorable action, and soon.

Thank you.

Senator HOLLAND. Thank you, Senator Young.

I have a note from Senator Margaret Chase Smith, who was the author of a similar bill on which we conducted hearings last year, and endeavored to report it out, but could never get a majority of the committee to constitute a quorum in the closing days of the Congress, which is when the question came up.

Senator Smith, still supporting this bill vigorously, asks that her statement appear in the record at this point, and unless there is objection I will place it in the record, at this time.

I also have some statements from other Senators who wish their support to be shown in the record.

One by Senator Mondale of Minnesota. Without objection his statement will be placed in the record.

One by Senator Burdick of North Dakota. Without objection, I ask that his statement appear in the record.

One by Senator Magnuson of Washington. Without objection I would ask that his statement appear in the record.

And one by Senator Jordan of Idaho, and without objection I ask that his statement appear in the record.

(The statements referred to follow:)

U.S. SENATE,
Washington, D.C., May 6, 1969.

HON. SPESSARD L. HOLLAND,
Chairman, Production-Marketing-Stabilization Subcommittee, Committee on Agriculture, U.S. Senate, Washington, D.C.

MY DEAR MR. CHAIRMAN: I wish to request you and the members of your subcommittee to report favorably on S. 1181. You may recall that I introduced this legislation in the 90th Congress.

Its enactment would mean much to the potato growers of Maine.

I would appreciate my letter being placed in the record of the hearing.

Sincerely yours,

MARGARET CHASE SMITH,
U.S. Senator.

STATEMENT OF HON. WALTER F. MONDALE, A U.S. SENATOR FROM THE STATE OF MINNESOTA

The proposed legislation under consideration in this hearing on S-1181 is an example of "Self-Help" legislation. A program such as this Act will authorize a departure from many of the farm programs of past years.

Potatoes are faced with one of the most unstable markets of any farm commodity. Part of this can be blamed on the static demand for potatoes. We simply do not eat more potatoes when there are too many. As a result of this instability, and other factors, many potato farmers have either gone bankrupt or quit the potato business because of the high risk involved. Over one-half of our potato farmers dropped out in a recent five year period.

Another problem for the potato people has been the unfortunate image of the potato as a fattening food. This has come at a time when most of Amer-

ica was becoming duly alarmed over obesity and heart trouble. Many people have quit eating potatoes because they think they are high in calories, but the truth is they are lower in calories than most of the other foods found in the average American diet.

Thus it becomes clear that the potato industry does have some serious problems. This legislation is designed to assist the potato industry in solving some of these problems. But before this Act can become effective, the potato growers must demonstrate through their own initiative that they are ready and willing to support the plan that has been developed.

Potato growers in my state of Minnesota are ready to demonstrate this initiative if they are given the tools to do so contained in S. 1181. The largest grower organization in the state is the Red River Valley Growers Association, which strongly supports S. 1181.

They do so because of the importance of this crop in the state's economy and because, as growers, they face the same problems that afflict the industry in general.

In 1968 Minnesota growers planted more than 100,000 acres in potatoes. In the previous year, the latest for which dollar figures are available, potatoes returned Minnesota growers an estimated \$16,800,000 in sales at the farm level.

Growers in my state are ready to join other growers to design their own program with the approval of the Secretary of Agriculture. They will collect the funds to pay for that program. It will be their responsibility to see that the program is a success.

Potatoes are an important part of the total economy of this country. They are literally a billion dollar crop at the retail level. Potatoes make an important contribution to the nutritional needs of this country. It is important to the general welfare of the Nation that the potato industry continues as a strong and viable group. This legislation will materially assist the potato industry in meeting that obligation.

Under the provisions of this Act the potato people will be able to supply a better product to the consumer; they can develop new and better methods of handling the product; new products from potatoes can be developed; and last but not least, the true nutritional story about potatoes can be presented to the consumer.

STATEMENT OF HON. QUENTIN N. BURDICK, A U.S. SENATOR FROM THE
STATE OF NORTH DAKOTA

Mr. Chairman: It is indeed a pleasure to add my voice in support of S. 1181, the Potato Research and Promotion Act.

A program conducted under the provisions of this Act could be extremely helpful in improving the position of the potato in its continuing competition with other foods. I think it is true that in the minds of a great portion of our population the potato does not enjoy a savory image. I welcome, as I understand a majority of North Dakota producers do, this effort to educate the consumer about the seldom praised, oft maligned potato.

"Selling" the potato is only half the story. The most aggressive promotion effort is, and should be, destined for failure if the potatoes available in retail outlets are inferior in quality. This bill recognizes that fact. One of the principal objectives of the program is the improvement of potatoes found in retail markets, thus insuring that the consumer will be able to give the potato a fair test.

Mr. Chairman, I thank you for the opportunity to make my views known on this bill. I am hopeful the Senate will complete action thereon at the earliest possible date.

STATEMENT OF HON. WARREN G. MAGNUSON, A U.S. SENATOR FROM THE
STATE OF WASHINGTON

Mr. Chairman, as a co-sponsor of this act there are a number of points I would like to emphasize. In my own State of Washington we are keenly interested in improving marketing and promotion of the potato, since Washington State now ranks fifth among the fifty States in crop size and acreage under cultivation. Last year for example, we harvested 65,000 acres of potatoes in the State of Washington. There have been dramatic advances in the potato industry in the State of Washington over the past 14 years through a cooperative, self-help program which has dealt largely with research in the cultural and disease

areas. Most of this work is financed through the State potato commission, by which the producers assess themselves and the funds go toward promotion and research. During this period of time, our yields have tripled and the number of acres in production have doubled. Other States also have programs.

However, recently the potato has been down-graded in importance in the American diet through a campaign of advertising and the awareness of physical fitness and weight control.

I don't think that I have to tell you that the potato is a very good source of iron and vitamins, especially vitamin C.

The potato has long been a staple in the American diet and I don't believe it deserves the down-grading it has recently taken. The potato research and promotion act which I am co-sponsoring will allow the growers and the industry as a whole, to embark upon a program of more efficient marketing and promotion, coordinated at a national level. Of great importance is the fact that while the program would fall under the jurisdiction of the Secretary of Agriculture and calls for the creation of a national potato promotion board, it would be financed by the potato people themselves through assessments to be set by the Secretary of Agriculture and the national potato promotion board. The cost to the grower is very minimal when weighed against the benefits he can receive, but the act provides that an individual producer will have the right to demand and receive from the board, a refund of any assessment, should he not support the research and promotion program.

In short, Mr. Chairman, I feel this act maintains all the safe-guards and integrity for the individual producer, and at a minimal cost gives him the advantage that is necessary, on a broad scale, to restore the potato to its rightful place in the American diet.

STATEMENT BY HON. LEN B. JORDAN, A U.S. SENATOR FROM THE STATE OF IDAHO

Mr. Chairman and members of the Committee: The State of Idaho harvests more than 300 thousand acres of high quality potatoes in an average year which yields about 64 million hundredweight. This is much more than any other state and is about $\frac{1}{2}$ of the total U.S. potato production.

Our Idaho Potato and Onion Commission has done an outstanding job in advertising these fine products and has assisted in various research programs, but much remains to be done. The potato processors in our State have also cooperated fully and as a result the market for our potato products has expanded so we now sell these as frozen, canned, and dehydrated as well as fresh, in nearly every state and many foreign countries. In a dry compact processed form, potato flour may be shipped great distances with a minimum of cost and damage and can then be a base for a balanced and appetizing meal. It is rich in minerals and has essential vitamins necessary for nutritional requirements.

Great strides have been made in recent years not only in processing but in storing, marketing and transporting these fine foods. All foods face tough competition, however, and we cannot rest on past accomplishments. We must improve our seed and build our producing soils with needed minerals; we need better cultivating, irrigation and harvesting methods as well as to improve our marketing and transportation. Potato producers, processors and sales agencies must also keep the public fully informed on the advantages of having potatoes in their diet.

This bill will furnish a method for potato producers to set up their own research and promotion machinery. The producers can then, if they wish, abolish the program if they feel it is not effective or too costly. After all it will be principally the grower's money which will be spent.

I hope this Committee will consider all the factors involved in this proposal and judge the bill on its merits. I thank you for the opportunity to give my views.

Senator HOLLAND. Are there further statements by Senators or House Members which have been communicated to us?

I am advised there are not.

The first industry witness that I call upon is the executive director of the National Potato Council, Mr. Doyle Burns.

Is Mr. Burns present?

Have a seat, please, and we will be glad to hear you. You may proceed.

STATEMENT OF DOYLE BURNS, EXECUTIVE DIRECTOR, NATIONAL POTATO COUNCIL

Mr. BURNS. Mr. Chairman and members of the subcommittee, it is a pleasure for me to be here, and I appreciate the opportunity, and the effort which you have in calling this hearing.

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.

Mr. Chairman, with your permission, I would like to state for the record that there are a great many potato farmers throughout the United States who were ready and willing to be here in person today to testify on behalf of S. 1181. But because this bill has been up for consideration several times before, and this happens to be a very busy time of the year for most farmers, we advised the proponents of this issue that their support is recognized and that they should not feel obligated to make the sacrifice of leaving their farmwork at this time to appear here before this hearing.

Senator HOLLAND. Mr. Burns, have any of the organizations which supported the bill last year withdrawn their support?

Mr. BURNS. No, sir; they have not.

Senator HOLLAND. In particular, the Florida organization which, before last year, had sometimes opposed this approach but did support it last year; have they changed their position?

Mr. BURNS. No, sir. To my knowledge they have not. I have been in conversation with them, and they have indicated to me that they do support it.

Senator HOLLAND. All right. Proceed.

Mr. BURNS. People are present today literally from Maine, California, Washington, and North Carolina. This might well have been Florida but for the fact that the potato harvest in Florida is in full swing at the present time, which precludes their being here.

We believe the actual grower support for this proposal is even greater today than it has ever been since the original measure was introduced last year.

Commodity groups within the agricultural community of this country have developed along two general paths in their efforts to

strengthen their relative position or to solve their basic industry problems.

No. 1 is the commodity which has been manipulated through Government programs, directives, or incentives to achieve certain goals.

Such efforts are mandatorily imposed upon the commodity either in the interest of the commodity itself or in the interest of the general welfare of our society.

Any restrictions or limitations are compensated for through outright payments, guaranteed loans, or subsidized prices. This has been the most popular program for the past 35 years.

The second system has developed and is presently being explored and expanded primarily because the people within the various commodity groups have reached the conclusion that they, themselves, know best what is good for their industry. This represents a maturity and an acceptance of responsibility on the part of farmers which was not indicated until recent years. There are compelling reasons why this relatively new concept in farm programs can and should be supported.

The makeup of our society has changed. We have become an urban nation in which farmers are now an insignificant numerical minority.

The problems of urban areas—poverty, education, pollution, and crime—have come to the forefront. No one belittles the contributions of agriculture, but problems other than agricultural, and more important the cost of these problems, dictates the curtailment or termination of some unfinished programs in agriculture. This is another example of the squeakiest wheel and the buggy carrying the biggest load of people.

It is important to the welfare of the Nation and the world that U.S. agriculture be economically sound, physically aggressive, and financially solvent. We believe this can best be accomplished by shifting the responsibility for farm programs from Government onto the shoulders of the farmer, if and when the farmer demonstrates a willingness to accept that responsibility.

All commodity groups will not and should not be expected to attain this degree of responsibility simultaneously. We are on the threshold of a new concept in farm programs in which farmers will be working together to solve their mutual problems rather than holding an attitude of getting something for nothing.

I believe the potato industry is ready to undertake the obligations of this new concept. The proposed legislation before this committee today is the first public step toward that goal.

Many long hours were spent within the potato industry in hammering out the provisions of S. 1181. Throughout these deliberations there was complete agreement that any program developed must seek to instill or create a loyalty to the program on the part of the grower. Some of these steps are as follows:

First, the growers must design their own program. The proposed legislation 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.

The only opposition this proposal has encountered has come from one of the general farm organizations. This opposition is based upon an alleged conflict between their general policy and the provisions of this act.

While I may not agree with their position or their policy, I must respect their right to take that stand. On the other hand, I have made rather extensive inquiries among their members, both potato growers and nonpotato growers, and I have found no great sympathy whatsoever with the policy which they propound. Many of the State affiliates are, in fact, on record in support of this legislation.

The charges against this legislation are in three general areas:

1. The Federal Government or Secretary collects the funds.
2. The Secretary would administer the program.
3. The Secretary would have veto power over the program.

In answer to these charges: First, the Secretary does not collect the funds. They are withheld from the producer's proceeds by the responsible handler and paid directly to the Potato Promotion Board. I specifically refer to section 10(a), wherein it states: "The handler—shall be responsible—for payment to the Board of any assessment levied on potatoes."

In order that there shall be no misunderstanding, we would like to clarify this by saying that the Congress, through this legislation, is authorizing the Board to collect the funds with the Secretary as an observer to assure all concerned that the Board is within the scope of this legislation.

Second, with reference to the charge 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 cost 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 affiliate of the Nutritional 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.

Most of the objections to this legislation have been based on the promotional, paid advertising aspects of the proposed act.

In our opinion, the promotional paid advertising phase of the program will be of no greater importance than some of the other possibilities provided by this bill.

To the gourmet from the Deep South, there is nothing that can compare with small new potatoes. They are truly a luxury food. Markets may well be extended beyond present limits through market research and improved handling methods.

On the other hand, the fall crop could best be served by perhaps exploring new foreign markets or possibly developing new processed forms to utilize the lower grades remaining when the stricter grading for the fresh market is launched. There are numerous possibilities for expansion of uses because of the versatile properties of the potato itself.

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.

Senator HOLLAND. On that point, you mean the amendments proposed by the report of the Secretary of Agriculture are acceptable?

Mr. BURNS. Yes, they are acceptable.

Senator HOLLAND. To the sponsors of this act?

Mr. BURNS. Yes.

Senator HOLLAND. All right.

Senator YOUNG. Could I ask one question? You mentioned exports. Twenty years ago we did not believe it was possible to export potatoes, but we are now exporting a considerable amount of processed potatoes, and even some fresh potatoes.

Mr. BURNS. Senator, the fresh potato itself is about 80-percent water, and this causes a problem when it comes to exporting. But we used to export potatoes to Cuba. But, of course, that is out. Most of the export possibilities, as I visualize it would be in a dehydrated form because there are no facilities to cool the potatoes or take care of them, once they get on the high seas or get into many of these countries.

Senator CURTIS. Mr. Chairman—would you yield at that point?

