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WHEAT AND WHEAT FOOD RESEARCH, EDUCATION, AND PROMOTION

GOVERNMENT

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HEARING

BEFORE THE

SUBCOMMITTEE ON LIVESTOCK AND GRAINS

OF THE

COMMITTEE ON AGRICULTURE

HOUSE OF REPRESENTATIVES

NINETY-SECOND CONGRESS

SECOND SESSION

ON

H.R. 13513, H.R. 13514, H.R. 13663, H.R. 13687,
and H.R. 13717

MAY 3, 1972

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WHEAT AND WHEAT FOODS RESEARCH, EDUCATION, AND PROMOTION

WEDNESDAY, MAY 3, 1972

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LIVESTOCK AND GRAINS
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:05 a.m., in room 1301, Longworth House Office Building, the Honorable Graham Purcell (chairman of the subcommittee) presiding.

Present: Representatives Purcell, Foley, Melcher, Bergland, Link, Denholm, Zwach, Price of Texas, Sebelius, and Kyl.

Staff: Mrs. Christine S. Gallagher, chief clerk; Lacey C. Sharp, general counsel; and L. T. Easley, staff consultant.

Mr. PURCELL. The subcommittee will please come to order.

We are here to today hear testimony regarding legislation introduced by several members of Congress, including members of this subcommittee to establish a program of wheat, wheat foods research, education, and promotion. The program would be financed by an assessment against the wheat processor, the total amount to be derived from such assessment would be between \$2 and \$6 million annually. Virtually no federal funds would be involved.

The bill is designed to be a coordinated effort by the wheat industry to counter declining individual consumption in the U.S. of wheat and wheat products. While the actual language of the bill may require some changes, as a joint effort by various levels of the wheat industry and Members of Congress to do something to assist the industry, it is a highly commendable effort and we will be glad to hear the testimony regarding it at this time.

(The bills, H.R. 13513 by Mr. Purcell and Mr. Steed; H.R. 13514 by Mr. Purcell, Mr. Abourezk, Mr. Alexander, Mr. Andrews, Mr. Aspinall, Mr. Bergland, Mr. Denholm, Mr. Foley, Mr. Halpern, Mr. Hansen of Idaho, Mr. Link, Mr. McClure, Mr. McCollister, Mr. McCormack, Mr. Melcher, Mr. Nelsen, Mr. Roncalio, Mr. Roy, Mr. Sebelius, Mr. Shriver, Mr. Terry, Mr. Thone, Mr. Ullman, Mr. Winn, and Mr. Zwach; H.R. 13663 by Mr. Jones of Tennessee; H.R. 13687 by Mr. Purcell and Mr. Frenzel; and H.R. 13717 by Mr. Skubitz, are identical bills, the text of which and the departmental report follow:)

[H.R. 13514, 92d Cong., second sess.]

A BILL To enable wheat producers, processors, and end-product manufacturers of wheat foods to work together to establish, finance, and administer a coordinated program of research, education, and promotion to maintain and expand markets for wheat and wheat products for use as human foods within the United States

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act shall be known as the "Wheat and Wheat Foods Research, Education, and Promotion Act".

LEGISLATIVE FINDINGS

SEC. 2. (a) Wheat and its products are a basic source of the Nation's total supply of human foods. They are sold on the countrywide market, as wheat or wheat products. Substantial quantities thereof move in interstate commerce from producers to consumers. Recurring periodic surpluses impair purchasing power and financial stability of wheat producers, adversely affect farm credit, disorganize and disrupt the agricultural and general economy of the United States, create uncertainty for consumers, impinge on the general welfare, and burden interstate commerce. The production, processing, manufacturing, and marketing of wheat and its products within the United States directly affect the welfare and security of the Nation.

(b) It has long been found to be in the public interest to have a reasonable balance between the supply and demand for wheat and wheat products produced and sold in this country for use as human foods. Increasing need for food adds a humanitarian dimension and a note of urgency. The distribution, manufacture, and sale of wheat and wheat foods have become major instruments of national policy as well as important factors in the nutrition of consumers.

(c) In order to increase demand for wheat and wheat foods, and to advance the public interest, it is necessary to establish a research, education, and promotion program which will provide:

(1) Research: coordinated and programed to amplify and to extend, without duplication, existing research programs for the purpose of exploring in the public interest such areas as: the nutritional values of wheat and wheat foods and the possibility of new and improved wheat foods which by the nature of research will contribute to knowledge of nutrition in general and understanding of all wheat foods in particular, or increase their value; improved techniques of production and distribution of wheat and wheat foods; and market research, including consumer attitudes.

(2) Education: to communicate existing and new product knowledge, uses, and values in nutrition; nutrition education; in the establishment of school or community nutrition programs; in the preparation and distribution of materials for food editors and writers in all media, leaders of government, and school authorities.

(3) Promotion: including public relations, advertising, trade advertising, merchandising projects, and events and programs for special market areas and market research to determine the most effective methods of presentation of the consumer benefits to be derived from wheat and wheat foods as human foods.

(d) The implementation of such research, education, and promotion will, among other things, (1) contribute to professional and public knowledge, understanding, and appreciation of wheat foods and their relationship to other human foods in approved diet; (2) improve the market for wheat and wheat foods; (3) stimulate appreciation of the need for, and greater use of, wheat and wheat foods as an essential part of a balanced diet; (4) reduce and strive to eliminate the need for regulatory controls on the production and marketing of wheat; (5) help improve the effectiveness of world food programs through better utilization of wheat foods; and (6) contribute to those sectors of the National and State economies dependent in whole or part on the industrial vitality of those associated with the production, processing, and end product manufacture of wheat and wheat foods.

DECLARATION OF POLICY

SEC. 3. It is therefore declared to be the policy of the Congress and the purpose of this Act (1) to authorize and provide for the establishment of an orderly procedure for the development, financing, and carrying out of an effective, continuous, and coordinated program of research, education, and promotion designed to maintain and expand markets for wheat and wheat products for use as human foods within the United States, and (2) to require the Secretary of Agriculture to utilize the services and counsel of industry organizations and groups to the maximum extent in the development and administration of programs of research, education, and promotion under this Act.

DEFINITIONS

SEC. 4. For the purposes of this Act—

(a) The term "council" means the Wheat Industry Council established pursuant to section 5 of this Act.

(b) The term "Department" means the United States Department of Agriculture.

(c) The term "end product" means any product in which processed wheat or wheat grown within the United States is a material or ingredient, and which is intended for use as human food within the United States without further processing other than final preparation thereof for consumption by the ultimate consumer on the premises where sold or final preparation by the ultimate consumer for personal, family, or household use.

(d) The term "end product manufacturer" means any person who produces an end product.

(e) The term "person" means any individual or any partnership, corporation, association, or other business entity.

(f) The term "processed wheat" means any substance produced for use as an end product, or as a component of an end product, by changing wheat grown within the United States in form or character by any mechanical, chemical, or other means.

(g) The term "processor" means any person who during the period of twelve months immediately preceding the date as of which the determination is made (1) produced processed wheat from five thousand bushels or more of wheat or from the equivalent thereof in previously processed wheat, or (2) bought for resale to other processors or to end product manufacturers without further processing processed wheat produced from five thousand bushels or more of wheat.

(h) The term "Secretary" means the Secretary of Agriculture, or any officer or employee of the United States Department of Agriculture who is authorized to exercise the powers and perform the duties of the Secretary.

(i) The term "United States" means the several States and the District of Columbia, but does not include any territory or possession.

(j) The term "wheat producer" means any person who grows wheat within the United States for market.

(k) The term "year" or "fiscal year" means the period from the effective date of this Act to the beginning of the next fiscal year of the United States Government and each fiscal year of the United States Government thereafter.

ESTABLISHMENT OF WHEAT INDUSTRY COUNCIL

SEC. 5. (a) There is hereby established a nonprofit organization to be known as the Wheat Industry Council (hereinafter referred to as the "council") which shall not be an agency or establishment of the United States Government.

(b) No part of the net earnings of the council shall inure to the benefit of any private person, and it shall be treated as an organization described in section 170(c)(2)(B) of the Internal Revenue Act of 1954 and as an organization described in section 501(c)(3) of the Internal Revenue Code of 1954 which is exempt from taxation under section 501(a) of such Code.

(c) The council shall be composed of fifteen voting members and seven additional members. One of the additional members shall be the Secretary or an official of the Department designated by him. The fifteen voting members and alternates therefor shall be appointed by the Secretary from nominees submitted for his consideration as hereinafter provided. The additional members shall meet and confer with the voting members of the council but shall not be entitled to vote or hold any council office.