Are you familiar with what has been done in the way of experimenting, and it has gone beyond experimenting, with the use of atomic rays to prolong the life and the quality of potatoes? The program at Natick, Mass., and I think elsewhere, shows that a low dosage of atomic rays will add months to the life of the potato without dehydration, and they do not sprout, they do not get old and soggy, and this may have real value in lengthening the marketing life and, particularly, for the purpose of export.

Mr. BURNS. Senator, this has been, as you say it is, beyond the experimental stage. To this point radiation has not been used extensively, as I understand, for the—to kill the sprouting capabilities of the potatoes,

primarily for the reason that potatoes are a low-volume, low-margin product, and the cost of the equipment to do this is yet to be justified. I think the time will come when it will be.

Senator CURTIS. The equipment would have to be used for many products.

Mr. BURNS. Yes.

Senator CURTIS. For instance, if we prolonged the life of our strawberries from, perhaps, a couple of days to maybe 2 weeks, that widens the market tremendously. I do not mean to digress here, but the problem has been the fight with the Federal Food and Drug Administration.

They approved a couple of products, and as of about 7 or 8 years ago, they were studying the thing as to other products, and this last year they withdrew the approval on bacon, and I forget the other one.

But you will be interested in knowing that the University of Nebraska has obtained an irradiator and is trying to get started all over again at this process, to meet the objections which have been raised by the Food and Drug Administration. There are many people who disagree with the Food and Drug Administration.

Mr. BURNS. Under this legislation it would be possible to finance a project along this line, if it was necessary. This could be further explored under the provisions of this act.

Senator CURTIS. Dr. Burt Maxcy of the University of Nebraska has submitted a proposal to the Atomic Energy Commission, and this would just be a meager start, but it will likely be a start. The AEC has funded the first phase of the Maxcy project.

Mr. BURNS. Mr. Chairman, there is one other project with respect to the export of potatoes and the development of the export market for potatoes which, it seems to me, certainly should be explored, and that is the possibility of using dehydrated potatoes as the base, with the addition of whole milk solids, or soybean flour, some high protein supplement, which would make a compact, easily transported, completely balanced, appetizing food that could be shipped to any corner of the world, and this problem of feeding the hordes of people that they tell me they are going to be faced with in the very near future.

Now, I recognize that there are many areas of the country which produce potatoes and also produce grain, and there might conceivably be a conflict in some areas.

However, there are many areas in the United States that cannot produce grain, and they can raise potatoes, and this would be their contribution to this program if it ever becomes necessary to feed large groups of people.

Senator HOLLAND. Well, the Senator from Nebraska has just pointed up the fact that experimentation in the field of making foods more useful has not been completed. It is going on. I do not know about the method he has suggested in this field, but in other fields, our point is under this act if such experimentation proved to be desirable relative to their potatoes, moneys raised under this act would be available.

Mr. BURNS. It could be lawfully used for that purpose.

Senator HOLLAND. Proceed.

Mr. BURNS. 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.

Senator HOLLAND. At that point, how many States have a commercial potato production?

Mr. BURNS. I believe you could almost say 48 of them. There is some commercial production in practically every State in the Union.

However, there are several of them, and there would be probably—I am guessing now—I would say eight or 10 probably would be, such a minor amount. This act would cover any grower with 5 acres or more, the thinking being that less than 5 acres is not a commercial grower, he is not going in to sell.

Senator HOLLAND. Proceed.

Mr. BURNS. 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.

This hearing today represents the fourth such opportunity for potato growers to express their support or opposition to this proposal.

Prior to today's hearing over one hundred witnesses have testified on this or similar legislation. Approximately 70 percent of those testifying have been actual potato growers. Not a single one—not one—has been in opposition to this proposal.

The potato industry in years past has repeatedly come before Congress seeking potato legislation and invariably the industry has slaughtered itself because members could not agree. All too often such disagreements resulted in demoralization of the industry.

This time it is a different story. Potato farmers from Florida to Washington and Maine to California have appeared to support this measure. To my knowledge, not a single potato grower organization in this country has voiced opposition. Most of them are on record as supporting this proposal. This is a unique experience for the potato industry.

I believe the potato farmers should have an opportunity to accept or reject this proposal. 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.

Mr. Chairman, the balance of my statement concerns the technical parts of the act and, with your permission, I would like to file it.

Senator HOLLAND. Without objection it will be placed in the record. (The statement above-referred to 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, fed 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 reach—in 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 system should also be flexible in order to adjust to changes in production in the various producing areas.

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

The Board should draw up rules and regulations for its own operation. Such directives may be incorporated as the Bylaws of the Potato Promotion Board, but all such rules or regulations need not necessarily be a part of the 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 semi-colon, 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 payment 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 12b, I would recommend that the word "willfully" be struck wherever it appears in this section. Any person who fails or refuses to remit any assessment for which he is liable under this Act shall be liable to criminal prosecution. Unpaid assessments may be collected under civil suit.

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

Whenever the Secretary determines that a referendum is in order we believe that any person who is eligible to vote must produce at least five or more acres of potatoes each year and further that such producer must have produced potatoes during the two previous calendar years prior to the time the referendum is held. Two-thirds of those producers voting in a referendum should support the proposal or at least two-thirds of the production represented by those voting should be in favor of the proposal. Ballots should be secret and such ballots

should have suitable spaces for voting both as an individual and that producer's production. Section 14 requires that any one producer's vote or his production must be kept confidential, but such confidentiality should refer only to the referendum. Any person who wishes to vote may be required to produce proof of his eligibility. Proof that non-producers have voted or that production figures for any producer or non-producer have been misrepresented on the ballot should be sufficient cause for disqualifying such ballot.

The Secretary can call a referendum to see if a Plan will continue to operate when requested to do so by the Board, or if ten per cent of the growers request a referendum. Any referendum to terminate or suspend such Plan should allow sufficient time to close out all Board business. Any such referendum should 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 powers delegated to the Secretary.

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

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

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

The Secretary must establish a Potato Promotion Board.

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

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

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

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

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

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

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

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

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

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

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

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

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.

Senator HOLLAND. I notice you emphasize that after a time or two that this is the first proposal for a national agreement covering the fields included in this Act on a perishable commodity.

Mr. BURNS. Yes, sir.

Senator HOLLAND. There have been many such programs covering these fields and other fields on less than a national basis by many perishable commodities, have there not?

Mr. BURNS. Yes, sir. There are some in operation now.

Senator HOLLAND. The point is that this is the first time a national program has been made possible, if this legislation be passed.

Mr. BURNS. Yes, sir. We are rather proud of the fact that the potato industry has been able to get together. As you know, this was quite an accomplishment for potato people to agree this nearly unanimously on any one thing.

Senator HOLLAND. Yes. I think the record should show that on earlier proposals, there has been considerable disagreement. For instance, the producers of so-called new potatoes in my State and elsewhere in the South, which is a somewhat different product—

Mr. BURNS. Yes, sir.

Senator HOLLAND (continuing). Have objected heretofore, and there have been objections from some States which have felt that their potatoes have qualities that are some better than those produced elsewhere.

Now, I think that the common cause they made indicates that all the potato producers realize they—have realized they have enough kin to where they ought to recognize their own troubles. Is that the situation?

Mr. BURNS. We hope they recognize it.

Senator HOLLAND. Apparently they do, if there is no organized potato opposition of any kind known to exist to this bill. That is the fact, is it not?

Mr. BURNS. That is my understanding. We have had no communications of opposition.

Senator HOLLAND. All right.

Do your statements which we have just incorporated into the record contain a discussion of the amendments proposed by the Secretary of Agriculture in his report?

Mr. BURNS. Yes, sir. It includes basically the amendments that they are proposing.

Senator HOLLAND. It shows your approval of the attachment of the amendments proposed by the Secretary—

Mr. BURNS. Yes.

Senator HOLLAND (continuing). To the original text of the bill?

Mr. BURNS. Yes; it does.

Senator HOLLAND. Thank you.

Senator YOUNG. I have no questions.

Senator TALMADGE. Thank you, Mr. Chairman.

Mr. BURNS, I believe the bill provides that this act is limited only to the species of potatoes commonly referred to as Irish potatoes. It does not include what we call sweet potatoes that we produce in the Southeast?

Mr. BURNS. No, sir; as of now it would not.

Senator TALMADGE. Have you had any cooperation or exploration with them, whether or not they are interested in getting into any such program?

Mr. BURNS. I personally have not contacted the sweet potato people. I do not know. The reports that I hear of the people within the industry, I suspect probably that they might be interested.

Senator TALMADGE. Your organization though is entirely separate from theirs?

Mr. BURNS. Yes, sir; we are confined strictly to Irish potatoes.

Senator TALMADGE. What is your organization—a national potato council? Do the sweet potato growers have any such organization, to your knowledge?

Mr. BURNS. The sweet potato people have a national organization.

Senator TALMADGE. I knew they had a State organization. I did not know whether they had a national organization.

Mr. BURNS. I believe their national organization is fairly new.

Senator TALMADGE. Of course, their product is somewhat different, and I do not know that you would share a community of interest. You

might both be interested in expanding your markets, though, in a somewhat similar way.

What does this bill provide, does it require a two-thirds referendum for approval on adoption?

Mr. BURNS. Yes, sir; It must be approved by two-thirds of the volume going into the referendum or two-thirds of the growers voting.

Senator TALMADGE. Either/or?

Mr. BURNS. Either/or. But if it is two-thirds of the growers it must represent at least 50 percent of the production.

Senator TALMADGE. I see. What is the assessment provided by the bill on each bushel or hundredweight of potatoes? What is your unit of measurement and what are your costs?

Mr. BURNS. We are speaking in terms of a hundredweight, and the maximum assessment would be 1 cent. It can be less, but it cannot be more.

Senator TALMADGE. Anyone who objects can claim a refund; is that the idea?

Mr. BURNS. Yes, sir; all they have to do is show they paid it in the first place, a settlement sheet or something showing they paid it.

Senator TALMADGE. Your bill is patterned somewhat after the cotton bill that we passed?

Mr. BURNS. In that respect, yes.

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

It seems to me to be a reasonable bill, and there is no reason why I cannot support it.

Senator HOLLAND. On the matter of the right to refund, does that exist even if the particular grower may have voted for the national agreement and order?

Mr. BURNS. Yes, sir. The way he votes has no connection with his request for a refund. In other words, a man might support it in the referendum, and then he might feel that the program is not doing what it should and—be doing, and he can still ask for his refund. The only requirement for a refund would be to show that he paid it in the first place.

Senator HOLLAND. Very well.

Senator CURTIS?

Senator CURTIS. How would you know how he voted in the referendum? Is this going to be a secret vote?

Mr. BURNS. We are recommending a mail ballot vote. The various State associations which are supporting this have fairly complete mailing lists of growers in each individual State, and the Department of Agriculture has indicated to us that if we can supply them with these mailing lists that it can be handled by a mail ballot. Each grower, when he votes, will vote his vote as an individual farmer, and his vote based on the tonnage or the production of potatoes that he produces.

Senator CURTIS. My question is will he vote in secret?

Mr. BURNS. Yes. It would be in secret because it would be a mail ballot. He could fill it out at home and send it in.

Senator CURTIS. It would not be identified?

Mr. BURNS. No, it would not be identified.

Senator CURTIS. To the people who count it?

Mr. BURNS. It would not be identifiable.

Senator CURTIS. You could use two envelopes.

Mr. BURNS. It would have to be identifiable because if there was a question concerning the eligibility of a man to vote, then they would have to know that man's name, but it would never be revealed.

Senator CURTIS. If this proposal becomes law, and I do not want you to take time for a long answer, if this becomes law, what do you envisage should be their program the first 5 years, and what good do you think could be accomplished in the first 5 years?

Mr. BURNS. Senator, it seems to me that a program such as this, it would take 5 years to establish the program and be able to realize any results.

I do not believe it is the whole answer to the potato problem.

Senator CURTIS. I do not mean this critically, I just want to be informed about it. What good could you be doing by the end of 5 years? That is what I want to know.

Mr. BURNS. I think one of the things that could be done with it would be to change the image of potatoes with consumers. In other words, we have a very competitive situation within the starchy foods industry. Potatoes as of now have a fairly large share of that market. Over a long period of time potatoes have been going down in consumption, and we find most of this is because people think that potatoes are high in calories. The truth is they are not. If we can get that story across, then we feel that this of itself will enhance the appearance or the image of potatoes, to the consumer.

Senator CURTIS. Is there any more work to be done to find out exactly what are the nutritional properties of potatoes?

Mr. BURNS. Well we have been using the figures released by the Department of Agriculture. They have calorie determinations for all types of food.

Senator CURTIS. I would not restrict it to calories, but I find almost a total void of good information about ordinary food products, what they contain, be it minerals, vitamins, or other properties, but there is just no positive program on that. Any product is apt to be a victim of the diet faddists, and they may have an article in a national magazine several times a month, and it is usually not—you know what they say is not true, but—the best technical and scientific information you can get your hands on to refute it.

Mr. BURNS. That could be developed under this program, and it needs to be presented in a form that the average consumer would understand.

Senator CURTIS. That is right.

Mr. BURNS. And the nutritional advantages is the second part of that particular phase of the program, as I visualize it. One would be the low calorie point; second would be to point up the nutritional advantages of the potato itself. It is substantial.

Senator CURTIS. It is high in vitamin C content.

Mr. BURNS. Other than citrus fruit in Senator Holland's Florida and some of the other Southern States, potatoes supply more vitamin C than any other one except the citrus fruits, but this is not commonly known.

Senator CURTIS. But, in the first years of operation you feel the big thing to be gained would be to get the information to the public that would improve the image?

Mr. BURNS. This is something that will be a gradual process. It will not be a complete turnover the first year the program is in operation.

Senator CURTIS. No, I understand. But you regard that as the main thing to be gained by this program?

Mr. BURNS. I think that would be one of the main things, plus the exploration of new uses, the possibility of developing practical exports. I think this broad is going to be faced with the responsibility of saying "Which one of these projects do you want to tackle first, which one do you think will do the most good," and it will be their decision to decide which one should be pursued first, and to what extent.

Senator CURTIS. That is all.

Senator HOLLAND. Senator Cook.

Senator COOK. One thing that bothers me, and I think you have considered it to a great extent, on page 7 of the act, (g), the very subject we have been talking about in a program of this kind you have to set up a budget well in advance. What shape are you going to be in if you have a deluge of refunds from producers who file for refund within the period prescribed by this section?

Mr. BURNS. Well, Senator, there will be a critical period as I see it, in this program. Assuming that the assessment or the checkoff is going to be 1 cent, I do not see the Potato Promotion Board spending all of that 1 cent the first year. I think a substantial amount—

Senator COOK. What do you figure it will produce the first year?

Mr. BURNS. This is a hard one to determine because you do not know what percent of refunds you will have, you do not know for sure what the rate of collections can be determined, but 1 cent, we think, will raise somewhere between one and a half and 2 million dollars.