PROCEDURES FOR THE NOMINATION AND APPOINTMENT OF MEMBERS AND ALTERNATE MEMBERS TO THE WHEAT INDUSTRY COUNCIL

SEC. 6. (a) Within thirty days after the enactment of this Act, and not less than thirty days prior to the beginning of each fiscal year which begins after the fiscal year in which this Act becomes effective, the Secretary shall request the Wheat and Wheat Foods Foundation, a nonprofit corporation organized and existing under the laws of the State of Illinois, the membership of which is limited to persons who are or who represent producers, processors, or end product manufacturers, to submit the names of fifteen persons for consideration by the Secretary as nominees for appointment to the council as voting members, and the names of fifteen additional persons, each for consideration by the Secretary as a nominee for appointment as an alternate to a designated voting member of the council. Each of said nominees for appointment as voting members or alternates shall be a member of, or an officer, director, or employee of a member of, the Wheat and Wheat Foods Foundation, selected to represent the views and

interests of that segment of the industry on whose behalf he was designated, namely producer, processor, or end product manufacturer. Five of the persons so selected as nominees for appointment as voting members of the council and the five persons so selected as nominees for appointment as their alternates shall qualify on the basis of membership in the producer segment, a like number of each on the basis of membership in the processor segment, and a like number of each on the basis of membership in the end product manufacturer segment. Any one or more of said nominees, voting members, and alternates may be a director, officer, or executive committee member of the Wheat and Wheat Foods Foundation.

(b) The additional members, other than the Secretary or his designate, shall be selected at large by the Secretary, two from each of the three segments of the industry referred to in subsection (a) of this section.

APPOINTMENT OF NOMINEES BY THE SECRETARY

SEC. 7. (a) (1) Upon receipt of the request of the Secretary for nominees as provided in section 6, the board of directors of the Wheat and Wheat Foods Foundation is requested to choose fifteen nominees and a like number of alternates for consideration by the Secretary for appointment as members or alternates, as the case may be, to the Wheat Industry Council. If any such nominee or alternate nominee is rejected by the Secretary in his discretion, the Secretary shall request the board of directors of the Wheat and Wheat Foods Foundation to submit the name of another nominee or alternate nominee in lieu of the one rejected, which nominee or alternate nominee, as the case may be, shall be subject to the same eligibility requirements, and shall represent the same segment of the wheat industry (producer, processor, or end product manufacturer), as the nominee or alternate nominee rejected by the Secretary.

(2) An alternate voting member of the council shall act in the place of the member for whom he is an alternate during such member's absence or when designated to do so by the member for whom he is an alternate. In the event both a member and his alternate are unable to attend a council meeting, the voting members of the council present may designate another alternate of the same classification (producer, processor, or end product manufacturer) to serve in such member's place for that meeting. In the event of the death, removal, resignation, or disqualification of a member, his alternate shall act for him until a successor for such member is selected and has qualified.

(b) A council member shall be appointed to serve for one fiscal year and his term shall expire on the last day of the fiscal year for which he was appointed, except that each member shall hold office until his successor shall have been appointed and shall have taken office. Council members may be removed for cause by the Secretary. Vacancies for unexpired terms on the council shall be filled by the Secretary in the manner herein prescribed for the appointment of members for a regular term. A member shall be eligible for reappointment if again selected for nomination pursuant to subsection (a) of this section.

(c) Members of the council, and their alternates, shall serve without compensation but shall be paid their necessary travel, subsistence, and other expenses incurred in the discharge of their official duties. The Secretary or other officer or employee of the United States appointed to the council shall serve without compensation in addition to that received by him as an officer or employee of the United States, subject, however, to the provisions of section 18 of this Act relating to reimbursement by the council to the Department for actual administrative expenses incurred by the Department.

GENERAL POWERS AND DUTIES

SEC. 8. (a) The council shall meet at least annually and at other times upon call of the chairman. Special meetings of the council may be called at any time upon reasonable notice, as required by its rules and regulations, by a quorum of the members of the council or by the Secretary.

(b) The chairman of the council shall be selected by the voting members of the council and shall hold office at the pleasure of the council or until his membership on the council expires.

VOTING REQUIREMENTS FOR COUNCIL ACTIONS

SEC. 9. A majority of the voting members of each of the three groups represented on the council shall constitute a quorum. All decisions, recommendations,

or other actions of the council shall require a majority vote of the voting members present from each of the three groups represented on the council (producers, processors, and end product manufacturers). All such decisions, recommendations, and actions of the council shall be subject to approval by the Secretary. The Secretary shall not take any action with respect to any matter concerning which the council is authorized to act unless and until such action receives the requisite approval by the voting members of the council as provided in this section.

AUTHORITY OF COUNCIL TO ISSUE RULES AND REGULATIONS

SEC. 10. The council may adopt rules and regulations governing the manner in which its business may be conducted and its powers exercised.

AUTHORITY OF COUNCIL TO SUE AND BE SUED

SEC. 11. The council may sue and be sued in the same manner, in the same courts, and to the same extent that a corporation may sue and be sued. Notwithstanding other provisions of law, for jurisdictional and venue purposes the city in which the principal office of the council is located will be considered its official residence.

AUTHORITY TO CONTRACT; LIABILITY OF UNITED STATES

SEC. 12. The council may enter into and carry out such contracts or agreements as are necessary or desirable in the conduct of its business, including the borrowing of money for administrative expenses pending the collection of assessments as herein provided. The council shall have no authority to obligate the United States, and none of its notes or obligations shall be guaranteed by or collectable from the United States. Claims against the council shall be enforced only against the assets of the council, and no liability for the debts or actions of the council shall exist against either the United States, or any agency or agent thereof, or any member, officer, employee, or agent of the council in his individual capacity.

OBLIGATIONS AND EXPENDITURES; SETTLEMENT OF CLAIMS

SEC. 13. The council shall determine the character of and the necessity for its obligations and expenditures and the manner in which they shall be incurred, allowed, and paid. It may make final and conclusive settlement and adjustments of any claims by or against the council or of the accounts of its officers, employees, agents, and contractors.

EMPLOYMENT OF PERSONNEL; REQUIREMENT OF PERSONAL BONDS

SEC. 14. (a) The council may appoint such committees and officers and employ such personnel as it may deem necessary for the conduct of its business; establish conditions of employment, discharge, and leave; fix the amount of and pay their compensation; and define their authorities and duties. All such committees, officers, and employees shall be subject to the general supervision and control of the council and its rules and regulations adopted pursuant to section 10 of this Act, and shall be subject to reimbursements for expenses as prescribed in section 7(c) of this Act. The council may require and pay for bonds for employees, officers, agents, or contractors.

(b) Members of the council, other than the Secretary or his designee, and employees of the council shall not be deemed to be Federal employees for any purpose and shall not be subject to the provisions of laws relating to Federal employment.

UTILIZATION OF FEDERAL AND STATE FACILITIES AND SERVICE

SEC. 15. The council may, with the consent of the department or agency concerned, accept and utilize on a reimbursable or nonreimbursable basis, the officers, employees, facilities, services, and information of any department or agency of the United States or of any State or of any political subdivision of any State.

GENERAL POWERS OF COUNCIL

SEC. 16. The council shall have such other powers as may be necessary or appropriate for the exercise of the powers vested in it and the effective performance of the duties imposed on it by this Act.

RESEARCH, EDUCATION AND PROMOTION PROGRAM

Sec. 17. The council shall, subject to the provisions of section 9, develop and submit to the Secretary for his approval, research, education, and promotion (including paid advertising) plans or projects for wheat and wheat foods, to encourage and make more efficient the growing, distribution, and marketing of wheat and wheat foods, and to stimulate expanded sales and uses thereof in present or new forms for use as human food within the United States. Any such plan or project shall be directed toward increasing the general demand for wheat and wheat foods without reference to private brands or trade names and without specific benefit to any individual or restricted group of producers, processors, or end product manufacturers to the exclusion of other individuals or groups within the industry. Funds collected to finance said plans or projects shall be expended on behalf of, and in proportion to, the assessment on the end products represented by such assessment. No research, educational, or promotional effort shall employ false or unwarranted claims in behalf of wheat and wheat foods nor against competing foods and products. Any such plan or project must be approved by the Secretary before becoming effective.

COUNCIL BUDGET

Sec. 18. The council shall submit to the Secretary for his approval a budget for each fiscal year showing the anticipated expenses and disbursements of the council in the administration of this Act, including the probable costs of research, education, and promotion plans or projects within the scope of section 17 of this Act. The council will include in such budgets only the actual administrative expenses, as determined by the Secretary, which may be incurred in the performance of assigned, necessary services within the Department in connection with the administration of this Act.

AUTHORITY TO INCUR EXPENSES

Sec. 19. The council is authorized to incur such expenses as the Secretary finds are reasonable and necessary to carry out the functions of the council under this Act during any fiscal year. The payment of such budgeted expenses, as well as the costs of the administration of this Act within the Department as provided in section 18, shall be made from funds collected as prescribed in section 20.

ASSESSMENTS

Sec. 20. Not less than ninety days prior to the beginning of each fiscal year, the council shall recommend to the Secretary the amount of the pro rata assessment it determines will be necessary to cover the estimated expenses of the council and the Department in administering the provisions of this Act during such fiscal year. In determining the amount of such assessment the council shall take into consideration the total volume of wheat it estimates will be processed during such year for use as human food in the United States. Subject to the approval of the Secretary, such pro rata assessment shall become effective for such fiscal year on the first day of such fiscal year. Such pro rata assessment shall be imposed on persons designated in section 21 with respect to each hundredweight of processed wheat intended for use, or for end product manufacture for use, as human food within the United States. For the first year of council operations the rate of such assessment shall be one cent per hundredweight of processed wheat; and in each succeeding year the rate of assessment may be increased in relation to approved budget needs, but the rate of assessment shall at no time exceed two and one-half cents per hundredweight of the processed wheat. Subject to such regulations as may be adopted by the council as provided in section 21, the amount of the assessment shall be added by the processor as a separate item, so identified to his invoice for the processed wheat at the time of its sale to another processor or to an end-product manufacturer, and any processor to whom it is sold shall likewise add the amount of such assessment as a separate item, so identified, to his invoice at the time of its sale to another processor or to an end product manufacturer. A processor may accept and rely upon a certificate received by him in good faith from a person to whom he sells processed wheat, certifying in accordance with applicable regulations promulgated as hereinafter authorized, that such processed wheat is not being purchased for use, or for resale for use, or for end-product manufacture for use, as human

food within the United States, and upon receipt of such certificate said processor shall be excused from invoicing to said purchaser an assessment with respect to such processed wheat and from paying any assessment with respect thereto.

COLLECTION AND RECORD OF ASSESSMENTS

SEC. 21. The pro rata assessment to be imposed pursuant to section 20 with respect to any hundredweight of processed wheat shall be imposed upon and payable by one of the following persons:

(1) the initial processor or a subsequent processor thereof if the same constitutes, or is a material or ingredient in, an end product produced by said processor; or

(2) the end product manufacturer who purchases the same from a processor for use as a material or ingredient in producing an end product; or

(3) the processor who purchases the same from a processor if he does not resell to another processor, or to an end product manufacturer, or for use other than as human food within the United States.

The amount of an assessment imposed on an initial processor as provided in clause (1) above shall be due and payable to the council within such time, not to exceed sixty days after the sale by him of the end product produced by him, as shall be prescribed by regulation. The amount of an assessment imposed on an end product manufacturer as provided in clause (2) above or on a subsequent processor as provided in clause (1) or (3) above shall be due and payable to the preceding processor from whom the manufacturer or subsequent processor purchased the processed wheat in respect of which the assessment is imposed, within such time, not to exceed sixty days after such purchase, as shall be prescribed by regulation. The amount of an assessment added by a processor as a separate item to his invoice for processed wheat pursuant to section 20 shall not become due and payable by said processor to the council, or, as the case may be, to the processor from whom he purchased the processed wheat, until after receipt thereof by him from the purchaser to whom it is so invoiced by him. Processors shall serve without compensation as collection agents for the council. Each processor who collects an assessment from a purchaser of processed wheat shall be obligated to remit the same to the council, or, as the case may be, to the processor from whom he purchased the processed wheat. The collection and remittance of the assessment in all cases shall be made, reported, and recorded at such times and in such manner as shall be established by rules and regulations adopted by the council and approved by the Secretary.

FAILURE TO PAY ASSESSMENT

SEC. 22 (a) The council may maintain in its own name a civil action against—
(1) any processor who (A) fails or refuses to invoice any subsequent processor or end product manufacturer for the assessment imposed as provided in sections 20 and 21 of this Act; or (B) fails or refuses to record, report, or remit to the council any assessment as provided in sections 20 and 21 of this Act, or

(2) any subsequent processor or end product manufacturer who fails or refuses to pay the amount of any assessment pursuant to the provisions of this Act, to recover the amount of any such assessment, and shall be entitled to recover court costs and reasonable attorney's fees in any such action in which the council prevails.

(b) A processor shall promptly notify the council of the failure or refusal of any person to pay to such processor the amount of any assessment made against such person under this Act.

AUTHORITY TO CARRY OUT PROJECTS

SEC. 23. Any approved research, education, or promotion plan or project may be carried out by the council directly or under a contract with an agent or other organization, public or private, including an agent or organization whose officers, directors, employees, or agents are also members, employees, or agents of the council. Any such contracting agent or organization shall be required to maintain accurate financial and other records which will be subject to regular audit and review by the council and the Secretary.

COUNCIL RESPONSIBILITIES

SEC. 24. The council shall be responsible to the Secretary for the efficient and effective performance of its duties and functions, including, but not limited to, the collection, handling, safekeeping, disbursement, and accounting of funds, subject to good accounting practice and regular audit of records by the Secretary; the recording of processing statistics that serve as a basis for collections; contracting for necessary services to carry out the approved program; the employment of qualified personnel; the policing of collections; processing information and disbursements; and other responsibilities of good management.

REPORTS AND RECORDS

SEC. 25. (a) Whenever a program becomes effective as provided herein, each processor shall, at such times as may be prescribed in regulations promulgated by the Secretary, report to the council, in such detail and on such forms as shall be provided by the council, the total hundredweight of processed wheat intended for use, or end product manufacture for use, as human food within the United States in the immediately preceding month, by types designated by the council. Upon request of the council, made with the approval of the Secretary, each processor shall also furnish to the council, in such manner and at such times as it may prescribe, such other information as may be necessary to enable the council to perform its duties under this Act.

(b) Whenever a program becomes effective as provided herein, each processor shall establish books, records, and other information necessary to the orderly and accurate collection of any assessment duly prescribed, and shall thereafter maintain such books, records, and information for a period of three years, the same to be made available for examination by the Secretary or duly authorized persons on request.

(c) All reports and records submitted by processors to the council and received by it pursuant to the provisions of this section shall at all times be in custody of one or more confidential employees designated by the council. No member of the council, nor any employee thereof, nor any employee of the Department, shall disclose to any person, other than the Secretary upon request therefor, any data or information obtained or extracted from such reports and records which might affect the trade, position, financial condition, or business operation of a particular producer, processor, or end product manufacturer, except that such data and information may be combined, and made available to any person, in the form of general reports in which the identities of individual producers, processors, or end product manufacturers are not disclosed. Such data and information may also be disclosed to any extent necessary to effect compliance with the provisions of this Act and the regulations issued thereunder, including publication of the name of the processor or his customer who has refused to comply with the requirements of this Act.

ACCOUNTING AND CARE OF FUNDS

SEC. 26. (a) Moneys collected, handled, or disbursed by the council shall be handled only by persons under bond, and similar bonds shall be required of all persons or agents, accepting council funds or contracts to carry out council activities, programs, or projects approved by the Secretary. Monthly statements of cash account, quarterly analyses of expenditures, and annual financial statements, the latter in the form of an audited report certified to by a firm of certified public accountants, shall be made to the Secretary by the council. Any periodic statement of audit by the Secretary shall be made available to the council.

(b) The confidential employees of the council referred to in section 25(c) of this Act or any other confidential employee appointed by the council shall serve as treasurer thereof and shall receive all moneys and shall countersign, together with one or more members of the council designated by it for such purpose, all checks in disbursement of moneys. Income in excess of expenditures shall be held in United States Government or federally approved depositories for Government funds, or may be invested for the account of the council in short-term United States Government securities as directed by the council. A working reserve of funds may thus be accumulated but it shall not exceed at any time more than the following year's total estimated expenditures of the council. Should such moneys exceed the annual estimated expenditures of the council, the rate of assessment shall be lowered to maintain the amount held in reserve at a level

equal to not more than one full year's annual estimated expenditures. Except as provided in section 23 of this Act, no part of such moneys or the net earnings thereon shall inure to the benefit of any member or employee of the council or private person or individual.

PROHIBITION ON USE OF FUNDS TO INFLUENCE GOVERNMENT POLICY OR ACTIONS

SEC. 27. No funds collected by the council under authority of this Act shall be used for the purpose of influencing governmental policy or action.

REGULATIONS AND ENFORCEMENT

SEC. 28. The Secretary is authorized to issue such orders, rules, and regulations as may be necessary to carry out the provisions of this Act and the powers vested in him by this Act.

COURT JURISDICTION

SEC. 29. The several district courts of the United States are vested with exclusive jurisdiction to entertain suits in the name of the United States or the council, without regard to jurisdictional amount, to enforce, and to prevent and restrain any person from violating this Act, or any order, rule, regulation or agreement made or issued pursuant thereto. Such action may be brought in any district in which such person may be found. A civil action authorized to be brought under this Act in the name of the United States shall be referred by the Secretary to the Attorney General for appropriate action.