Senator COOK. Well, in other words, you feel you would have a safe backlog so this—

Mr. BURNS. This act will allow the accumulation of no more than 2 years budget operations. Once that has been accumulated, then the program will have a little more security in operation. Until that time certainly it is going to be on a fairly narrow margin.

However, during those first years the program must crawl before it walks, and they are going to have to be careful that they do not spend a lot of money that does not show any results.

Senator COOK. I envision this as a section obviously that you put in here to satisfy a great many major growers who would say, "Well, when I want to get out of this thing, can I get out of it?"

I am just wondering whether because it is kind of a satisfactory provision in the act, whether you have taken care of the fact that you can build up a backlog so that you can stand the deluge of refunds.

Mr. BURNS. There is an important part of this program that is hard to explain, and that is growers must have confidence in it from the beginning. I think we have that confidence today because the indications that I have from growers all over the country are that they want it. They think it is something that will do them some good, and we have got to maintain that confidence that we have today.

If the program is a success—now, we get a lot of requests for refunds in this thing, and if we do, this is a pretty sure indication that whoever is operating the program, that the program is not going the way that

these people want it to go and they are going to change it real quick or they are going to lose the support of the entire industry.

Senator Cook. It is a pretty good indication you had better ask for a referendum and submit a new plan.

Mr. BURNS. That would be one indication that they would need to do this.

Senator Cook. Let me ask you, this may sound like a question that will be very simple to answer, but here you are going to build up a program, you are going to build up an advertising program all over the United States, and obviously I hope, and we will hope, that the grower himself will reap the benefits from it.

Do you have any idea or any belief that by reason of the expansion of this program that the States of Hawaii and Alaska may decide to get into the potato-growing program and take advantage of your program and the advantage of your research, and yet not be a part of the act and not have to pay into this fund?

Mr. BURNS. Well, Senator, the production capabilities of Alaska and Hawaii, so far as potatoes are concerned are somewhat limited. Alaska does produce some potatoes. Most of of them are consumed within the State.

Hawaii, to my knowledge, has not produced potatoes. There are production problems relating to tropical areas that make it rather hard to produce potatoes in those tropical climates.

Senator Cook. I merely ask this question because the language of the bill says the 48 contiguous States, and I was just wondering as you move into this research and development and you move into the transportation of potatoes, and you move into the new fields whether the 5-acre-and-above potato growers, for instance, in the State of Alaska may reap the harvest of a very fine program which you envisage, and not be a part of that program.

I do not want to put you in a position of having to get hold of the potato growers in Alaska to see if they agree. I would not do that to you. But I just wonder whether it was necessary to do this if you felt it was extremely necessary not to open up another door.

Mr. BURNS. We felt that the potential was not such that it would ever be a serious problem.

Senator Cook. Because, Mr. Chairman, when we were talking about strawberries, I saw some strawberries in Alaska which looked three or four or five times the size of the beautiful strawberries I have eaten in Florida.

Senator Holland. The Senator is correct. When they have 22 hours of sun during the summer, why, they grow very many hours and they grow very large and they are good.

As to potatoes, they have a problem. The last time I was up there at Matanuska Valley, they had early frost, and the potatoes did not mature. I got some potatoes something as large as this, not as big, and they were not matured when you cut them. There were still in such an amateur state that they could not be used. So they have a real problem up there in potato production, which they do not have in strawberries because they are produced in a much shorter time than we produce them here, and they grow much more rapidly, and they make a much bigger fruit, which is highly delicious.

I hope they can capitalize on strawberry production. I do not believe that they can on potatoes.

Senator COOK. The only thing that bothered me about it was the fact that you consider a producer of 5 acres or more.

Mr. BURNS. These were the ones we felt were commercial growers. Senator COOK. Thank you, Mr. Chairman.

Senator HOLLAND. Is it in the record anywhere a statement of the volume of potatoes commercially produced which would give some indication of the maximum sum that might be collected from the 1 cent per 100 pounds, if that maximum of 1 cent was settled upon as the amount that you levy?

Mr. BURNS. Mr. Chairman, in my statement I have the total, the average annual production, total production. However, this assessment or checkoff would be levied only on those potatoes that are sold, so it would not be that full amount. That is not really a correct figure.

Senator HOLLAND. Do you have a figure there stating for 1 year or for a period of years an average of the amount commercially moved of Irish potatoes used in the 48 continental States?

Mr. BURNS. To my knowledge there is not such a figure, of the ones that were actually sold.

Senator COOK. Mr. Chairman, it might help for the record over and above—it will not delineate between the commercial grower and the grower for his own use—but on page 94 and page 95 of the 1968 Annual Crop Production Summary lists by States and the acreage and the approximate production. You may want those in the record.

Senator HOLLAND. Have you offered for the record this table of production mentioned by Senator Cook?

Mr. BURNS. Not by States. This would be the figure that I have in my testimony. It would be the total.

Senator HOLLAND. The figure in your testimony was taken from the compilation—

Mr. BURNS. Yes, sir.

Senator HOLLAND (continuing). In that particular list?

Mr. BURNS. From the USDA.

Senator HOLLAND. Yes.

Senator TALMADGE. Will the Senator yield? Does that also include your five-acre production?

Mr. BURNS. Yes, it would include total production.

Senator TALMADGE. Do you have any idea of what percentage of production there is on farms five acres or less?

Mr. BURNS. This is in your 1964 Census figures. I do not believe that is in the record. Certainly we can make it available, but there is a breakdown in the Census figures of the various number of farmers between the different acreage classifications. This could be made available.

Senator HOLLAND. Is there someone here to testify for the Department? What is the Department's figure of the potential amount of commercial production from the farms five acres and larger in the 48 continental States?

Mr. NICHOLSON. The 1964 Census would be the best figures we have on that, and this Census shows in 1964 almost 98 percent of the potatoes produced were produced on the farms of five acres or more. In other

words, it is virtually all of them. The small farmer produced comparatively little volume, Senator.

Senator HOLLAND. Well, now, what is the figure, tonnage, either for last year or the average of several years; do you have that figure?

Mr. NICHOLSON. The tonnage for the 1968 crop would be 293,438,000 hundredweights of potatoes. This is the total U.S. crop.

Senator HOLLAND. And the 1-cent collections might be expected if no refunds were asked for, to apply to about 98 percent of that total production; is that it?

Mr. NICHOLSON. Well, the proposed act provides for exempting certain nonfood uses, if the committee that administers or the board that administers the act decides to do so and recommends it to the Secretary and the Secretary agrees.

Now, the nonfood use would exempt certain potatoes. The food use figure for 1967 was 228,528,000 hundredweight.

So there is a rather large volume of nonfood use, like the feed and starch and things like that, as you know, Senator.

Senator HOLLAND. Well, you are going to testify later, are you not?

Mr. NICHOLSON. Yes.

Senator HOLLAND. I suggest that you place in the record at that time the various sets of statistics which the Department can supply, giving us the closest idea that we can gain as to what would be the collection. Of course, nobody can tell what the requests for refund might be at this time.

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

Senator HOLLAND. On that question which was raised by Senator Cook, and I thought well raised, have you considered allowing the privilege of withdrawal after payment as a substitute for the privilege of asking for a refund for the current year?

Mr. BURNS. You mean the individual farmers withdrawing?

Senator HOLLAND. Yes.

Mr. BURNS. We have not considered it for the reason that the original refund is in there. If a man does not want to participate he can get his refund. If he wants to be outside of the program, this would complicate it because when one man gets out, then they would all want out from under.

Senator CURTIS. Well, aren't there some programs from which you can get a pattern on refunds? It is not a very big program, and it is almost voluntary. There is an assessment to support the meat board, which has a provision for refund. They get some requests for refunds but they are not significant in the total.

Senator HOLLAND. But that program does allow for very much this same kind of program. Wasn't that what you were going to refer to?

Senator YOUNG. We have had some experience under the wheat and wool programs. If we were to completely exempt a producer from paying under our State's wheat program I don't think it would work. We have an assessment of wheat producers in North Dakota, many States do, and there are a few that ask for refunds. It has worked very successfully.

If you were to simply exempt a farmer from paying at all, I do not think this kind of a program would work.

Senator CURTIS. The refunds are usually not too many, nor too complicated.

Mr. BURNS. They are not a large amount for any individual.

Senator COOK. Mr. Chairman, I would suggest probably those that allow it set up a contingency fund from year to year and they set up a percentage of their budget to meet it.

Senator HOLLAND. Thank you very much—unless there are other questions.

Thank you, Mr. Burns.

I understand Senator Young has a witness he would like to have heard at this time.

Senator YOUNG. Mr. Chairman, and members of the subcommittee, Mrs. Glenn Gumlia is one of the most extraordinary witnesses I have ever had the privilege of introducing, in the more than 24 years I have been a member of this committee.

When I first met her she was Queen of Red River Valley Potato Producers and she was North Dakota's Cherry Blossom Princess. About 8 years ago she took over a farm that was deeply in debt and about to be lost, and has turned that into a highly successful operation.

Besides raising potatoes, she raises sugar beets, wheat, and barley and flax and some other grains. She produces from eight to 10 trainloads of potatoes a year.

She directs the operations of this farm, and she sells all these potatoes herself.

She has developed such a fine reputation with the processors that all she has to do is call up some processor or they will call her, and they can depend on the quality of potatoes she ships them.

She is a remarkable lady in many other respects. She is raising a nice family. She teaches Sunday school. Her husband has little to do or nothing to do with her farming operations. He is a successful, busy contractor, and he knows about as much about the potato business as I would operating the New York Exchange.

But she also is a great golfer. She has been one of the top two or three golfers in Minnesota Women's Tournament for years, and last year she played in the North Dakota Women's Tournament, and lost on the last hole. She went into that tournament with little practice, and she had two broken ribs at the time.

Jody, would you take over.

**STATEMENT OF MRS. GLENN GUMLIA, RED RIVER VALLEY
POTATO GROWERS ASSOCIATION, CROOKSTON, MINN.**

Mrs. GUMLIA. I do not think that I can live up to all of that. I feel so inadequate.

Senator HOLLAND. You may proceed.

Mrs. GUMLIA. Since I am quite nervous, I will read what I have here. I grow 800 acres of potatoes near Hoople, N. Dak., and ship approximately 300,000 hundredweight per year. Today, I represent the Red River Valley Potato Growers Association of North Dakota and Minnesota.

The Red River Valley area is a major potato production area with approximately 180,000 acres planted annually. This acreage will produce 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 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.

A large share of our acreage is for the production of potatoes for processing. We realize that all phases of consumption must be considered. The potatoes that I grow and sell are mainly used in potato chip manufacture.

But I must add we grow all certified eligible seed, so we do have a backstop in case the potato chip quality is poor.

We believe that the potato growers of the entire country should be given the privilege to determine, by referendum, if they, as an industry, are willing to assist themselves through unified promotion and research.

We also believe that any activity will be self-governing, as the growers will regulate continued promotion by participation.

Senator HOLLAND. I am interested in what you say, Mrs. Gumlia, about the State legislatures having acted. Did they create an advertising program under State law?

Mrs. GUMLIA. Yes, they did, with the voluntary refund that you can write back and get your refund if you want.

Senator HOLLAND. We have such a program under State law in Florida, and have had it for many years, in citrus, and we spend about \$13 million a year for advertising our citrus products.

So far I have heard nobody wanting to call off that program. We do not have any refunds, however.

Do you regard the refund principle as necessary for the acceptance of this program?

Mrs. GUMLIA. Well, I consider the refund important because it just gives you freedom, and although, like you indicated, it is more a matter of just that feeling that you are not being compelled. I will never ask for a refund, but I would be very much against the privilege of not having it so far as potatoes are concerned.

Senator HOLLAND. You think the inclusion of the privilege of asking for a refund, you regard it as necessary for acceptance of this program by two-thirds or more of the growers?

Mrs. GUMLIA. I feel it would be.

Senator HOLLAND. Very well. Senator Young.

Senator YOUNG. Mrs. Gumlia, you are one of the bigger producers, and it has been the bigger producers, I believe, that have been most opposed to these programs. I understand this program would not give you much help because of the way you market your potatoes.

Would you explain the difference between your operation and some others and why this would help the smaller producers more than it would the bigger ones?

Mrs. GUMMLIA. Well, Senator Holland, you asked Mr. Burns about opposition. If anybody were to be opposed to this bill, I feel I would. I talked with the Secretary of the Milk Producers Federation yesterday and I told him I was going to testify today against my own pocket. He did not believe me. So when I appear before your committee, maybe you won't believe me.

Actually this bill, if you notice the part about the first handler collecting the assessment, they would be the most likely to object. We are the first handler, and when I read it I got sort of scared because I pictured myself going to jail for 5 years and fined \$5,000 if I missed some of the pennies from the farmers. That is quite a responsibility. It will add to our bookkeeping system and besides the fact that I have already sold our entire crop, I am probably one of the few that contracts 100 percent of our potato crop.

Senator HOLLAND. Does this mean that you handle not only your own production of potatoes but you also buy potatoes from other producers, and sell them?

Mrs. GUMMLIA. Right. We have gotten into that in the last couple of years.

Senator HOLLAND. This is not on a matter of a cooperative basis but you buy and sell?

Mrs. GUMMLIA. We buy and sell.

Senator HOLLAND. So you are a first handler for all the potatoes that you handle.

Mrs. GUMMLIA. I will be a first handler for at least 300,000 hundred-weight, which will be lots of pennies to collect. But I feel that it is worth it for the people.

We have, I was mentioning to Senator Young, two young college graduates from our North Dakota colleges trying to get going in the farming business. Last year we bought half of their potatoes, contracted half of theirs with them. We supplied them seed, we work closely with them because we have been in the business longer. I feel sorry for them because the rest of their potatoes are of the type that this bill will especially help, the red table stock. They are sitting up there right now with 25 cars of potatoes they might just as well dump.

Senator HOLLAND. No market for them?

Mrs. GUMMLIA. No market.

Senator HOLLAND. In other words, they raise the potatoes without having a market already assured, and they do not have the facilities for contacting the trade generally throughout the Nation that you have built up through the years?

Mrs. GUMMLIA. Right.

Senator YOUNG. How come our potato growers finally got together? They were divided on other similar bills.

Mrs. GUMMLIA. Well, I think they realize that the potato industry is in trouble, like you mentioned.

There are a few of us who are more fortunate than the others in that we have these processing contracts that work out. But the industry is as a whole, in trouble.

Senator HOLLAND. There is nothing to bring people together as quickly as common misery.

Mrs. GUMMLIA. Misery loves company.

Senator HOLLAND. Senator Curtis.