ENFORCEMENT AUTHORITY

SEC. 30. Whenever the Secretary has reason to believe that any processor, or his customer, council member, officer, or employee, or a contracting person or contracting agent, or any employee of any of the aforementioned, or any other person or entity subject to this Act, has violated or is violating the provisions of this Act, or any order, regulation, rule, or agreement issued pursuant to this Act, the Secretary shall have the power to institute an investigation. If the Secretary determines therefrom that there is probable cause for institution of a civil action, he shall refer the matter to the Attorney General for appropriate action. For the purpose of any investigation instituted by the Secretary, he is empowered to administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, and documents the Secretary believes relevant to the inquiry; and, if necessary, to invoke the aid of any district court of the United States, within the jurisdiction of which such investigation or proceeding is carried on, to enforce compliance. Any failure to obey an order of any such court may be punished by such court as a contempt thereof.

PERSONAL LIABILITY

SEC. 31. No member of the council, or any member serving as trustee as provided in section 32 below, or any employee, representative, or agent thereof shall be held personally responsible, either individually or jointly with others, in any way whatsoever, to any person, for errors in judgment, mistakes, or other acts, either of commission or omission, as a member, trustee, employee, representative, or agent, except for acts of dishonesty.

TERMINATION OF ACT

SEC. 32. (a) Within one hundred and twenty days following the end of five years from the date of enactment of this Act, and, within one hundred and twenty days following the end of each five-year period thereafter (so long as the Act continues in effect), the council shall review the progress made toward attaining the objectives of this Act, whereupon the voting members thereof shall prepare a report of such progress for the Secretary. If the council's report to the Secretary by the voting members thereof does not unanimously recommend the continuation of this Act it shall automatically terminate at the end of such one hundred and twenty days.

(b) Notwithstanding the provisions of subsection (a) of this section, or the amendment or repeal of this Act, in the event of the termination, at any time, of all programs under this Act, the members of the council shall, for the purpose of liquidating the affairs of the council, continue as trustees of all the funds and

property then in its possession, or under its control, including claims for any funds unpaid or property not delivered at time of such termination. Any funds collected from assessments and not yet remitted to the council at the time of such termination shall be remitted to the council.

(c) The trustees shall (1) continue in such capacity until discharged by the Secretary; (2) from time to time account for all receipts and disbursements and deliver all property on hand, together with all books and records of the council and of the trustees, to such person as the Secretary may direct; and (3) upon request of the Secretary execute such assignments or other instruments necessary or appropriate to vest in such person, full title and right to all the funds, property, and claims vested in the council or the trustees pursuant thereto.

(d) Any person to whom funds, property, or claims have been transferred or delivered, pursuant to this section, shall be subject to the same obligation imposed upon the council and upon the trustees.

(e) Any funds collected from assessments hereunder and remaining unexpended in the possession of the council or the trustees at or after the termination of all programs, shall be distributed in such manner as the Secretary may direct: *Provided*, That such funds shall be returned on a pro rata basis to the processors who remitted funds to the council, and such processors shall return the funds on a pro rata basis to the other processors or end product manufacturers from whom collected, except that each processor may retain therefrom an amount which will reimburse him for applicable accounting expenses as determined by the Secretary.

PRESERVATION OF RIGHTS

SEC. 33. The termination of all programs under this Act or of any regulation issued thereunder shall not (1) affect or waive any right, duty, obligation, or liability which shall have arisen or which may thereafter arise in connection with any provision of this Act or any regulation issued thereunder, or (2) release or extinguish any violation of this Act or any regulation issued thereunder, or (3) affect or impair any rights or remedies of the Secretary, or of any other person, with respect to such violation.

SEPARABILITY CLAUSE

SEC. 34. If any provision of this Act or the application thereof to any person or circumstances is held invalid, the validity of the remainder of the Act and of the application of such provision to other persons or circumstances shall not be affected thereby.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 35. There are hereby authorized to be appropriated such funds as are necessary to carry out the provisions of this Act. The funds so appropriated shall not be available for payment of the expenses or expenditures of the council in administering any provisions of this Act.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., May 2, 1972.

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

DEAR MR. CHAIRMAN: This is in reply to the request from your Committee, dated March 8, 1972, for a report on H.R. 13514, known as the Wheat and Wheat Foods Research, Education, and Promotion Act. This bill would provide for a program of research, education, and promotion to maintain and expand markets for wheat and wheat products for use as human foods within the United States. The Department favors enactment of the bill with modifications.

Wheat producers, processors, and end-product manufacturers have worked together for a number of years to develop the program set forth in this bill. It provides a mechanism whereby they can, with Government assistance, develop and implement programs to maintain and expand domestic markets for wheat-based products as human food.

Our principal concern with the bill relates to the roles of the Secretary and the Wheat and Wheat Foods Foundation in the administration of the program.

Under the bill, a Wheat Industry Council is to be established to administer the program and collect assessments. It, therefore, will be exercising substantial governmental authority and powers. However, section 5(a) of the bill states that the Council is not to be an agency or establishment of the United States Govern-

ment. This raises a question concerning the delegation of governmental powers, and the exercise thereof, to an organization which is not an agency or establishment of the United States.

The bill provides that the Secretary shall appoint the members of the Wheat Industry Council—the agency designated to administer the program—and that he shall be responsible for the program only to the extent of approving or disapproving matters decided upon by the Council (see section 9). It further provides that in appointing voting members of the Council, the Secretary shall be limited to persons nominated by the Wheat and Wheat Foods Foundation, a private industry organization representing wheat producers, processors, and end-product manufacturers. He may reject nominees and ask for additional nominees, but he cannot appoint a person who has not been nominated by the Foundation. This raises a question as to whether this is an improper limitation on the Executive Branch's responsibility for the appointment of executive officials.

There also is a question as to whether the proposed delegation to the Foundation adequately recognizes the interests of non-members of the Foundation who might now or in the future be directly affected by the program. Authorizing legislation for other commodity research and promotion programs contains provisions for public hearings, referenda and assessment refunds. This bill does not contain such provisions. All of these may not be practical for this program, in view of the complex structure and organization of industry participation in the program. Even without specific provisions in the bill we believe the Secretary could use rule-making or public hearing procedures in the promulgation of orders, rules and regulations to implement the program, in order to provide an opportunity for interested and affected persons outside the Wheat and Wheat Foods Foundation to have their views heard and considered.

There are a number of other items which we believe could be modified for technical improvement of the bill. We stand ready to assist the Committee in developing appropriate modifications or in providing additional information for the Committee's use in considering the bill.

H.R. 13514 would not have a significant impact on the quality of the environment.

Costs of administration by the Department would approximate \$55,000 for fiscal year 1973 and for each of the next five subsequent fiscal years. Sections 19 and 20 of the bill provide that the Department's cost of administration will be defrayed by assessments. Section 35 authorizes the appropriation of funds to carry out the provisions of the Act, but excludes the payment of expenditures of the Council in administering the Act. It is our understanding that the intent of section 35 is to provide funds for the operation of the program only until such time that the Department will be reimbursed by the Council from funds collected by assessment.

In view of the time situation we have not obtained advice from the Office of Management and Budget regarding the relationship of this proposed legislation to the Administration's program.

Sincerely,

J. PHIL CAMPBELL.

Mr. PURCELL. Mr. John C. Blum, Deputy Administrator of the Regulatory Programs for the Agricultural Marketing Service, is our first witness.

We will be glad to hear from you at this time.

STATEMENT OF JOHN C. BLUM, DEPUTY ADMINISTRATOR, REGULATORY PROGRAMS, AGRICULTURAL MARKETING SERVICE, U.S. DEPARTMENT OF AGRICULTURE, ACCOMPANIED BY HOWARD WOODWORTH, DIRECTOR, GRAIN DIVISION, AGRICULTURAL MARKETING SERVICE; J. C. KRAUSE, DIRECTOR, MARKETING DIVISION, OFFICE OF GENERAL COUNSEL; AND JAMES CODDINGTON, GRAIN DIVISION

Mr. BLUM. Thank you, Mr. Chairman.

Mr. Chairman, I am pleased to have this opportunity to present the Department's views on H.R. 13514, known as the Wheat and Wheat

Foods Research, Education, and Promotion Act. I have with me this morning some of my colleagues from USDA who will be glad to help me respond to any questions you may have at the end.

First, is Mr. Howard Woodworth, who is Director of our Grain Division in the Agricultural Marketing Service; Mr. J. C. Krause, who is Director of the Marketing Division of our Office of General Counsel, and Mr. James Coddington, who works with Mr. Woodworth in the Grain Division.

The Department has submitted a report to the Committee on this bill, indicating its support of the bill with modifications.

I am sorry that this report reached you only this morning. We had intended to get it up here earlier, but we were trying to get OMB clearance and were unable to do so. So we are giving you the Department's report without this clearance.

The bill would provide for a program of research, education, and promotion to maintain and expand markets for wheat and wheat products for use as human foods within the United States. It would provide a mechanism whereby wheat producers, processors, and end-product manufacturers can, with Government assistance, work together to develop and implement programs to maintain and expand domestic markets for wheat-based products as human foods.

It seems clear that the intent of the bill is not to provide for anti-competitive effects, but instead it envisions a government-sponsored research, education, and promotion program in the marketing of wheat and related products.

The maintenance and expansion of domestic markets for wheat based products is important to the national economy. Last year farmers in the United States produced over 1.6 billion bushels of wheat with a gross farm value of over \$3 billion. This record 1971 harvest pushed the wheat supply in this country to almost 2.4 billion bushels—the highest level in 9 years.

Total consumption of wheat for food in the United States has remained fairly steady at about 520 million bushels for the past several years. However, per capita consumption continues to decline.

The prospect for wheat exports is clouded by rising world wheat production, keen competition in world markets, and the effect of domestic dock strikes. Exports in 1971-72 at about 575 million bushels will be more than a fifth below the level of a year earlier.

Thus there is a need for programs to strengthen the demand for wheat in order to achieve a better supply-demand balance and strengthen returns to wheat producers.

Wheat producers, processors and end-product manufacturers have worked together for a number of years to develop the program set forth in this bill. We commend these efforts and will continue to do what we can to assist them in achieving their goals.

In our report on the bill, we pointed out a number of respects in which the proposed bill differs from existing legislative authorization for other commodity research and promotion programs. We also raised questions about a number of features of the bill, particularly those relating to the respective roles of the Department and private industry organizations in administration of the program.

We shall be glad to assist the committee in any way we can in its further consideration of this bill.

This concludes my statement, Mr. Chairman. I shall be glad to respond to any questions the committee may have.

Mr. PURCELL. Thank you very much.

The system we have been using in recent months in the Committee is to ask each witness to remain in the hearing room until we hear the rest of the witnesses; then we will ask you questions.

Next is Weldon V. Barton, assistant director of Legislative Services, National Farmers Union.

We will be glad to hear from you at this time, Mr. Barton.

STATEMENT OF WELDON V. BARTON, ASSISTANT DIRECTOR OF LEGISLATIVE SERVICES, NATIONAL FARMERS UNION

Mr. BARTON. Thank you, Congressman.

Our president, Tony Dechant, would like to be here and intended to be here this morning to present testimony on this bill, but he is chairing a meeting of wheat producers from the United States and Canada in St. Paul Minn., today and can't be here. Therefore, I am very happy to appear before the committee and present his statement for him.

President Dechant did write a letter to you and to the other members of the committee on April 26 of this year and spelled out some objections that Farmers Union has to this legislation. In this letter, President Dechant said the following:

"First, the bill"—this bill—"purports to establish the source of funds as the manufacturing segment of the wheat industry. However, those who are familiar with the practice of the wheat milling industry should understand that the cost of the program will either be passed back to farmers—the most likely manner of raising funds—or passed on to consumers.

"Second, the legislation fails to provide any referendum through which producers would decide whether such a program is needed; and

"Third, the National Wheat Institute, financed by inverse subsidies on wheat exports, is a functioning agency charged with the same objectives as the agency to be created in the proposed legislation. This group is totally under the control of producers. If there is need for any additional research and promotion, it would be preferable to expand the funds available to the National Wheat Institute rather than to create a rival competing administrative structure with identical objectives.

"In order for Farmers Union to support any such legislation we would require that it conform to the following basic principles:

"(1) No program should be instigated unless approved by two-thirds of the producers voting in a referendum;

"(2) Voting members of the Board"—or the Council, whatever the governing body would be called—"should be elected by producers;

"(3) Voting members of the Board of Directors should be made up of wheat producers with provision for additional nonvoting membership on the body from the manufacturing and end-user sector of the industry as may be needed for consultation on matters related to those sectors of the industry;

"(4) Periodic referenda should be held to allow wheat producers to decide whether they want to continue the program.

"Producers of raw agricultural products are spending more than \$120 million per year for various forms of promotion.

"Very frankly, we find the effectiveness of advertising and promotion questionable where only the raw product is involved, such as would be the case for wheat in this proposed legislation. On the other hand, such producer concerns as more effective marketing techniques, including bargaining, are ignored in the objectives set forth in the legislation."

This ends the statement that President Dechant wrote to the committee members on April 26. I would simply add a few remarks to that.

Wheat, as President Dechant said, is now covered by a promotional program. Under the Wheat Research and Promotion Act of 1970 (P.L. 91-430), a National Wheat Institute has been established and is now functioning with the purpose of promoting wheat and wheat product sales. The National Wheat Institute has available for research and development that portion, not reimbursed to producers of the \$4.2 million of inverse subsidies collected on wheat exports during the 1968-69 marketing year—an amount something in excess of \$2 million.

At this time, when the National Wheat Institute has been operational for only a short time, there is no rationale, we think, for creating a new organization with precisely the same function. Common sense dictates that the existing organization be allowed to function until such time that its efforts can be evaluated as to their effectiveness in expanding sales of wheat and wheat products.

After the results are known, and if there is a real payoff from this existing program, including greater net returns to the wheat producer, then the 1970 act can be amended to provide additional funding with the proper safeguards.

By going this route, and by refraining from enacting overlapping and competing legislation at this time, you on this committee and in the Congress will retain for yourselves an opportunity to take another careful look at the wheat promotion program before giving it any additional funds beyond the inverse subsidy moneys.

We urge you not to forego that opportunity, particularly since a wheat research and promotion program already exists and there is, therefore, no reason to enact new legislation at this time.

This concludes my prepared statement, Mr. Chairman, and I would be pleased later to respond to questions.

Mr. PURCELL. Now, are you obligated to be some other place during the day?

Mr. BARTON. Mr. Chairman, I do have a Senate committee appearance; I am scheduled to be the lead-off witness this afternoon at 2 o'clock.

Mr. PURCELL. On what?

Mr. BARTON. This is on the extension of the Older Americans Act before the Labor and Public Welfare Committee. I would be pleased, if it is the pleasure of the committee, to submit to questioning at this point. If that is the pleasure of the committee, this would make it possible for me to make that other committee hearing.

The other hearing is at 2 o'clock this afternoon.

Mr. PURCELL. I think that without objection, we will ask you some questions now.

Let me explain to the witnesses and to members if they do not know, the members have been asked to be at the House Chamber at 15 minutes until 11 in regard to J. Edgar Hoover's funeral or memorial service. This, of course, we had no way of calculating before today, and we will comply with that request. Therefore, our scheduling may be significantly thrown off. I think we will have to meet this afternoon, unquestionably. If anyone has any real hardship because of that, if they will let the clerk know, we will try to accommodate him.

Now, first, let me say, Dr. Barton, that I personally am very disappointed that the Farmers Union would see fit to oppose this bill. I am not lecturing you, just telling you my opinion. This has been worked on about 9 years that I have specific, personal knowledge of, because I have been working on it that long and thought that we had finally gotten all segments of the wheat industry coordinated in an effort to try to sell wheat.

I think that is what this does and I am very sorry that you do not believe it does.

Now, do you feel that even if there may be merit—and I am not saying there is or is not—in these objections that you have made, that the effort to try to get domestic use of wheat built up just can't be accomplished with this bill? Is that your feeling?

Mr. BARTON. Mr. Chairman, we are not necessarily saying that. We are saying that we do have a program going. We have the National Wheat Institute operating. It does have approximately, as I understand it, the amount of money that this bill would provide during the first year; that is, enough money, something between \$2 and \$3 million, to try this approach. It would allow us to get some research operation underway, and to try to see if this is an effective way to go. We would simply like to see that tried first, and then if it does prove effective, then the 1970 act providing for the National Wheat Institute can be amended to go beyond. You on this committee will have an opportunity to consider that program, and then add additional money to that existing institution for further research beyond the inverse subsidy money if that is the pleasure of your committee and the Congress at that time.

We simply think that, at this point, there is no reason to pass new legislation adopting a new council, particularly since the National Wheat Institute is under the direct control of producers. All of the members, as I understand it, are members of organizations representing wheat producers and are also, themselves, wheat producers.

Mr. PURCELL. There are segments of wheat processing that are not just producers. The very purpose of this is to get everybody involved in making wheat into a food involved in it.

Now, you asked for a referendum here. Let me ask you this: Who decided that the National Farmers Union would oppose this bill? Did you have a meeting or a referendum or some kind of a get-together? Who decided that you would oppose this?

Mr. BARTON. Well, we have had discussions. We have not had an opportunity to discuss it directly in convention or to take a specific Board position. Texas Farmers Union has had a full board meeting since the bill has gone in, and has passed a resolution to oppose the bill unless it has basically these changes that we recommend made in it.

But we do not see ourselves as making a decision for the producers. All that we are saying is, if this is enacted, then let us provide for an opportunity for producers to make a direct choice as to whether they want the program and then to have direct control over the board or the council to operate the program once it is set up.

Mr. PURCELL. Have you kept up with the history of this development at all?

Mr. BARTON. Yes; I have some familiarity with the history.

Mr. PURCELL. Are you familiar with the fact that it has taken all these years to get the various segments to even agree that there will be the kind of participation there is? And how would you propose getting the money if it is going to be a totally producer-controlled organization?

Mr. BARTON. Mr. Chairman, I would simply go back to the statement that I have made, that we do have some money, between \$2 and \$3 million.