Senator CURTIS. How many potatoes each year deteriorate and have to be thrown away because there is not any market?

Mrs. GUMMLIA. I would not know—we have been lucky enough never to have had that happen to us. I would not know what the North Dakota-Minnesota figures would be on that.

Senator CURTIS. Nationwide would you say it was quite significant?

Mrs. GUMMLIA. Nationwide I would have to see what Mr. Burns would think on that.

Mr. BURNS. Senator, there is a certain amount of every crop that is not salable. I doubt that there would ever be a breakdown between the amount that is actually dumped at the end of the year and potatoes that are not salable in the beginning because no one ever bothers to break it down between the two.

Throughout the marketing season there are nonsalable potatoes being culled out and either fed to livestock or dumped, so to speak.

The remarks you made about the potatoes are going to be dumped at the end of the season, so far as I know there is no record whatsoever of how many of these potatoes are actually dumped.

Different areas have different problems. This year the Red River had some, and Maine is going to have some that will probably have to be dumped. So far as I know, no other areas will have any.

Next year there may be some other areas. If they have some particular problem, late blight, pressure bruising, any one of these problems that develop with potatoes in storage, and they may be the unlucky one next year who has to haul them out in the field and dump them. But so far as I know there is no average figure, or any figure that would be available.

Senator CURTIS. That is all.

Mrs. GUMMLIA. Senator Curtis, I like the question you asked Mr. Burns about secret balloting. I do feel that is necessary. I feel that should not go to anybody who votes without the double envelope system.

Senator CURTIS. You favor the secret ballot?

Mrs. GUMMLIA. Yes. It was not properly answered.

Senator CURTIS. I would think it should be. It promotes, it makes for, better feeling and a better operation of any program, and the refund program works well. It may not amount to so much, but it has great value in removing the idea that it is coercive or anything of that sort, and it is probably worth all the administrative trouble that it causes.

You think that there will be difficulty by definition or otherwise in determining who is eligible to vote and who is not?

Mrs. GUMMLIA. I do not think so. They have used the double envelope for other—

Senator CURTIS. No; in determining who is eligible to vote. He suggested they are going to turn some mailing lists over. They might be very accurate, I do not know. But I believe in these other farm programs for people who vote there is wide misunderstanding who can

vote and wide variation in interpretation in counties right in the same State.

Mrs. GUMLLIA. They have not seemed to have a problem on their State legislation. They handled that quite well, and I feel they will do the same thing on a national basis.

Senator CURTIS. I do not regard it as a fatal problem in a sense, but I do think it is a detail that the more accurate and well-defined you can get, the better.

Mrs. GUMLLIA. I agree.

Senator CURTIS. I do not think you could get any objective election held unless you do take every step to make it a secret ballot.

That is all, Mr. Chairman.

Senator HOLLAND. Speaking of the amount of potatoes that might go to waste at the end of the season, since the potato industry has been on a private enterprise competitive basis since the price support structure went out of existence shortly after World War II, as you may recall, there has not been any enormous destruction of potatoes such as took place at that time, at the end of 2 years, has there been?

Mrs. GUMLLIA. No; we have not had too many problems. This looks like one of our poor years, Senator, for red potatoes.

Senator HOLLAND. You remember, of course, the reason the price support program for Irish potatoes was terminated is because it was almost a national scandal because of the immense tonnage that had to be destroyed that was produced and supported, and then had to be destroyed because there was no use for it.

You have not had any such thing as that since you have been on private enterprise, have you?

Mrs. GUMLLIA. Not to my knowledge.

Senator HOLLAND. This is a private-enterprise approach.

Mrs. GUMLLIA. That is correct.

Senator COOK. Well, she answered my question about that section perfectly, that independent of the farmer to run his program and be a part of it, or not be a part of it, as he chose, and I just was telling Senator Curtis, and I want to tell you, that down in Calhoun, Ky., Senator, we have a potato chip factory. I have been through, and I have never seen any more modern, complete operation in my life. It is just a fascinating plant to go through. It is remarkable.

Mrs. GUMLLIA. I was fascinated in Kentucky, looking at your tobacco farms, too.

Senator COOK. Really.

Mrs. GUMLLIA. Near Williamstown.

Senator COOK. I just want you to know we manufacture a whale of a lot of potato chips down there, too.

Senator HOLLAND. Thank you.

Senator YOUNG. I would like to ask Mrs. Gumllia to comment on Federal grading. Now, Federal grading is a requirement when you ship potatoes out.

Mrs. GUMLLIA. Federal grading is not required in North Dakota now, which we appreciate very much because it is a matter of words, and like a lot of contracts, they are only worth the paper they are written on. You still have to deal with the receiver.

Senator YOUNG. But you do have Federal inspection.

Mrs. GUMLLIA. Yes, but it is not compulsory.

Senator YOUNG. Not compulsory. It does not particularly help you because the people you sell to depend on you for the grade.

Mrs. GUMLIA. Right. It would hurt us in our position.

Senator YOUNG. If you shipped them a bad batch of potatoes, they would not be coming back to you.

Mrs. GUMLIA. We ship them U.S. No. 1 sometimes, and they will come back to us, so we have to negotiate anyway. We ship them unclassified and they are satisfied.

But, Senator, I did not answer your question either about how the big farmers and small farmers got together, and I did not want to get in trouble. I like our association and all, but I still like to double check once in a while, and I called several of the farmers in the area before I came to Washington, and they were all unanimous for this bill.

Senator YOUNG. It is unusual.

(Discussion off the record.)

Senator HOLLAND. All right. Thank you very much, Mrs. Gumlia.

Mrs. GUMLIA. Thank you.

Senator HOLLAND. The next witness that I have listed here is Mr. Nicholson, Deputy Director of the Food and Vegetable Division, Consumer and Marketing Service, USDA.

Mr. Nicholson, we are glad to hear you.

STATEMENT OF PAUL A. NICHOLSON, DEPUTY DIRECTOR, FRUIT AND VEGETABLE DIVISION, CONSUMER AND MARKETING SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. NICHOLSON. Mr. Chairman and members of the committee, I am Paul A. Nicholson, Deputy Director, Food and Vegetable Division, Consumer and Marketing Service, USDA.

I have a statement on S. 1181.

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

The Department has no objection to S. 1181, 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 a hearing on a proposed plan whenever he had reason to believe it would carry out the declared policy. Any proposed plan must contain the following terms:

1. Provide for the establishment of a National Potato Promotion Board to be selected by the Secretary from nominations made by potato producers to administer the plan. The Board members 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. 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 two 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 five 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 of potatoes, 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. This is a provision of the proposed bill.

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 praying for exemption or modification. After an opportunity for hearing, the Secretary shall rule on the petition. Such ruling is subject to review by the U.S. District Courts.

Any plan 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 million 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.

Senator CURTIS. Mr. Chairman, may I ask a question at that point?

Senator HOLLAND. Senator Curtis.

Senator CURTIS. How much of that is due, that decline in acreage is due, to increased production per acre, and how much of it is due to a decline in per capita consumption?

Mr. NICHOLSON. Most of it, Senator Curtis, is due to an increased yield per acre. Our actual production has gone up slightly in that time.

Now, I am going to cover, in a minute, the per capita consumption. The per capita consumption has trended down but now it seems to have leveled off.

Senator YOUNG. Can I ask a question at this point?

Mr. NICHOLSON. Yes.

Senator YOUNG. How do potatoes compare with other foods in costs per calorie, the cost per food value? Is it not one of the cheaper foods?

Mr. NICHOLSON. I would think it would compare very well, Senator Young. It would be one of the cheaper foods in costs per pound.

Senator YOUNG. Especially if you can buy it for what the farmers sell them for. There is a vast difference between what farmers get and what you pay for a little bag in a store in Washington.

Mr. NICHOLSON. Yes, Senator, I agree.

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 1940s and early 1950s 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.

Senator HOLLAND. You mean programs under section 32 funds for all these things?

Mr. NICHOLSON. Yes, sir. As you pointed out very carefully earlier, we no longer have price support programs on potatoes. The only thing that we do operate are surplus removal programs under section 32.

Senator HOLLAND. And you have not found that generally necessary in recent years. You have not used such program in 1964, 1965, or 1966, although you did have to use such a program in 1968?

Mr. NICHOLSON. In 1967, in the 1967-68 season.

Senator HOLLAND. Yes.

Mr. NICHOLSON. There was a fairly extensive diversion program plus some purchases, Senator.

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 market.

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 this bill. These modifications are outlined in full in our report on the bill 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, S. 2862 in last year's Congress, 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, section 4 of S. 1181 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."

Senator HOLLAND. On these points, right here which of these two alternatives does the Department favor?

Mr. NICHOLSON. I do not think it matters to us. The second one would be shorter. I do have with me a legal adviser, Mr. Krause of the Office of the General Counsel. He would be better qualified to answer that question than I would.

Senator HOLLAND. My question is, which of these two alternatives for amending the act so as to make it clear that the Federal Government is exercising fully the power of interstate commerce—which of these two alternatives does the Department favor?

STATEMENT OF J. CHARLES KRAUSE, DIRECTOR, MARKETING DIVISION, OFFICE OF THE GENERAL COUNSEL, U.S. DEPARTMENT OF AGRICULTURE

Mr. KRAUSE. I think we would prefer the congressional finding, as was done in the legislation when it was considered in the Wickard Philbin case years ago.

Senator HOLLAND. In other words, you prefer the first of these?

Mr. KRAUSE. That is right. That also was done in connection with the cotton research and promotion bill.

Senator HOLLAND. Thank you.

All right, proceed.

Mr. NICHOLSON. 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 hearing. 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 \$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.

Senator HOLLAND. You are referring to the provision of section 32 which allows part of that fund to be used to cover the administrative costs of marketing agreements and orders?

Mr. NICHOLSON. Exactly, and some other administrative costs, as you know, like the costs of surplus removal programs.

Senator YOUNG. This could be done without a specific appropriation. You could do this without coming to Congress for a line item appropriation?

Mr. NICHOLSON. No, I believe all of this now comes to Congress, it did not used to, but I think Senator Holland is fully familiar with this subject.

Senator HOLLAND. So is Senator Young, and I think he and I will be able to take care of this at the appropriation level because it is one of the recognized and proper uses of section 32 that those funds shall be available to cover such administrative costs and of course the greatest use of them to remove surpluses, particularly surpluses in highly perishable crops.

Mr. NICHOLSON. Yes, sir.

Senator YOUNG. The Chairman is a great watchdog for section 32 funds.

Mr. NICHOLSON. I am sure you both do a good job.

(Discussion off the record.)

Senator HOLLAND. Thank you.

Now, I asked you to supply certain figures a while ago.

Mr. NICHOLSON. Yes.

Senator HOLLAND. Are you in a position to place them in the record just so we can have them?

Mr. NICHOLSON. They would be very rough at this time, but I have them with me.

Senator HOLLAND. I ask you to supply them for the record as a supplement to your prepared statement.

Mr. NICHOLSON. All right. We will supply data on production, utilization, and the census data on the size of farms that you requested.

Senator HOLLAND. Thank you very much.

(The information is as follows:)

U.S. DEPARTMENT OF AGRICULTURE,
CONSUMER AND MARKETING SERVICE,
Washington, D.C., May 9, 1969.

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

DEAR MR. KENDALL: During the course of the hearing before the Subcommittee on Agricultural Production, Marketing and Stabilization of Prices on S. 1181, the Chairman asked that we provide information concerning potato production, utilization and the portion of the potato crop produced by potato growers with five or more acres. This information is enclosed as follows:

Table 1—Potatoes: Acreage harvested, yield per acre and production, 1968 with comparisons

Table 2—Potatoes: Utilization of 1956-67 Crops

Table 3—Potatoes, United States: Number of farms, acreage and production with percentage comparisons: censuses of 1954, 1959 and 1964 crops

Table 3 shows that in 1964—97.9 percent of the potatoes were produced on farms growing 5 or more acres of potatoes.

The Chairman also asked that we estimate the yearly amount of money that would be collected under a plan. S. 1181 provides that a plan may exempt potatoes for non-food uses. In 1967, total food use was 228,528,000 hundred-weight (Table 2). Assuming that (1) the assessment rate was 1 cent per hundredweight, the maximum provided for in S. 1181 (2) non-food uses were exempted and (3) about 98 percent of the potatoes are grown on farms producing 5 acres or more of potatoes, the total assessment based on 1967 production would be about \$2,200,000.

Sincerely,

PAUL A. NICHOLSON,
Deputy Director, Fruit and Vegetable Division.

TABLE 1.—POTATOES: AVERAGE HARVESTED, YIELD PER ACRE AND PRODUCTION, 1968 WITH COMPARISONS

State	Acreage harvested				Yield per acre			Production	
	Average, 1952-66	1967	1968	Average, 1962-66	1967	1968	Average 1962-66	1,000	1,000
	1,000 acres	1,000 acres	1,000 acres	hundred- weight	hundred- weight	hundred- weight	hundred- weight	hundred- weight	hundred- weight
Maine.....	145.6	158.0	155.0	258	238	238	37,473	37,604	36,890
New Hampshire.....	1.5	1.2	1.0	212	180	180	314	252	230
Vermont.....	1.9	1.6	1.5	190	180	180	369	288	285
Massachusetts.....	6.7	6.4	5.6	198	190	185	1,329	1,216	1,036
Rhode Island.....	5.5	6.0	5.7	227	215	225	1,249	1,140	1,260
Connecticut.....	6.6	6.3	5.7	227	190	225	1,496	1,354	1,254
New York.....	78.5	74.5	69.7	242	238	246	18,963	17,764	17,158
New Jersey.....	17.2	16.0	14.0	226	260	255	3,867	4,160	3,570
Pennsylvania.....	38.6	38.0	37.0	185	240	205	7,121	9,120	7,585
Ohio.....	15.9	15.8	15.3	196	198	184	3,134	3,145	3,145
Indiana.....	8.0	7.6	6.7	234	206	206	1,878	2,159	1,381
Illinois.....	2.4	2.5	2.3	124	165	180	300	412	414
Michigan.....	44.9	43.9	40.1	188	204	201	8,455	8,948	8,067
Wisconsin.....	55.9	57.0	54.0	205	232	220	11,481	13,251	11,895
Minnesota.....	101.1	105.2	94.4	132	128	147	13,354	13,488	13,919
Iowa.....	3.3	2.9	3.2	156	170	180	511	576	576
Missouri.....	3.7	2.6	2.0	111	110	120	403	286	240
North Dakota.....	108.8	120.0	108.0	126	119	145	13,717	14,280	15,660
South Dakota.....	5.4	5.9	5.4	109	100	115	594	590	621
Nebraska.....	11.2	10.4	9.5	182	214	234	2,050	2,223	2,220
Kansas.....	8.8	8.5	8.1	90	85	95	165	128	124
Delaware.....	3.4	2.7	2.6	141	154	159	473	416	414
Maryland.....	27.9	30.8	31.1	139	131	139	3,384	4,046	4,332
Virginia.....	6.0	5.3	5.2	64	67	75	355	390	390
West Virginia.....	17.0	15.3	14.4	93	138	138	2,208	2,116	1,986
North Carolina.....	2.4	1.4	1.5	70	125	80	220	175	140
South Carolina.....	36.6	36.1	41.9	156	132	162	5,691	4,778	6,767
Florida.....	5.3	4.8	3.0	69	70	85	266	266	314
Kentucky.....	5.3	4.6	3.7	80	80	65	368	425	314
Tennessee.....	20.0	20.0	16.5	130	132	126	2,611	1,263	2,085
Alabama.....	3.0	3.0	2.5	70	90	75	208	184	188
Mississippi.....	2.9	2.3	1.8	61	80	70	176	184	126
Arkansas.....	3.3	2.8	2.2	56	64	66	179	179	145
Louisiana.....	1.1	0.6	0.5	150	65	69	69	39	30
Oklahoma.....	20.6	29.5	26.6	147	147	165	3,082	4,329	4,382
Texas.....	7.8	8.4	8.1	169	180	180	1,322	1,512	1,458
Montana.....	7.8	8.4	8.1	169	180	180	1,322	1,512	1,458

TABLE 1.—POTATOES: AVERAGE HARVESTED, YIELD PER ACRE AND PRODUCTION, 1968 WITH COMPARISONS—Continued

State	Acreage harvested			Yield per acre				Production	
	Average, 1952-66 1,000 acres	1967 1,000 acres	1968 1,000 acres	Average, 1962-66 hundred- weight	1957 hundred- weight	1958 hundred- weight	Average 1962-66 1,000 hundred- weight	1,000 hundred- weight	1,000 hundred- weight
Idaho.....	265.5	304.0	294.0	202	210	202	53,994	63,900	59,505
Wyoming.....	3.4	3.4	3.8	147	170	160	506	578	608
Colorado.....	47.2	46.4	48.6	231	250	226	10,883	11,608	11,005
New Mexico.....	2.4	3.1	4.3	172	200	180	409	620	774
Arizona.....	10.0	10.9	10.1	235	250	230	2,328	2,725	2,323
Utah.....	8.1	7.7	6.7	152	190	160	1,231	1,463	1,072
Nevada.....	1.2	7	5	188	275	275	222	192	138
Washington.....	44.5	64.0	64.0	333	345	378	15,012	22,090	24,173
Oregon.....	37.2	49.0	47.0	247	270	261	9,190	13,252	12,290
California.....	101.4	110.3	92.1	300	302	323	30,481	33,331	29,629
United States.....	1,357.9	1,457.9	1,377.1	202	209	213	275,023	305,412	293,438

¹ Includes the following quantities not harvested or not marketed because of economic conditions (1,000 hundredweight): 1967 Alabama 175.

TABLE 2.—POTATOES: UTILIZATION OF 1956-67 CROPS
 [Thousand hundredweight]

Utilization items	Crop year											
	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967
Fresh food:												
Tablesstock.....	146,048	148,408	148,868	148,497	149,002	153,594	149,710	146,981	129,513	139,542	133,856	131,367
On farm.....	9,312	8,176	7,279	5,913	5,310	4,773	3,955	3,400	2,776	2,597	2,378	2,289
Subtotal.....	153,360	156,584	156,147	154,410	154,312	158,367	153,665	150,381	132,289	142,139	136,234	133,656
Processed food:												
Chips, etc.....	14,566	17,356	17,063	20,085	21,018	22,642	24,086	26,693	28,783	31,292	32,729	32,699
Dehydration.....	3,223	3,776	5,917	7,656	10,104	8,518	9,280	9,909	10,801	20,166	19,811	19,084
Frozen.....	4,675	4,827	8,263	9,918	15,042	18,138	18,400	22,425	23,654	37,302	39,631	39,609
Canned.....	2,283	2,606	2,864	2,447	2,809	2,775	2,926	3,240	3,201	3,348	3,386	3,480
Subtotal.....	24,747	28,565	34,107	40,106	48,973	52,073	54,692	62,267	66,439	92,108	95,557	94,872
(1) Total food.....	180,107	185,149	190,254	194,516	203,285	210,440	208,357	212,648	198,728	234,246	231,791	228,528
(2) Starch, flour.....	18,336	12,691	18,387	7,718	10,177	20,493	11,285	11,737	2,990	8,081	11,001	12,049
(3) Feed sales.....	7,675	8,950	18,918	6,607	5,348	20,340	7,913	10,103	5,587	5,797	8,440	16,171
Feed on farm.....	4,448	2,718	3,916	3,104	2,940	4,192	3,340	3,087	1,871	2,179	2,930	2,781
Total.....	11,823	11,668	22,834	9,711	8,288	24,532	11,253	13,190	7,458	7,976	11,370	18,952
(4) Seed sales.....	13,435	13,641	13,079	13,583	14,823	13,823	14,333	14,159	14,203	16,992	16,173	15,877
Seed on farm.....	6,752	7,577	7,066	7,093	7,560	7,191	5,955	5,911	7,363	6,510	8,113	7,436
(5) Shrinkage, loss.....	20,187	21,218	20,165	20,676	22,383	21,014	20,288	20,070	21,566	23,502	24,286	23,313
Total.....	15,339	11,796	15,257	12,651	12,971	16,687	13,627	13,513	10,334	17,433	28,454	22,570
Total production.....	245,792	242,522	266,897	245,272	257,104	293,166	264,810	271,158	241,076	291,169	306,902	305,412

Source: Annual reports of the Statistical Reporting Service, U.S. Department of Agriculture.

TABLE 3.—POTATOES, UNITED STATES, NUMBER OF FARMS, ACREAGE, AND PRODUCTION, WITH PERCENTAGE COMPARISONS; CENSUSES OF 1954, 1959, AND 1964 CROPS

Potato acreage per farm	Farms reporting (number)			Acres harvested ¹			Quantity harvested (1,000 cwt.)		
	1954 ²	1959	1964	1954 ²	1959	1964	1954 ²	1959	1964
Acres:									
Under 1.....	1,347,894	635,383	281,890	64,514	38,232	12,987	10,515	5,625	2,472
1 to 1.9.....	36,307	17,419	6,895	38,032	18,578	7,438	2,009	1,104	697
2 to 2.9.....	8,436	4,119	2,246	17,696	8,302	4,673	1,327	748	574
3 to 4.9.....	6,755	3,578	1,987	23,465	12,278	6,870	2,396	1,418	903
5 to 9.9.....	8,400	4,366	2,344	55,614	26,278	13,431	7,706	4,357	2,275
10 to 24.9.....	12,359	7,668	4,289	188,801	156,743	88,027	31,954	22,437	11,359
25 to 49.9.....	6,805	5,828	3,835	229,877	205,765	133,390	40,224	40,158	24,552
50 or more.....	5,510	6,492	6,522	582,883	767,697	925,102	107,982	148,294	179,042
Total.....	1,432,466	684,853	310,003	1,210,872	1,200,431	1,173,918	204,113	224,140	221,874
Potato acreage per farm									
Acres:									
Under 1.....	94.0	92.8	91.0	5.3	3.2	1.1	5.2	2.5	1.1
1 to 1.9.....	2.5	2.5	2.2	3.1	1.5	.6	1.0	.5	.3
2 to 2.9.....	.6	.6	.7	1.5	.4	.3	.6	.3	.3
3 to 4.9.....	.5	.5	.6	1.9	1.0	.6	1.2	.6	.4
5 to 9.9.....	.6	.7	.8	4.6	1.0	1.3	3.7	2.0	1.0
10 to 24.9.....	.9	1.1	1.4	13.6	10.1	5.8	15.7	10.0	5.1
25 to 49.9.....	.5	.9	1.2	19.0	17.1	11.4	19.7	17.9	11.1
50 or more.....	.4	.9	2.1	49.0	64.0	78.8	52.9	66.2	80.7

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

Note.—Data may not tally to total due to rounding.

Source.—1954, 1959, and 1964 Censuses of Agriculture, U.S. Bureau of the Census.

² Does not include Hawaii and Alaska.

Senator HOLLAND. Senator Curtis?

Senator CURTIS. In reference to the cost from the general treasury should this bill be enacted, the referendum costs would be a one-time procedure?

Mr. NICHOLSON. Yes, sir.

Senator CURTIS. So the additional annual cost would only be \$80,000?

Mr. NICHOLSON. Yes.

Senator CURTIS. That is a rather modest amount, is it not?

Mr. NICHOLSON. Well, I think so. Perhaps I should qualify by saying that if an amendment later became necessary to the plan, I think then another referendum would also be necessary, so we could have at some later date another referendum cost, but this was in the future.

Senator CURTIS. I know on page 2 you say the budget and the assessment rate are subject to the approval of the Secretary. Down in the next paragraph it says, "Prior approval by the Secretary is required for all programs." And then at the top of page 4, "Any plan would be terminated or suspended by the Secretary if it does not effectuate the declared policy of the act." And then it goes ahead for the producers to determine.

Did it ever occur to the proponents of this measure that we might not always have a Nebraskan as Secretary of Agriculture?

Mr. NICHOLSON. I am sorry, I cannot answer that.

Senator CURTIS. Why did they give such power?

Mr. NICHOLSON. This is—

Senator CURTIS. Why would not the National Board know more about potatoes than any future Secretary of Agriculture?

Mr. NICHOLSON. This is a legal question and again perhaps Mr. Krause is more able to answer than I am. This is quite common in the way it is handled legally under marketing orders, for example.

Mr. KRAUSE. Yes, Senator, I was about to say—I am sorry I have a bad cold today and find it difficult to speak—I was about to say this is the procedure which is followed by the marketing agreement and order program generally. It is also the same as is set up under the Cotton Research and Promotion Act. It is done largely so as to make the action of the Secretary for enforcement and other purposes—so there is no serious delegation, that is it essentially.

Senator CURTIS. But the Secretary is making vital decisions on projects that represent other people's money, not public money.

Mr. KRAUSE. This is also true of course of your whole marketing agreement and order system where no public money is involved. It is the disposition of other moneys which are contributed by the trade, by the industry. Mr. Nicholson probably can answer that more fully than I.

Senator CURTIS. I understand it has been done before, but does that prove it is necessary?

Mr. KRAUSE. It is a question. We think it desirable from the standpoint of the law because of the problem that may otherwise exist on delegations and because we find that it is easier to enforce when it is the Secretary's action that is being enforced.

Senator CURTIS. That is all, Mr. Chairman.

Mr. NICHOLSON. I might add to that, Senator, that in operating a program such as this, at least marketing orders, which are very similar

to this, we do place very great dependence on the recommendation of the board administering the program, and under all ordinary circumstances do accept their recommendation and issue it.

Senator HOLLAND. I can see that there might come a need for such power. For instance, suppose there was a very large number of requests for refunds and withdrawal of the funds so as to bring it down to a state that the Secretary thought had reached a point where it was not useful, remembering that the Federal Government was putting up the costs of administration. I think he should have the power to call it off, which is exactly what he has done on some of our marketing agreements in Florida when they were not proving useful.

Under the General Marketing Agreement Act, as I remember it, the Secretary is required to call off a marketing order when the product is selling at below parity. Is there any such provision in this act?

Mr. NICHOLSON. No, there is not, Senator, and even under the Marketing Agreement Act, as I am sure you know, over the years this permission, or this suspension of operation in above parity situations, has been, shall we say, watered down somewhat, and you can continue certain types of regulations like minimum standards of quality and maturity and orderly flow and some other types of regulations in above parity situations now through amendments of the Congress.

Senator HOLLAND. The point I am trying to bring out is this: You have not included in that particular act that provision which is found in the General Marketing Agreement and Order Act.

Mr. NICHOLSON. No, and we do not see any particular reason why you should have to discontinue research and development projects in above parity situations. We think they would also be good in above parity situations as well as under parity situations.

Senator HOLLAND. In other words, this marketing agreement would not cover the acts of marketing as would be covered under an ordinary act.

Mr. NICHOLSON. That is right.

Senator HOLLAND. It is designed to cover only the promotion, research, and things of that kind which you think should continue even though this were a temporary situation under which the product—and I devoutly hope that time will come—will sell above parity.

Mr. NICHOLSON. Yes.

Senator HOLLAND. I can see this situation and the one that covers operation of marketing, grading, and all the other normal operations.

Any other questions?

(No response.)

Senator HOLLAND. Thank you very much.

Mr. NICHOLSON. Thank you.

Senator HOLLAND. We can take one more witness at least, I am sure, and that is the next one that is shown here is Mr. John W. Scott, new national master of the National Grange.

Mr. Scott?

Senator Young has a good suggestion. If there are any of you who cannot be here later and want to file their statements, we will, of course, invite you to do so. The committee will not direct that course, because we would expect to continue as we have time to do so.

All right, Mr. Scott, you proceed, and if there are others who simply want to file their statements, why you may now do so with the clerk of the committee.

STATEMENT OF JOHN W. SCOTT, MASTER, NATIONAL GRANGE

Mr. Scott. Mr. Chairman and members of the committee, my name is John W. Scott, master of the National Grange, and I truly appreciate this opportunity to present the views of the National Grange relative to S. 1181, 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 byword 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 S. 1181 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 USDA show that over one-third 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, 102d 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."

S. 1181 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 two-thirds of the producers voting or by an affirmative vote of over one-half of the producers representing two-thirds of the production is very fair.

Mr. Chairman, in the opinion of the National Grange, S. 1181 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.

We appreciate this opportunity to express our views.

Senator HOLLAND. Mr. Scott, what is the membership now of the National Grange?

Mr. SCOTT. We have a membership of 600,000 in 40 States.

Senator HOLLAND. Are they all producers?

Mr. SCOTT. No, sir. They are all members of rural-urban communities, but not all producers of potatoes.

Senator HOLLAND. I do not mean all producers of potatoes.

Mr. SCOTT. Well, sir, they are not all agricultural producers either but are members of families in rural communities, and, as I said in the statement, I think that this type of legislation is to the best interests of all Americans, and this is the Grange view of it.

Senator HOLLAND. Senator Young?

Senator YOUNG. I believe this is your first appearance as master of the Grange.

Mr. SCOTT. I had the honor of testifying the day that you heard testimony with regard to Secretary Hardin, but other than that, this is my first appearance, Senator Young.

Senator YOUNG. Yours is the oldest farm organization and a very honorable one.

Mr. SCOTT. Thank you, sir.