Mr. PURCELL. I am not asking about some money. I am asking if you are going to have anything like this, how would you propose participants getting the money, taking in the processing of wheat, without getting the cooperation of those who are processing the wheat?

Mr. BARTON. I think if we are going to have this kind of program on the scale that is contemplated in this bill, then this may be as good a scheme as any for collecting the funds. But we are questioning the value of putting this amount of money into research and promotion where we are not sure who is going to pay the cost. We think, clearly, that the middlemen—the millers, the bakers—are not going to pay the cost of this program. They are either going to pass it on to the consumer or pass it back to the producer.

Mr. PURCELL. How would you ever know whether they did or not? I won't argue; it has to go somewhere. But if it is coming out of the pocket of someone in the processing chain and there is money derived to sell more wheat, how are you going to—I don't know that I can prove that it won't come out of the consumer, but I don't know anything that the consumer does not pay for.

Mr. BARTON. We are simply saying that since it may well, it is going to come either from the consumer or from the producer in the final analysis, that we—

Mr. PURCELL. Where would you want it to come from, then? Where else could it come from?

Mr. BARTON. We didn't indicate that it specifically—

Mr. PURCELL. Well, answer my question, now. Where could it come from except, let me say, the consumer? It is not just going to rain money, I will guarantee you. It is going to have to come from someplace. But don't you think the consumer pays for research on automobiles?

Mr. BARTON. As I say, it is not going to come from the middlemen in the industry. They are going to pass it forward or backward. But when you have that, then there ought to be representation.

Now, we did not specifically recommend that the consumer have membership on this board, but I think that would be a legitimate recommendation if consumers are going to pay the bill.

Mr. PURCELL. Do you have consumers on your board? And everything you do is paid for by the consumer, whether you are selling milk or meat or milo or corn or whatever your people are selling.

Mr. BARTON. I suppose you would say we are looking out for the producer. We are saying that the producer ought to have control over the program because he is likely to be paying a substantial part of this program.

Mr. PURCELL. All right. I am a miller out somewhere. How am I going to pass it back to the producer?

Mr. BARTON. Congressman, I know that the processor, the miller, is going to be the collecting agent under this bill. He is going to collect the money, presumably in a separate invoice, a separate item is passed on to the baker and the baker is going to pay up in the short run—that is, immediately.

Now, the most immediate thing that is likely to happen in that immediate transaction is for the baker to pass that additional cost on to the consumer. But you and I both know that the marketing system does not really operate that simply, that in the final analysis, that it is a more pervasive and difficult to understand. In the final analysis, particularly if we have, let's say, more stringent controls on the prices of food products, or even if we have the controls that we have now, it might be to the advantage of the millers and the bakers to pass that cost back in the form of lower prices to the farmer than to pass it forward. This could occur either for reason of price controls or because they are afraid of losing markets, or for some other reason.

We know that the bakers were objecting to the passage of the Smith-Melcher bill to increase price supports slightly on wheat a few months ago. They were afraid of what would happen, I suppose, to sales of bread if that were to pass. So, we are not sure that the same thing will not happen here, so that it will be easier to avoid losing markets by passing the costs back to the farmer in the form of lower prices than to pass it on to the consumer.

Mr. PURCELL. Okay. I want to ask one more question.

Last year, in Texas, for example, they passed the referendum that created a wheat commission. In that instance, the farmers themselves did vote to have a two-thirds majority to impose upon themselves some kind of a checkoff. Now, your members are pretty much up in the area where these same wheat farmers came from. And I am concerned, and I am not clear whether or not the farmers in the area that wheat is grown in Texas have this same feeling. And you say that there was a board meeting in Texas and the board decided to oppose this bill. Is that right?

Mr. BARTON. This is correct, yes.

Mr. PURCELL. Well, I have many other questions, but in the interest of time, I will ask Mr. Zwach to present whatever questions he may have.

Mr. ZWACH. Thank you, Mr. Chairman.

Just one basic question: do you feel that the National Wheat Institute is now doing a good job of promoting wheat products?

Mr. BARTON. Congressman Zwach, we are not sure at this point. The National Wheat Institute has been in operation, for 18 months, something like that. We think it has not operated long enough, it has not actually gotten contracts out and projects being conducted so that these could be evaluated in terms of whether they are expanding sales and demand for wheat products. But it is in operation, they do have money for research, and we ought to give that National Wheat Institute

a chance to operate so that we can assess the results. Then, if it pays off, we can expand a little in this area.

Mr. ZWACH. It is your view that this duplicates that effort?

Mr. BARTON. This is correct.

Mr. ZWACH. And you have the feeling that there ought not to be two, that perhaps this effort should be concentrated in one, with more input of money?

Mr. BARTON. This is correct. This is what we outlined in our statement, Congressman Zwach, that we do have the National Wheat Institute in operation. We do not see any need for another organization since this one is operating and can be expanded if and when it proves that it shows results, so that it should be expanded.

Mr. ZWACH. That is all at this moment.

Mr. PURCELL. Mr. Foley?

Mr. FOLEY. I have no questions, Mr. Chairman, except to say that I am glad to see Mr. Barton testify before the subcommittee. Although I do not happen to share the views of the National Farmers Union on this occasion, I am glad to see you, Mr. Barton.

Mr. PURCELL. Mr. Price?

Mr. PRICE. Thank you, Mr. Chairman.

I want to ask the gentleman, how many state organizations have supported the national position that you have just presented to the subcommittee?

Mr. BARTON. Congressman, we have not had board meetings in any States except Texas that could have taken an official position on this bill.

Mr. PRICE. Then how can you as a national organization or a spokesman for the national organization come here in opposition to the bill if you say you have one State that has supported your position?

Mr. BARTON. Congressman Price, we understand that the Nebraska Farmers Union will be communicating essentially the same view that we have on this bill, that the North Dakota Farmers Union will be doing the same. We think that South Dakota will. There should be communications coming in. There simply has not been time for me to have in my hand the documents showing that they are on record in opposition along the lines that we are talking about, of amending the bill.

Mr. PRICE. That is just four or five out of 50 States. It seems to me that as a national organization—I am beginning to find out that a lot of these national organizations do not represent the farmer back home. It seems to me that you are getting the facts before coming here and representing that you are representing the farmers views throughout the United States based upon what you think they might say, and you actually have only one State, so you think, that has endorsed this. Yet you are coming here as a representative of a national organization. I think it is a drastic mistake for you to come before this committee and make testimony without the background of the 50 States in the Farmers Union in representing that.

Mr. BARTON. Congressman, let me repeat that I only have the official board statement from one State, the State of Texas, there are other States that have communicated to us. I gave you some examples of some of the leading wheat producing States that have reported to us that they are in accord with our position.

And again, let me say that in terms of representing wheat producers, we are saying in this connection that if this bill can be amended to kick it back to the producer, directly to the producer, so the producer can vote upon whether he wants this or not, then this is great. We are not in any sense trying to stand between the producer and the Congress in making a decision. We are simply saying that the producer ought to be able directly to make a decision as to whether he wants this kind of program or not, given the fact that he is likely to be the supporter.

Mr. PRICE. My point is that you are the representative of a national organization. And you are coming here and saying that you are presenting the viewpoint of all of the members of your organization throughout the United States.

Mr. BARTON. Congressman, I do not think that you would—I am not sure, but I do not think that you could speak on an issue and say that you represent 100 percent of your constituents at any given time. Now, I am not saying we are not representing all of the producers, but I am saying that insofar as we have been able to obtain the information, we have the overwhelming support of our membership and our State organizations. And I think this is about the best you can expect from national organizations.

Mr. PRICE. Well, I had people visit me yesterday from their various States and they belonged to the organization and they knew nothing about any meeting or referendum they had in their organization passing on the information to the national organization representing their views. Can you provide this committee the names of those States where you have their permission to express this viewpoint before this committee as that being the position taken by the Farmers Union?

Mr. BARTON. I think, Congressman, that the States will be supplying that information directly to the committee.

Mr. PRICE. No, I am asking you, can you supply it to this committee?

Mr. BARTON. We can supply it. We would prefer that the States supply it, because I think this is the general approach where there has not been an official position. I do have the statement adopted by the Board of Texas Farmers Union that I am perfectly willing to submit for the record, where there is an official position on paper. Other than that, I would simply say that I think it is just as appropriate, more appropriate, for the other States to directly communicate the views of the Nebraska Farmers Union and the North Dakota Farmers Union, and so on, to this committee. And they will be doing so.

Mr. PRICE. In other words, there is no use for your national organization here in Washington? Is that what you are saying?

Mr. BARTON. I don't think that I am saying that at all, Congressman.

Mr. PRICE. Mr. Chairman, is it your desire to have that put in the record, the position of the Texas Farmers Union?

Mr. PURCELL. Whatever his testimony covers.

Mr. PRICE. I would like to ask, if there is no objection, that the Texas Farmers Union position be put in the record.

Mr. PURCELL. Without objection, so ordered.