Senator HOLLAND. We are glad you have come into Florida recently, although I do not believe you have a large spread in Florida, but you will have a larger one.

Mr. SCOTT. I sure hope we will. We did elect the master of the Florida State Grange as our national secretary at the last session, and we plan to be at Daytona for our 103rd annual session in November.

Senator HOLLAND. Well, we welcome you, and we think you are exercising fine judgment.

Mr. SCOTT. Thank you.

Senator HOLLAND. Thank you, sir.

The next witness is Mr. Harry L. Graham, legislative representative of the National Farmers Organization.

Mr. Graham has not showed up. He will be allowed to file his statement in writing.

Mr. John C. Datt, assistant director of the Washington office, American Farm Bureau, is next.

Have any of the potential witnesses decided by this time to file your statements? We may be called to the floor at any time.

I understand that the following whose names I will call would prefer to file their statement: Mr. Headlee Wright, president of the National Potato Council; Mr. Don M. Johnston, vice president of the National Potato Council; Mr. Basil S. Fox, vice president of the National Potato Council; Vernon G. James of the National Potato Council; David R. Clark, treasurer of the National Potato Council; and John Mooers, steering committee of the National Potato Council.

Am I correctly informed that all of you gentlemen are agreeable to the idea of filing your written statements? If so, unless there is objection, those statements will be accepted.

(The statements referred to above follow:)

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

Mr. Chairman and Members of the Committee: My name is Headlee Wright, I live in Monte Vista, Colorado. 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.

HR-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 dollars is spent by the many industries of our nation to appeal or sway the consumer to buy their product. It has become a way of life. Large companies are spending as much as 10% of their gross sales to promote their products. The potato industry has not kept up with the pace. Potatoes are grown in every State in the Union and potatoes are harvested in some States every month of the year. Because of the great diversity of production and harvest, it has been almost impossible to assemble all growers in a voluntary all-out program to promote potatoes as such. A program to at least start in the direction, it is so evident we need, was initiated two years ago. \$75,000 was collected and a very effective program has been started. The program, though effective, is so small in relation to the billion dollar industry we are trying to represent that it can only be considered a stop gap. Our competition is spending fifty times this amount. Potatoes are not under acreage control or price support.

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

We, in the 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 S-1181.

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 & 2 on Page 10 and line 3 to the semi-colon following potatoes. We would replace with the following sentence—"Each handler, designated by the board pursuant to regulations is-

sued 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 enough 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. Only slight modification might be required to conform to this Act. Records are now kept of individual packouts, amounts of 1's, 2's and culls on each individual. As far as the individual grower is concerned this would require no more than would be necessary and required by normal business practices.

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

Section O 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 S-1181.

Thank you for allowing me to appear.

STATEMENT OF DON M. JOHNSTON, VICE PRESIDENT,
NATIONAL POTATO COUNCIL, BAKERSFIELD, CALIF.

Mr. Chairman and members of the Committee. My name is Don M. Johnston, of Bakersfield, California. I reside in the second largest potato producing county in the United States. I am a potato grower, packer and shipper. I am a past president of the Potato Growers Association of California and 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 HR-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 ex-

pand domestic and foreign markets for potatoes. Under this legislation the potato farmers are proposing to use their own money to finance an essential program of self-help. The taxpayer will not be called upon to pay for this self-help farm legislation.

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

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

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

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

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

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

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

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

Fourth, we recognize the 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.

STATEMENT OF BASIL S. FOX, ACTING EXECUTIVE VICE PRESIDENT, MAINE POTATO COUNCIL, WASHBURN, MAINE, ALSO REPRESENTING THE MAINE POTATO COMMISSION

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. On a temporary basis, I am 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 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 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 approximately 2,000 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 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 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 potato producing 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 representatives of the potato industry 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.

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

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

STATEMENT OF VERNON G. JAMES, 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 S-1181. 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 does not know the true value and the low calorie content of potatoes.

The national per capita consumption has steadily decreased for the past forty years and it is primarily because of misunderstanding.

There has been very little research done on new uses 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 is self-help legislation. It will appeal to potato growers because they are an independent lot. They resent being told what to do or how to do it. Yet if you will assist them by providing this important tool for them to work with, I am convinced they will use it wisely to solve industry problems.

This Bill is not compulsive. Any grower would be able to get his refund simply by requesting it. It would require $\frac{3}{4}$ 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. I appreciate the opportunity to appear here today.

STATEMENT OF DAVID R. CLARK, WASHINGTON STATE POTATO COMMISSION,
GRANDVIEW, WASH.

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, Washington, 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 S-1181, the Potato Research and Promotion Act. I am speaking for myself and as a member and an 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 fourteen 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 United States Department of Agriculture, Agriculture Research Service, and the Washington State Department of Agriculture.

We now have 12 processing plant making 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.

We feel there is a definite need to promote potatoes as a food. Advertising is a form of information and education for the consumers. We want to make sure the consumers know the nutrient value of potatoes, the vitamin and mineral content, the real place potatoes should have in the daily diet. Also the potato producer need to compete in the market place for their share of the consumers' 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 towards 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.

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

Mr. Chairman—members of the committee,

My name is John Mooers of Houlton, Maine. I grow 200 acres of potatoes and ship 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 S. 1181 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 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, pertains 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 your serious consideration of these bills and hope that your committee will see fit to recommend their passage.

Senator HOLLAND. That pretty well clears the deck.

Mr. Albert E. Mercker, I note here, executive secretary of the Vegetable Growers of America. Is Mr. Mercker here also?

Mr. MERCKER. Yes, sir.

Senator HOLLAND. And you wish to be heard. We will try to hear you subject to the fact we may be called to the floor.

Mr. Datt, we are glad to have you, sir, and you may proceed.

STATEMENT OF JOHN C. DATT, ASSISTANT DIRECTOR, WASHINGTON OFFICE, AMERICAN FARM BUREAU FEDERATION

Mr. DATT. I had with me, and he had to leave because of another commitment, Marvin McLain, who is the legislative director now for the American Farm Bureau Federation. But Marvin had another commitment, and he had to leave.

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 S. 1181.

Senator YOUNG. Can we ask for the same question we asked of the Grange, about what percentage of the families you represent are farmers?

Mr. DATT. I do not know that we know exactly because in each case our State units have the opportunity of deciding what basis membership is in the Farm Bureau. Some of them have a specific requirement that a fellow has to have so much of his income. Other States do not have that requirement, and so there is the variation in terms of the membership requirement of this is left up to the State and particularly to the county farm bureau in terms of the requirement that they want to establish as far as membership. So I would say that of course it is very high. The exact percentage we do not know because of the way the organization is structured.

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

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

Farm Bureau has a long record of experience in the promotion of agricultural commodities. At our most recent annual meeting, in December 1968, the official voting delegates of the member State Farm Bureaus adopted the following resolution on this subject—I would point out the second attitude indicates we oppose any annual check-off programs for the promotion of agricultural commodities wherein the Federal Government administers or has veto power over the pro-

gram. And then it lists a series of criteria that we consider to be important or essential in any program where you have the promotion of agricultural commodities which involve the checkoff of funds from agricultural producers.

I would particularly point out (6) which says that we believe every producer must have the right to refuse to pay at the first point of collection. That is one of the criteria which this particular legislation does not meet.

Reading on, this policy statement makes it clear——

Senator HOLLAND. The whole of the resolution will be copied into the record unless there is objection.

(The resolution is as follows:)

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.

Senator HOLLAND. Proceed.

Mr. DATT. This policy statement makes it clear that the Farm Bureau supports programs for the promotion of agricultural commodities. S. 1181 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 referenda 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 would require handlers who collect the assessments to keep and produce to the board and to the Secretary, books, records, and other information as he deemed necessary. The plans for advertising, promotion, or research and development would be submitted to the Secretary for his approval.

(3) The contracts which the national potato promotion board proposed to make with any other organization would be subject to approval by the Secretary.

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

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

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

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

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

Senator YOUNG. Could I ask a question at this point?

Mr. DATT. Yes, sir.

Senator YOUNG. Is not the wool promotion program quite similar to the cotton program and the proposed potato program?

Mr. DATT. Well, the wool promotion program is different in this respect in that the money that is used for wool promotion comes out of the wool payments that are made. In other words, when they make a payment to the wool grower, they deduct the promotion money from that payment before he ever gets the money.

Senator YOUNG. That payment is supposed to be part of the price that he gets for his wool?

Mr. DATT. That is right. But he physically never gets it. I mean they take it out before he gets his payment.

Senator YOUNG. But the handling by the Secretary of Agriculture is much the same?

Mr. DATT. Well, it is different in this respect, Senator Young, that in the case of cotton you have to—in the case of cotton the money is collected by the first handler and then comes into the Cotton Board. In the case of wool, the money is already in the hands—well, is in the hands of the Secretary, and when he makes the wool payments he merely deducts that money, the promotion money, from the check that goes out to the wool producer, so the difference being that in the case

of cotton they have to collect it in the process of marketing. In the case of wool they take it out of his direct payment check that he gets. They do not have to physically go out and collect it from them. This is the difference.

SENATOR HOLLAND. Does he have the right to question the refund under the Wool Act?

MR. DATT. No; once they vote under the wool program, so far as I know they do not have. Under the cotton program, yes, he can get a refund. I would cite for you if you are at all interested in it, under the cotton program what he has to do to get his refunds is that he has to send a card to the Cotton Board in Memphis indicating that he wants a refund, and then they send back to him a form which he has to fill out, have with it a certificate indicating that he has made the payment and have it notarized and then sent back into the Cotton Board.

SENATOR YOUNG. In that respect the potato refund system is much simpler.

MR. DATT. I do not know what—you see, I do not know what procedure is going to be used under the potato system to get their money back. It merely says that the Secretary shall have the authority to provide a refund system. I assume, Senator Young, that they intend to use a procedure similar to what is used in cotton. This would be my assumption. I do not know what system—the bill merely says that they—

SENATOR YOUNG. Could we have an answer from the Department of Agriculture, Mr. Chairman, on that? What is the procedure under this bill that would be followed in granting refunds.

MR. NICHOLSON. It is not fully spelled out, as Mr. Datt specifies, in the bill, as I recall. It says refunds will be made under certain circumstances and some of the circumstances are that the producer has to show that he paid it and not just the handler paid it, and he has to apply, as I recall, within 90 days from the time that he made it. But otherwise it is left to rules and regulations under this program.

DR. DATT. Well, the section says that provided such demands—meaning demands for a refund—shall be made personally—this is different—by such product in accordance with regulations and so on and so forth. I do not know what the “personally” means. Whether he has to appear personally and seek refunds or whether it personally is just using the same system that is used in the cotton refund procedure.

Let me say that you can get your money back in cotton, but it is not easy. I mean you have got to really want to get it back to go through the procedure to get it done.

SENATOR YOUNG. We have had some Secretaries of Agriculture I did not like so well, but I do not know of any of them that would require a farmer to go there personally and ask for a refund.

MR. DATT. I would agree with you. I was merely citing what the legislation says, Senator Young. I do not know what the interpretation of it would be.

SENATOR HOLLAND. It certainly does not mean personally of the Secretary, because the Secretary does not hold the funds.

MR. DATT. Yes, that is right.

Well, here again, Senator Holland, I think that you have got to look at what we do or what is done under the Cotton Research and

Marketing Act, that actually the Cotton Board is an agency of the Department of Agriculture, and the funds that they collect are subject to the approval and to the expenditure by the Secretary of Agriculture. So I think you have—I think they are, in fact, subject to his approval and expenditure. This is one of the points that we tried to make.

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

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

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

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

In addition to these nationwide efforts to promote potatoes, growers in a number of States have for many years carried on effective programs to promote the sale of products of their own States. Farm Bureau members, who are potato producers, have a record of supporting these State potato promotion efforts, as was indicated earlier. In the case of North Dakota and in the other States where you have a program that is designed to promote the sale of that State's particular potatoes, the Farm Bureau's record of supporting those efforts is pretty good.

Senator YOUNG. Most of the potato producers in North Dakota are Farm Bureau members.

Mr. DATT. That is right.

Senator YOUNG. They have kind of gotten out of control in supporting this bill?

Mr. DATT. Well, let me say that I would agree that most of the Farm Bureau potato growers in North Dakota are Farm Bureau members. They have supported the North Dakota promotion effort which is basically to support North Dakota potatoes.

Senator YOUNG. You don't see any North Dakota Farm Bureau members opposing this bill. They have not written to me, and no one is appearing.

MR. DATT. Well—

Senator YOUNG. You do not have the permission of the State organization to oppose it, do you?

MR. DATT. Under the organization procedures of the Farm Bureau, this particular policy that I read to you earlier in the statement was adopted by the voting delegates from the member bureaus.

Senator YOUNG. Let us not get into that, how you determine policy, because we can argue that all day.

MR. DATT. Let me make my point. My point is, under the structure of the organization we had voting delegates from North Dakota who were at the annual meeting when this was adopted. They have a right under the organization's bylaws to within 90 days after this policy was adopted to dissent. In other words, they had the right to indicate that they do not support this particular policy, and we have this dissent exercised on a number of occasions. We have not had any State Farm Bureau that has indicated to us that they dissent from this particular policy.

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

If the Federal Government were to become involved in 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.

One of the unanswered questions is: "What will happen to existing nationwide potato promotion programs that do not involve the Federal Government, and to the many State promotion programs, if a 'Federal potato promotion plan' such as provided in S. 1181 is enacted?"

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

Farm Bureau has supported, and will continue to support, sound promotion and research programs for potatoes. We do not believe that the approach contained in S. 1181 is in the best interest of the potato industry, and we respectfully recommend that this legislation not be approved.

Let me just comment as it related to the wool checkoff and the cotton checkoff, because they have been cited as examples of successful efforts of what we have done in this fields.

I think that there is difference. Basically the wool program and more particularly the cotton program, research program, is designed or was designed to combat the effect of synthetics as it related to that particular commodity.

This is the first one of these kinds of promotion efforts where we have food—a food product like potatoes, and we had last year, and we have introduced again this year honey, we have the dairy folks. We have wheat people, and a number of other people who have indicated that they are interested in going this route.

The question that we would ask is, if you go this route with a whole series of potatoes, honey, and so on and so forth, what is the end result as it relates to the promotion effort and how effective is it?

Senator YOUNG. It is true, is it not, that the Farm Bureau has opposed the American National Cattlemen's Association in their promotion program. You have opposed the National Wool Growers. You have opposed all these programs?

Mr. DATT. I do not know what the—I do not know that the national cattlemen or wool had a promotion program.

Senator YOUNG. Yes, I remember when the president of the American National Cattlemen's Association, Brooks Keogh, a North Dakotan and a strong Farm Bureau member himself, he became quite bitter against the Farm Bureau because they opposed their promotion program. You have opposed most of them, your record is clean.

Mr. DATT. We have opposed all the promotion programs that have involved the use of the Federal Government to administer and run promotion programs. It has involved wool and it has involved cotton and today it involves potatoes because we just do not think this is the way that we ought to go about this activity.

Senator YOUNG. I would like to say much more about it, but I will not.

Senator HOLLAND. I know you have some compilations attached to your statement. Do you wish them shown in the record also?

Mr. DATT. Well, these happen to deal with 10 acres or more. I do not know that they are exactly pertinent because after we had these prepared we did have the figures that the Department indicated that they would submit relating to 5 acres, so possibly since the other information will be included by the Department, maybe we can exclude these.

I would like to make one other comment: Both in the case of wool and both in the case of cotton, there is no exemption. All growers are covered. In the case of potatoes we are saying that those who have 5 acres or more are not covered. I do not know how, if I were a handler, the first handler, how I would know if a fellow came into me whether that fellow raised 4 acres or 5 acres as to whether I should take money from him or not as far as this activity is concerned, because I think this is one of the things that you have to look at when you start putting in an exemption. I know this was the conversation at the time when both wool and cotton, that it was felt that everyone should be covered and from an administrative and handling standpoint it was very difficult to say that somebody who had less than 10 bales should be exempt because how did you administer it and how do you run it.

I raise the same question that you might have here.

Senator YOUNG. Off the record.

(Discussion off the record.)

Senator HOLLAND. Then as I understand, you do not want any of your compilations in the record?

Mr. DATT. Yes, sir.

Senator HOLLAND. I know it is built on the 10 acres.

Mr. DATT. Yes, Senator Holland.

Senator HOLLAND. Thank you very much, Mr. Datt.

We have one more witness here, Mr. Albert Mercker, executive secretary of the Vegetable Growers Association of America.

Mr. Mercker?

I know we have one other witness down here, Mr. W. F. McCaleb, Jr., of Belle Haven, Va. Is Mr. McCaleb here?

You wish to be heard personally?

Mr. MERCKER. Yes. If Mr. McCaleb wants to proceed first, I am local.

Senator HOLLAND. Mr. McCaleb, Mr. Mercker yields to you, so we will hear you now.

**STATEMENT OF W. F. McCALEB, JR., EXECUTIVE VICE PRESIDENT,
ASSOCIATION OF VIRGINIA POTATO & VEGETABLE GROWERS,
BELLE HAVEN, VA.**

Mr. McCALEB. Mr. Chairman, in the interest of saving time, may I submit my written statement for the record and spend just some few minutes in making general remarks.

Essentially there is nothing in here that has not already been adequately covered, particularly by the testimony of the National Potato Council.

Senator HOLLAND. All right, sir.

Mr. McCALEB. If I may have this privilege, sir.

Senator HOLLAND. Yes, sir, your full statement will be copied in the record.

Have a seat, sir, and if there is something you want to highpoint, we will be glad to hear it.

(Mr. McCaleb's statement in full follows:)

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 & vegetable farmers for the past 31 years. It represents a great majority of the commercial white potato acreage in Virginia.

Our Association strongly supports S 1181. This bill establishes the legal means thru which potato farmers can institute and maintain a self-help program which may go a long way towards curing the depressed economic condition of our growers and in supplying consumers with a vital food.

The subject bill is enabling legislation only, and its intent is to permit potato farmers to establish a fund raising system which they will use to promote their products 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 S 1181 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 can be adopted under this enabling act unless overwhelmingly approved by the producers themselves. In addition, a simple majority, producing 50% or more of the potatoes produced by those voting, can terminate or suspend the plan.

It must be emphasized that passage of this legislation does not automatically commit potato growers to any program. It does make it possible for potato growers to exercise the privilege of voting on a matter which deeply concerns

them as individual potato producers. We feel that they are entitled to this vote.

It is the intent of this legislation to establish the means thru which potato producers, spending their own funds, and devising and administering their own plan, can promote their products on a nationwide basis for the mutual benefit of themselves and consumers. We earnestly solicit your favorable consideration of this vital matter.

Mr. McCALB. No. 1, our potato and vegetable association in Virginia feels that the refund provision is very important for a reason that has really not been brought out. We feel that this is the only way to judge the effectiveness of the program and the support that it has from the farmer. In other words, as soon as the national board, the promotion board, on a national basis begins to get a lot of requests for a refund, then you had better start reexamining this program. It is a red flag to the board, a red flag to the Congress, and a red flag to the Department of Agriculture. We think that it is the signal, it is the fire alarm. When you start getting these heavy requests, you had better look at the program very carefully.

Now, we have had similar programs in Virginia where we have had provisions for refunds. We had this in our so-called Nickles for Know-how Research Act, in which the State gasoline tax for farm used gasoline, nonhighway gasoline, may be refunded to a farmer on application. A portion of this was set aside for special types of research. This program has been so successful that today it is rare, very rare, perhaps once a month, before someone ever asks for a refund of his portion of the tax. This of course is an indication that the program has acceptance by the farmer, and I think that the retention of this ability to get your money back is essentially to let us know how the program is doing.

Gentlemen, I have had some connection with agricultural matters for some years. I have been the executive officer of our potato and vegetable association since 1953. Potatoes have always been, you might say, in a state of anarchy. I can never remember any potato legislation where opinion was not hopelessly fragmented. If it was not fragmented between the new potatoes, Senator, which, for example, we produce in Virginia, as you do in Florida, it was fragmented on something else.

Senator YOUNG. I remember one State appearing here with a very able witness. He wanted to market even their little marbles, and he thought he should have that right too, so they opposed that whole program.

Mr. McCALB. Right. This is the only legislation having to do with potatoes that I have ever seen any unanimity, actual unanimity of grower and grower organizations, I mean potato grower organizations.

The only opposition for 2 years has come from the American Farm Bureau Federation. It has not come from the American Farm Bureau Federation members or their State organizations or their county organizations, because if it had, where are they? Actually opposition to this program, gentlemen, comes from the executive establishment of the American Farm Bureau Federation right here in Washington, D.C. It is not coming from the grass roots.

Now, for an organization which allegedly is a grass roots based organization, what does the Farm Bureau oppose this legislation for? This does not vote this in. Passage of this legislation just gives the poor farmer, the poor producer a chance to vote, and apparently the Farm

Bureau does not trust the way he is going to vote. They do not want him to have the vote.

Gentlemen, we want the franchise. We want the chance to vote on something that bitterly affects our welfare, and here we have an organization, allegedly grass roots, that is going to deny this to us.

Now, if they feel that they have the support of all these Farm Bureau members in this thing, why should they be afraid of this vote? They are going to oppose it, and therefore their membership, solidly behind this tremendously detailed resolution here, why do they worry about the vote? The thing will be voted down anyway.

In other words, frankly to me it is just a bunch of hypocrisy, they are afraid of giving the people a chance to vote on this bill.

Now, another thing: A voluntary program. Gentlemen, the National Potato Council, with its poor little budget, does a good job. They work hard, they do a good job. Where does this money come from? Allegedly it is voluntary money. Sure, it is voluntary in being paid to the National Potato Council, but most of it comes from state check-off programs on white potatoes, that is where the National Potato Council gets its money, from the State where it is on an involuntary basis, and the State body, the State promotion board, then, in turn, will, shall we say, make a contribution to the National Potato Council. So let us not belabor the point. This is on a national basis perhaps technically voluntary, but it is using moneys that were raised involuntarily on the State level.

Gentlemen, another thing, too: with cotton you have allotments. I do not pretend to be an authority on cotton, but I believe that you cannot sell your cotton if you cannot prove that it was grown within your allotment on land and so forth that was an allotment. So why try to use an analogy that cotton is different, because we know it is different. With potatoes you apparently are supposed to get into some great row about whether this is 4 acres or 5 acres. I believe the statement was made by Mr. Nicholson that 98 percent of the commercial potatoes are produced on farms with more than 5 acres. These small producers are, in effect, really producers of commercial potatoes only by courtesy. You might say that your few rows of potatoes or half an acre for themselves and their families who maybe they have got a son in the city or something like this, but they are really no effect at all on the potato situation.

Gentlemen, I know you are pressed for time, and forgive me for taking this extra time here, but I did feel that having just listened to some of the statements made, that some of these things should be called to your attention.

Senator HOLLAND. Thank you very much, sir. I appreciate your testimony.

One more witness is Mr. Mercker.

Mr. Mercker, we will be glad to hear you.

Senator YOUNG. Mr. Chairman, I know you will join me, as do the cosponsors of the bill, in thanking all these witnesses who come a long ways to testify and in filing their statements. I think they should have the thanks of the committee.

Senator HOLLAND. Well, we are happy that they have done that, and I think it is appropriate that they should, because they are all members of the National Potato Council group which has been well

represented and has a fine statement for the whole group in the record. We are glad that they are filing their written statements.

All right, 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.

As an insert, we have about 1,141 members, about 1,000 of which are dues-paying members.

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 S. 1181, 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 shoe strings. 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.

Senator HOLLAND. What is the source of the data you just referred to?

Mr. MERCKER. I should have put that down. It is various bulletins released by the Department of Agriculture.

Senator HOLLAND. This is all based on U.S.D.A. sources?

Mr. MERCKER. U.S.D.A. utilization reports.

Senator HOLLAND. Thank you.

Mr. MERCKER. About 12 States have legislation which provides for a tax on the first sale of potatoes for advertising and research pur-

poses, 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 capita consumption and the total increase, has been very good, additional funds to promote potatoes are needed, not only to improve the consumers' 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.

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

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

Senator HOLLAND. Your table states data taken from what source?

Mr. MERCKER. The various utilization reports released by the Department of Agriculture over the years.

Senator HOLLAND. All based on U.S.D.A. reports.

Mr. MERCKER. All based on U.S.D.A.

Senator HOLLAND. Thank you very much. The table will be copied into the record.

(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 shoestrings	Dehydrated	Frozen	Canned
1955.....	245,792	170,795	146,048	24,747	14,566	3,223	4,675	2,283
1957.....	242,522	176,973	148,408	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

Senator HOLLAND. Do you have any questions?

Mr. MERCKER. Mr. Chairman, maybe I have been a little stubborn on wishing to appear personally, but I want to answer the question that seemed to be uppermost in the people's mind as to the Secretary of Agriculture administering part of this program or giving the opinions and decisions. I have worked for many Secretaries of Agriculture, and I have been close to marketing agreements ever since they were provided for by legislation, and before that on voluntary clearing-house programs. I will say, to my knowledge, in having observed all of the recommendations made under marketing agreements by the Marketing Agreements Committee, I have never known a Secretary to refuse to accept a recommendation made by those committees, and I think the same would hold here.

Even recently Secretary Hardin was under tremendous pressure with respect to a recommendation made by the tomato growers as to size. From all angles, terrific pressure from many segments of the industry and other segments of Government, but he stuck by the recommendation that was made by the tomato industry that was operating under a marketing agreement.

Senator HOLLAND. That is correct. I happen to know about it myself. Senator Young?

Senator YOUNG. I just want to thank you for your testimony, and it is good to see you again.

Mr. MERCKER. Thank you, sir.

Senator HOLLAND. We are glad to have you.

Unless there are further witnesses, the committee will rise, except I want to place in the record here several statements that have been left with the committee by others. One is by Mr. Clarence Parr of Idaho. His statement will be placed in the record unless there is objection. Another is by a Mr. Ted Jablonski of Phoenix, Ariz. That statement will be placed in the record unless there is objection.

Another is from Bakersfield, Calif., a wire signed by Francis P. Pusateri, executive manager of the Potato Growers Association of California. Without objection, that will be placed in the record.

And the last is a statement by Dalyle Esplin, executive secretary of the Potato Growers of Idaho. Without objection, that statement will be placed in the record.

(The statements referred to follow;)

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

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

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

I am 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 2,483 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 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. S-1181 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 that are not being told by individual states in their respective advertising campaigns.

Idaho Statute at the present time requires payment of 2¼ cents at the handler level. Two cents are paid by the grower and ¼ 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 Section 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.

I 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 10 and 11, 1968:

"Whereas, the National Promotions Act in 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 S-1181 with a "Do pass" recommendation to the Congress of the United States.

STATEMENT OF TED JABLONSKI, VICE PRESIDENT, ARIZONA POTATO AND ONION GROWER-SHIPPER ASSOCIATION, PHOENIX, ARIZ.

My name is Ted Jablonski. I reside in Phoenix, Arizona, and I am a manager for John Jacobs Farms, an organization in the agri-business of growing fresh vegetables. I have been connected with this organization for over twenty years. The organization is a member of the American Farm Bureau.

I am a member of the Steering Committee and Chairman of the Legislative Committee of the National Potato Council and Vice-president of the Arizona Potato and Onion Grower-Shipper Association. John Jacobs Farms harvested 233 acres of red potatoes in 1968 and in June of this year will harvest 248 acres of potatoes.

Arizona is not a large producer of potatoes but we do grow in excess of 10,000 acres annually and we produce potatoes for both the fresh market and for processing. All of the potato growers of Arizona are in favor of this legislation. The Act, in its present form, has been carefully reviewed by us, word for word, paragraph by paragraph, and we heartily endorse it.

The National Potato Council did not initiate this legislation on a whim. Many years of careful consideration and debate during the meetings of the Board of Directors and meetings of the Steering Committee of the National Potato Council, built the framework for this Act. Those spending countless hours of toil in the preparation of this Potato Research and Promotion Act agreed that, in the implementation of the Act, the potato would be promoted in all of its forms: fresh, frozen, dried, cooked and uncooked; in fact, in all forms now on the market or to be developed in the future.

There is no effective nationwide promotion program for potatoes now in existence. The United Fresh Fruit and Vegetable Association, of which my organization is a member, has at times contracted with state organizations to promote that state's potato production but with a very limited budget. The Potato Council, with funds voluntarily contributed by potato growers, has started a very small program but this Act is needed to provide the amounts of money necessary to really do the job. When one considers the cost of just one full-page full-color advertisement in a publication such as the magazine, "Life" (costing in excess of \$70,000), the necessity for this Act is brought into perspective.

It is interesting to note that each of the states which now have some sort of promotion program for their own potato production are unanimously in favor of passage of this Act. These groups can readily see how a national program on a twelve-month basis, with a continuity of material, will be nothing but enhance their own programs. I doubt that any state would abandon its small program, but, rather, would tie its material to that of the national layouts.

I am sure others will detail for the members of this Committee the reasons this program is needed. Still others will provide you with the statistics. My testimony would not be complete without calling to your attention that such a promotion program will enable the potato people to also inform the public of the high nutritional qualities of the potato. In these days of deficiencies in the diets of a large portion of our population, and more so throughout the world, the telling of the true potato story can well be the beginning of the solution of this problem.