(The statement referred to follows:)

WHEAT RESEARCH AND PROMOTION

Whereas, a Wheat Research and Promotion Bill known as the Wheat Foods Research, Education, and Promotion Act has been introduced into both the Senate and House, and

Whereas, the actual administration of the act will be provided by a board of 15 directors of the Wheat and Wheat Foods Foundation composed of 5 producers, 5 processors, and 5 end product manufacturers, and

Whereas, the wheat producer will be consistently out voted and will have little say in the administration of the act, and

Whereas, the research and promotion assessment will be in all likelihood paid by the farmer through lower prices for his wheat rather than by the consumer in higher bread prices, and

Whereas, research and promotion programs for farm commodities have consistently proven that little if any effect is felt by the farmer through higher prices for his particular product, and

Whereas, research and promotion programs for food commodities merely compete against each other without creating an appreciable demand for the product, and

Whereas, no provision has been made in the proposed bill for subsequent regular referendum to determine whether the research and promotion program should be continued,

Therefore be it resolved that the full Board of Directors of the Texas Farmers Union meeting in Waco, Texas on April 22, 1972 go on record opposing H.R. 13514 and S. 3276 known as the Wheat and Wheat Foods Research, Education, and Promotion Act in their present form, and

Be it further resolved that should the said act be amended to provide for a two-thirds wheat producer membership on the Council with provision for a referendum each two years for effective producer control that the Texas Farmers Union Board of Directors will support the Wheat and Wheat Foods Research, Education, and Promotion Act as amended.

Mr. PRICE. That is all I have, Mr. Chairman.

Mr. PURCELL. Mr. Bergland?

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

Mr. Barton, the National Wheat Institute is financed by inverse subsidies on wheat exports. As I recall the legislation, this fund is produced by these inverse subsidies will be governed to a large extent by the world wheat market.

Do you think that this is a reliable means of financing an on-going research and marketing development program? It appears to me that this is going to be a very unreliable source of funds with which to finance a project that ought to be continued for some time, once undertaken.

Mr. BARTON. I certainly agree with you, Congressman Bergland, that this is not the source that we should rely upon in the future. And we are not saying that. We are saying that there is some money in the pot at this point—that is, there are some \$2 or \$3 million now in the hands of the Wheat Institute. They are now in the process of making contracts with universities and others to do the research and carry out promotional projects. All we are saying is, we have an organization, we have an on-going program; let us wait a few months or a small amount of time and see how this is going to work, and check it on the basis of this existing organization. Then, if to the satisfaction of this committee and the Congress, it is operating effectively, then that legislation can be amended to go beyond the inverse subsidy source of money and provide for whatever additional source of funds you want to add to it on a continuing basis.

Mr. BERGLAND. But it is a fact, though, that as long as it is tied to the inverse subsidy, the means of financing will be very unreliable?

Mr. BARTON. I would certainly agree.

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

Mr. PURCELL. Mr. Sebelius?

Mr. SEBELIUS. I have just one little question, I guess, because it is related to what you and Mr. Price have referred to. I am not going to pursue that except the one point.

Now, who makes up the issues that you choose for your rating of the Congressmen in the National Farmers Union? Does it come from the grassroots, where they recommend that you rate the Congressmen as to their relationship to farm programs or by how they voted on the draft?

Mr. BARTON. Well, we try to make decisions on that, Congressman Sebelius. To the extent that you can—

Mr. SEBELIUS. Stop right there, What do you mean “we”? Who are “we”?

Mr. BARTON. This is made through a consulting process with the national president of the organization, with the staff giving advice to the president, with the State presidents and State organizations, and taking into consideration all of the policy statements of the State organizations so that out of this, we try to come up with a list of legislation that was most interesting, most important to our membership.

This is obviously an imperfect process as all are. But we make sure that we try to do this.

Mr. SEBELIUS. I will just make one comment and let it go at that.

My farmers out there who belong to the Farmers Union; they are supplied the percentages, but they are not supplied with what the vote was on. They ask me that I explain it to them. Then they laugh at their national organization.

That is all, Mr. Chairman.

Mr. PURCELL. Mr. Link?

Mr. LINK. Mr. Chairman, I want to thank Mr. Barton for coming forth and presenting the views of the Farmers Union. He has been subjected to some criticism as to the source and the reason for the position they take.

Mr. Barton, in the organization of the National Farmers Union, is the national board and the national office authorized by the national organization to take positions and represent the national organization on issues such as this?

Mr. BARTON. Certainly, the national board is authorized to do this, Congressman Link. And, of course, the president of the organization, in consultation, fills in details. But the national board is authorized to make these decisions.

Mr. LINK. Then in this respect, you are perhaps acting no differently from other witnesses who come before this committee and speak for the organization that they represent. Is that right?

Mr. BARTON. This is exactly what I have been trying to say, Congressman. I certainly think that is the case.

Mr. LINK. Thank you, Mr. Chairman.

Mr. PURCELL. Mr. Kyl?

Mr. KYL. Thank you, Mr. Chairman.

It is always a pleasure to have you here, Mr. Barton. I will try to ask you some questions which you can answer very specifically and briefly.

First, it was my understanding that this bill deals primarily with

funds for research rather than with funds for promotion. Is that a correct assumption?

Mr. BARTON. I think that it does have research and promotion in the title. You can double check me on that. But my understanding is that it would be a mixture of research and promotion which would be perceived as most effective in expanding sales and demand for wheat products.

Mr. KYL. Go a little farther on that one question, we have some additional witnesses here. The gentleman from Harvard, for instance, makes the point very clearly that if this program were carried out as it is intended, the benefits would accrue to the consumer because of improved diet, and so on.

Is that not correct? There is a possibility or a very strong probability that if we do the proper research, it would be of benefit to the ultimate consumer?

Mr. BARTON. I think that is a clear possibility, Congressman Kyl. My understanding is that some of the projects that are under consideration by the National Wheat Institute would conduct this kind of research. That is, this is being, prototyped, modeled at this point through the National Wheat Institute. We will find out more precisely, I think, whether this is true through the research output that is coming out of the money that is already invested in the National Wheat Institute.

Mr. KYL. Now, so far as this referendum is concerned, if we had a referendum, what size acreage would you set as the minimum for the farmer participation in the referendum? Would it be everyone who produces 15 acres of wheat, for instance? What would be the standard?

Mr. BARTON. Our view is that all legitimate wheat producers would be entitled to vote and would have a vote on an equal basis. Now, I do not think there is a definition in this bill as to what is a legitimate wheat producer. The bill simply says a wheat producer is a person who produces wheat in the United States.

Mr. KYL. Of course, as the bill is written, that is not a matter of consequence.

Mr. BARTON. It is a matter of consequence in the sense of who is going to be representing producers if this bill should be passed, on the council. So, you still come up with the problem of defining producers.

Mr. KYL. If you were setting the standard this morning, what kind of acreage limitation would you place on it?

Mr. BARTON. Congressman, I am not prepared to set that standard this morning. I would simply say that legitimate wheat producers should be included, and that they should have a vote and have an equal vote.

Mr. KYL. I am not arguing with you, I am not trying to set up a—

Mr. BARTON. I understand, Congressman. I simply do not want to be put in that position this morning. I think this is something that we have not given that much thought to with respect to this specific bill, except to say that we would be in favor of all wheat producers voting and having an equal vote in a referendum.

Mr. KYL. Well, whether they produce 5 acres of wheat or 500 acres of wheat.

Mr. BARTON. I am going to leave that open, but I think if the person

who produces 5 acres of wheat is a legitimate producer, if he has produced some wheat, then he ought to be included. He ought to have a vote.

Mr. KYL. Do you remember offhand what the cost has been, actual cost, has been for conducting referenda in similar situations in the past?

Mr. BARTON. Not offhand, no.

Mr. KYL. Do you have any idea as to these comparative figures, either from total bushels produced or total farmers involved, the number of people who are wheat growers who are members of the National Association of Wheat Growers, or the number of members who are wheat growers who are members of the Farmers Union?

Mr. BARTON. Congressman, I am not prepared this morning to give you those statistics.

Mr. KYL. OK, fine.

Thank you, sir.

Mr. PURCELL. Mr. Denholm?

Mr. DENHOLM. Thank you, Mr. Chairman. I shall not inquire of the witness.

I thank you for coming, Mr. Barton, and I commend the National Farmers Union for what the members of that organization have done in the past in the interest of producers. I assume that is your intent in testifying here today—and at all times in the future, is it not?

Mr. BARTON. It is, Congressman Denholm. Thank you.

Mr. DENHOLM. Thank you, Mr. Chairman.

Mr. PURCELL. Off the record.

(Discussion off the record.)

Mr. PURCELL. We will recess now until 11:30 or as soon thereafter as possible.

(Recess.)