Gentlemen, the potato growers of Arizona are 100% behind this program. We need your cooperation and help. We respectfully request your favorable action in this Committee and in the Senate.

Thank you.

BAKERSFIELD, CALIF., May 6, 1969.

Senator SPESSARD L. HOLLAND,
Chairman, Subcommittee No. 3—Agricultural Production, Marketing and
Stabilization of Prices of the Senate Committee on Agriculture and Forestry,
Washington, D.C.

Reference S-1181, scheduled to be heard before your subcommittee on May 8, 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 subcommittee record on S-1181.

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

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

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

The Potato Growers of Idaho, Inc., represents 2,483 potato growers and maintains a state office at 50 North Ash Street in Blackfoot, Idaho. The 2,483 members of the Potato Growers of Idaho, Inc., raise about 70% of the potatoes grown in Idaho. Idaho growers raised 294,000 acres of potatoes producing 59,505,000 cwt. during the 1968 season or $\frac{1}{2}$ of all the potatoes produced in the United States during 1968.

I have attended several hundred meetings concerning potatoes in many different cities and town across the state during the time I have served as Executive Secretary. I have also attended many meetings in other states regarding potatoes.

The potato growers in many of these meetings have expressed the conviction that the potato industry must somehow educate the people of the United States and particularly the housewife concerning the high nutritional value and low caloric content of the potato. Growers have a strong desire to combat the idea that potatoes are fattening.

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

Promotion of any product on a nationwide scale would take money that could and should come from the producers involved. S-1181 would provide the necessary means to enable the potato industry to tell its' story to all the people of the United States.

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

Individual states have done a great deal. They have promoted potatoes grown in their individual states. National promotion of potatoes in general would not only aid the states who have tried to tell the potato story; but would also benefit smaller acreage potato states who have not been able to engage in extensive advertising campaigns. Consumers of the nation would also benefit from the knowledge that the potato has good nutritional value, is non-fattening and is a highly satisfying food.

While many of the people of the United States ask for financial help from the federal government; the potato growers of the nation and of Idaho are asking for the proper tools to help themselves. S-1181 would give them some of those essential tools.

Senator HOLLAND. Are there other statements for the record? If not, the committee will rise, and when the record is ready for printing or up to that time, please accept any written statements that come in unless they look irregular, in which case Senator Young and I will pass on them. But I do not know why we should exclude any statements up to that time, when the record is ready, otherwise the record will be closed.

Thank you, gentlemen.

(Whereupon, at 12:40 p.m., the committee was adjourned.)
 (Additional statements filed for the record are as follows:)

U.S. SENATE,
 Washington, D.C., May 12, 1969.

HON. ALLEN J. ELLENDER,
 Chairman, Agriculture Committee,
 Washington, D.C.

DEAR ALLEN: As a cosponsor of S. 1181, I would like to present to the Committee my strong interest in this bill which is designed to enable potato growers to establish a national research and promotion program for potatoes.

The good purposes of this bill will be beneficial to both producers and the consumer. To my mind, the research that will be conducted with the view of improving the quality and condition of potatoes as they reach the consumer is especially important.

So far as the state which I represent is concerned, it is not always realized that 10% of the national late spring potato crop is grown in Arizona. This bill will provide the means whereby the potato growers can help themselves to expand their markets.

I am in full accord with the approach used in the bill which would authorize the establishment of a program only upon the consent of the producers themselves through a referendum. This requirement plus the fact that the financing will be met by the producers, should assure that the program will be truly administered in an effective and efficient way. With the program being approved and financed by the industry, and with the option retained for any individual grower to be able to obtain a refund on the assessment paid by him, the bill will be equitable to all.

That such a program can be practical and successful is an established fact. The precedent of the Cotton Research and Promotion Act stands as proof of the beneficial effects which a program of this nature will have.

This bill has my full endorsement. I hope the Committee will report the bill favorably and recommend that it be passed.

Sincerely,

BARRY GOLDWATER.

STATEMENT OF HON. B. EVERETT JORDAN, A U.S. SENATOR FROM THE STATE
 OF NORTH CAROLINA

Mr. Chairman: I want to express my support of S. 1181, the Potato Research and Promotion Act, of which I am pleased to be a co-sponsor with Senator Milton Young and a number of others.

The bill, as you know, is substantially the same in its provisions as S. 2862 on which this subcommittee conducted extensive hearings last year but on which action was not completed primarily because of a shortage of time.

The measure, in its present form, has the substantial support of the Agriculture Department and the endorsement of the National Potato Council, the National Council of Farmer Cooperatives, and the North Carolina Potato Association. I am glad the latter organization supports the measure because it represents an important segment of my state's agricultural economy and has the interests of Tar Heel potato growers uppermost in its thinking.

As for myself, I am convinced that S. 1181 is a sound and forward-looking piece of legislation and necessary to the industry's growth and stability.

Moreover, it is one which takes into account and utilizes that industry's responsibility to protect its own well being and its willingness to contribute to that cause.

It is in every sense a self-help bill because it provides a way in which potato producers can band together to finance the research measures and promotional activities necessary to meet increasing competition from other food products in the market place.

The government would assist in the program but the growers themselves would largely pay for it through voluntary assessment on their production if the plan receives the required referendum majority.

There is already precedent for this type of farm program in the cotton research and promotion program adopted several years ago.

That program has worked and worked well.

What it has done for cotton it can, I believe, do for potatoes, and I urge your serious and favorable consideration of this measure. Thank you for your attention.

STATEMENT OF HON. EDMUND S. MUSKIE, A U.S. SENATOR FROM THE STATE OF
MAINE

Mr. Chairman I appreciate the opportunity to express my support for S. 1181, a bill to enable potato growers to finance a nationally coordinated research and promotion program. This program is designed to improve the competitive position of potato growers and expand the markets for potatoes by increasing consumer acceptance of potatoes and potato products. It is also the intent of this legislation to improve the quality of potatoes and potato products that are made available to the consumer.

The importance of promoting the potato has already been recognized in a number of states. Commissions have been established in several states to bring the nutritional value of potatoes to the attention of consumers. Unfortunately, the number of states participating in these promotional programs are few when compared to the number of states that consider potatoes a major crop.

This bill will serve to supplement existing individual state programs with a national program, and at the same time, provide an opportunity for participation by all potato growers in all sections of the country.

In addition to providing an opportunity for the establishment of a national promotion program, the bill would require that a portion of the assessments be used for research and development projects. Even now, in my own State of Maine, the University is limited in the amount of agriculture research that it can conduct because of a scarcity of funds. Agriculture research is usually paid for by agencies of the Federal and State governments. When this bill is passed there will be another source of funds available for these important research efforts. We know that any research benefiting the potato would also benefit other crops as well.

One of the most important aspects of the legislation concerns the financing of the program. Potato producers will be assessed to cover all costs so that there will not be any direct costs to the American taxpayer for the administration of this legislation.

I have conducted a survey of the potato growers of my state and find that they are in full support of this legislation. They recognize that the passage and implementation of this bill will assist them in placing a better product on the market which will not only improve the competitive position of the potato, but will, at the same time, benefit the consumer.

I respectfully request that your Subcommittee give favorable consideration to S. 1181.

NATIONAL COUNCIL OF FARMER COOPERATIVES,
Washington, D.C. May 7, 1969.

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

DEAR SENATOR ELLENDER: On behalf of our member cooperatives who market potatoes for farmers in many areas of the United States, we urge your support for enabling legislation toward the establishment of a potato research and promotion program, as proposed by S. 1181.

S. 1181 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 S. 1181.

Sincerely,

ROBERT N. HAMPTON,
Director of Marketing
and International Trade.

STATEMENT OF JAMES D. PAUL, POTATO GROWERS ASSOCIATION OF CALIFORNIA,
BAKERSFIELD, CALIF.

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

The purpose of my testimony is to urge your favorable and prompt action on the legislation being considered. During my term as president of the Potato Growers Association of California, and during the term of my successor, this proposed legislation has been well publicized, not only through news media within the state but by special bulletins circulated by the Association, and was included as a regular feature in the monthly publication of the Association, circulated within the state to members and non-members as well. To this date, I have not had, nor has the office of the Association had, one single dissenting voice concerning the legislation proposed here today. The Governing Board of the Association, has voted unanimously to support the Bill.

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

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

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

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

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

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

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

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

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

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

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

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

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

Thank you.

ALLIANCE, NEBR., May 5, 1969.

HON. SENATOR HOLLAND,
*Chairman, Subcommittee No. 3,
 Agricultural Production, Marketing and Stabilization of Prices,
 Washington, D.C.*

DEAR SENATOR: The Nebraska Potato Council, which represents all potato growers in Nebraska, is taking this means to advise you and your sub-committee that we favor passage of S-1181 and would like this letter added to the testimony for presentation at the hearing on this bill.

We support this legislation because something needs to be done to improve the economic position of farmers and potato growers. We agree with the National Potato Council that this program is needed to bring the correct story of the nutritive value of potatoes to the public.

Promotion and factual advertising on a self-tax basis is, we feel, the correct way to market volume, to upgrade quality, to create demand for potatoes, and to help many potato growers realize enough profit to stay in business.

Sincerely yours,

WARREN TRANK,
Nebraska Potato Council.

MALIN, OREG., May 7, 1969.

SENATOR HOLLAND,
*Old Senate Office Building,
 Washington, D.C.*

HONORABLE SENATOR HOLLAND: I appeared before the House subcommittee April 17 and 18 with the enclosed testimony regarding the Potato Research and Promotion Bill. Due to lack of time I hope you will excuse the duplicate use of material but the desires remain the same on S-1181. We hope your committee will favor the legislation as has the House subcommittee.

Sincerely yours,

EDWIN J. STASTNY,
Chairman, Oregon Potato Commission.

(The attached statement is as follows:)

To The Honorable Thomas S. Foley, Chairman, Domestic Marketing and Consumer Relations, House Committee on Agriculture.

I am Edwin J. Stastny, of Star Route, Malin, Oregon, and am a diversified farmer who grows potatoes and is vitally interested in the passage of the Potato Research and Promotion Bill HR 2777.

The growers I represent as Chairman of the Oregon Potato Commission wants this legislation. All these growers support the Commission with an assessment

of 1½ cents per cwt. 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 one cent per cwt. 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 they soon died for lack of financial support and nothing much was ever accomplished. Twenty years ago far-sighted 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 basic 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, or 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 HR 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 HR 2777.

GAINESVILLE, FLA., May 6, 1969.

SENATOR SPESSARD L. HOLLAND,
*Senate Agriculture Committee,
Senate Office Building,
Washington, D.C.*

DEAR SENATOR HOLLAND: I am already beginning to enjoy the Florida sunshine. I can better understand why you are so in love with this great State.

For several weeks members of the Florida Farm Bureau staff and others have been discussing the Potato Check-Off Legislation with leading potato producers in Florida. As you know, most of the potatoes are grown in about five counties. It is our opinion that S. 1181 providing for a nation wide Check-Off Program for potatoes will not be in the best interest of Florida potato producers.

This is not to say that we are opposed to research and promotion for potatoes or any other agricultural commodity. However, we believe that if we begin to use the power of the Federal Government to "check-off" money for farm producers to promote one food commodity over another that will become an endless chain.

Mr. John C. Datt will be appearing before your committee in reference to this Legislation and we concur in the recommendation that he will be making to your

committee on behalf of Farm Bureau. We urgently request that S. 1181 not be approved. We request that you make this letter a part of the hearing record with reference to this issue.

Sincerely,

JOHN C. LYNN,
*Executive Vice President,
Florida Farm Bureau Federation.*

ALLIANCE, NEBR., May 6, 1969.

Senator HOLLAND,
*Chairman, Subcommittee No. 3,
Agricultural Production, Marketing and Stabilization of Prices,
Washington, D.C.*

DEAR SENATOR: This Association represents all certified potato growers in Nebraska. We are greatly concerned about the entire agricultural situation and potato prices in particular.

It is our opinion that as an industry, potato people must act collectively to help ourselves. We feel that S-1181 offers us the right approach to the solution of some of our most serious problems.

We therefore take this means to urge passage of this bill. It is our hope that this letter will arrive in time to be presented at the hearing scheduled for May 8.

Sincerely,

LOUIS KNOFLICEK,
President, Potato Certification Association of Nebraska.

EAST GRAND FORKS, MINN., May 6, 1969.

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

DEAR SENATOR HOLLAND: The potato growers of the Red River Valley of North Dakota and Minnesota strongly support passage of S-1181, the Potato Promotion and Research Act.

As President of the Red River Valley Potato Growers Association, I have heard almost no criticism of the bill and have heard strong support from many leaders in the industry. I am a grower and have been associated with the potato industry for over 30 years.

In my opinion no one development has received such industry-wide support as this opportunity for the growers to promote his own product.

I sincerely request your support of the legislation.

Sincerely yours,

ARDELL JEFFREY,
President, Red River Valley Potato Growers Association.

EAST GRAND FORKS, MINN., May 6, 1969.

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

DEAR SENATOR HOLLAND: The membership of the Red River Valley Potato Growers Association supports S-1181, the Potato Promotion and Research Act.

Red River Valley growers are suppliers of potatoes for diverse utilization. About 40 percent of the production grown on 180,000 acres are sold for fresh consumption and the balance about evenly divided between seed production and potatoes used for processing.

We realize that each segment is dependent upon the stability of the other production phases to be ultimately successful. For over 20 years our industry in the Red River Valley has cooperated to assist in promoting all segments of the potato industry.

Senate Bill 1181 provides the opportunity for all United States potato growers to assist in improving their industry. Because growers realize the need for development of a promotion program, we request your consideration of this legislation.

Sincerely yours,

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

GOULDS, FLA., May 8, 1969.

Senator HOLLAND,
Chairman, Subcommittee No. 3, Agricultural Production Marketing and Stabilization of Prices, Washington, D.C.

SENATOR HOLLAND: I speak today as past president of the Dade County Potato Growers Association, past chairman of the Florida Potato Council and the largest shipper of south Florida potatoes. In reference to Senate Bill S. 1181 I feel that I voice the opinion of the Florida growers in urging that you support this bill to the best of your ability and by doing so aid the Florida potato growers to help themselves to promote their product and inform the consumer of the nutritional value of potatoes in their diet.

We in the industry have a desire to improve the quality of our product and through a united effort of self help keep the American potato farmer competitive. The Florida Potato Growers Associations have voted in favor of this bill and again we ask your kind consideration and assistance in its passage.

Please enter my remarks in the records of your committee.

Sincerely yours,

NORMAN A. FALCONER,

Far-South Growers Cooperative Association.