Mr. FOLEY. Ladies and gentlemen, the service for former Director Hoover is just commencing in the Rotunda, so I am going to take the responsibility that I hope Mr. Purcell will endorse of suggesting that you return at 1:30 this afternoon. I doubt very much if the committee will be able to recommence the hearings prior to the noon hour. So, the subcommittee will stand adjourned until 1:30 p.m., this afternoon.

(Whereupon, at 11:35 a.m., the subcommittee adjourned, to reconvene at 1:30 p.m., the same day.)

AFTERNOON SESSION

Mr. PURCELL. The committee will come to order.

If there are those of you who are with others that are scheduled to testify, we will be glad for you to appear together if you choose to do so.

Our next witness is Mr. Howard Morton, chairman of the Wheat and Wheat Foods Foundation from Longmont, Colo.

Mr. Morton, if you would for the record tell us who is with you, we will appreciate that, please.

STATEMENT OF HOWARD L. MORTON, CHAIRMAN, WHEAT AND WHEAT FOODS FOUNDATION, LONGMONT, COLO.

Mr. MORTON. Thank you, Mr. Chairman. Those seated with me are Mr. Floyd Root, of the Oregon Wheat League, and Mr. Elwood

Brown, president of the Washington Association of Wheat Growers, and Mr. Leo Witkowski, president of the Texas Wheat Producers Association. They will follow my testimony.

My name is Howard L. Morton. My life has been chiefly devoted to the commercial production of wheat on acreage near Longmont, Colo., where I was born and still reside. My purpose here today is to speak for wheat producers in support of the Wheat and Wheat Foods Research, Education, and Promotion Act (H.R. 13514; S. 3276). Thus my role is that of spokesman for the Wheat and Wheat Foods Foundation, in which I have been a producer representative, a director and chairman of the board since its incorporation; and speaking for the National Association of Wheat Growers which I have served in a number of capacities; for Great Plains Wheat, Inc., in which I have held several offices; and for the 25 or more State wheat growers or wheat groups associated in the Wheat and Wheat Foods Foundation. I would like to enter into the record the names of the charter members of the foundation:

The National Association of Wheat Growers; the Western Wheat Associates, Inc.; Great Plains Wheat, Inc.; U.S. Durum Growers Association; Kansas Association of Wheat Growers; Montana Grain Growers Association; Nebraska Wheat Growers Association; Oklahoma Wheat Growers Association; South Dakota Wheat Producers, Inc.; Texas Association of Wheat Growers; Wyoming Wheat Growers Association; Oregon Wheat Growers League; Washington Association of Wheat Growers; Idaho State Wheat Growers Association; Kansas Wheat Commission; Nebraska Wheat Commission; North Dakota State Wheat Commission; South Dakota Wheat Commission; Colorado Association of Wheat Growers; Colorado Wheat Administrative Committee; the Oregon Wheat Commission; the Washington Wheat Commission; Idaho Wheat Commission; and now, the newly formed Texas Wheat Producers Board.

All these organizations representing men who grow millions of bushels of wheat each year have explicitly or implicitly, through various memberships, endorsed the Wheat and Wheat Foods Research, Education, and Promotion Act.

Many of us have been involved for the past decade and more in cooperative work with the flour millers, bakers, macaroni manufacturers, the U.S. Department of Agriculture and leading research scientists to develop the concept embodied in the Foundation and now the act, introduced March 1 with multiple, bipartisan sponsorship. The movement behind this bill started with the writing of a statement of urgent needs in human nutrition research as they relate to wheat in the early 1960's. It gained thrust and momentum in a series of meetings beginning February 9, 1965, held under the auspices of the Secretary of Agriculture. Step by step, the Foundation organization was structured, bylaws and program approved, and finally after many compromises and scores of drafts were reviewed, the bill as you have it was approved.

In retrospect, such a course of action seems not only improbable but impossible. It would appear to be almost a minor miracle that wheat producers, the processors, and the endproduct manufacturers were able to stay together that long. In the same sense, it is almost a major miracle they were finally able to agree.

Other witnesses will comment on certain details of the remarkable document finally accepted by the three groups. I would like to stress that in this day of financing moon shots, missiles, and programs for model cities, the funds to be raised under the act cannot be considered large. We're talking about slightly more than \$2 million at the minimum and almost \$6 million at maximum. Perhaps more important, the act would raise these funds without cost either to government or to taxpayers, which is indeed a refreshing note. Yet those moneys bring great promise, not only to wheat growers and others associated in the combined industry, but to the public as well. I quote from the "Program of Proposed Research":

"We know very little about what is perhaps the first and oldest of all foods . . . Yet wheat foods are rich in carbohydrates, protein and certain vitamins and minerals. Protein adequate in quality and quantity can be furnished in diets containing cereals in large amounts and protein from animal and other sources in small amounts. Further, there may be distinct advantages to such high cereal diet. It is known that heart disease and associated afflictions are less frequent in those areas of the world where wheat, rice and other cereal grains are consumed in greater quantity."

Perhaps the implied hope of that paragraph helped keep the Foundation group together. Or, perhaps it was the increasing current attacks on the integrity and value of wheaten foods—which in the long run tend to depress their use or bar their consumption, even among those who would benefit most—those of lower income. After all, wheat producers, processors, and endproduct manufacturers are faced with that per capita consumption of their products has dropped from more than 200 pounds per year in 1910 to less than 110 pounds today.

It is for such reasons and those to be presented by other witnesses that wheat producers earnestly solicit your approval of this proposed legislation and hope for favorable action and the vote of your colleagues and you when it comes to the floor of Congress.

This concludes my comments, Mr. Chairman.

Mr. PURCELL. Thank you, sir. All the other statements that you gentlemen have will certainly appear in the record and you may present them in detail or you may comment in any way you like. But do as you choose.

Mr. Root, we would like to hear from you at this time, please.

STATEMENT OF FLOYD ROOT, ON BEHALF OF THE OREGON WHEAT COMMISSION

Mr. Root. Mr. Chairman and members of the subcommittee, I am Floyd Root. I live and operate a wheat farm at Wasco, Sherman County, Oreg. I am appearing today on behalf of the Oregon Wheat Commission, which I served as chairman for 9 years, and the Oregon Wheat Growers League, of which I am past president. I am also a past president of the National Association of Wheat Growers and have been a member of the executive committee of the Wheat and Wheat Foods Foundation since it was first organized.

May I add my voice and those of hundreds like me—the producers of wheat in Oregon, Washington, Idaho and nearby areas—to that of Howard Morton in urging your support of the Wheat and Wheat Foods Research, Education, and Promotion Act?

While some of our soft wheat varieties find their way into pastries, puddings and mixes, the bulk is shipped abroad in export to the Far East. In fact, seven out of every 12 bushels of wheat produced annually in the United States are exported. Yet we support this program of research, education, and promotion for wheat used as domestic, human food within the United States for a number of reasons.

First, if the program is successful—and we believe it will be—it will result either in a greater per capita consumption or at least a leveling off of the present decline in per capita consumption. As a consequence, there can be nothing but less pressure on the price of our product which now competes not only with the wheat of other nations but with supplies at home so plentiful that they serve to depress the market, and require us to limit our production.

Second, the findings of research conducted in behalf of wheat used for food within the United States are just as useful to us overseas as they are to the end-product manufacturers at home. And finally, the techniques for promotion that we feel certain will be developed under this domestic program can be adapted with slight modification to our overseas markets.

We can see nothing but good in this proposed act—for the national and our local economy, for human nutrition research, for our effort to see wheat abroad, and for the public. On this basis, we subscribe completely to Howard Morton's testimony and ask your support here and in the final vote on the Wheat and Wheat Foods Research, Education, and Promotion Act.

Thank you for this opportunity to appear before you today.

Mr. PURCELL. We will be glad to hear from you, Mr. Witkowski.

STATEMENT OF LEO WITKOWSKI, PRESIDENT, TEXAS WHEAT PRODUCERS ASSOCIATION

Mr. WITOWSKI. Chairman Purcell and members of the subcommittee, my name is Leo Witkowski. I am current president of the Texas Wheat Producers Association and wheat grower in my present location for the last 33 years.

As you know, our farmers must produce for highly competitive markets in an atmosphere of spiraling production costs and low market prices. We certainly hope that this situation will reverse itself sometime soon, but until it does we feel a crucial need to organize ourselves and support efforts such as the proposed Wheat and Wheat Foods, Research, Education and Promotion Act, to increase the use of wheat and wheat foods.

Last year Texas producers voted by two-thirds majority to launch a self-help research and market development program for wheat in an effort to strengthen farmer income. We fully realize the value of such research programs for we have watched the progress made by other major wheat producing States in the Great Plains area since the early 1950's.

Despite the worldwide and domestic needs for food and the extensive production of wheat in the United States, knowledge of the nutritional contributions of wheat products in the human diet is very small. The opportunity producers now have to work with millers and end-

product manufacturers for research and to communicate the nutritional aspects of wheat is vital.

Together, we can do a job that will benefit each segment of the wheat industry and make valuable contributions toward meeting the present and future nutritional requirements of our Nation.

Wheat producers' boards and commissions have concerned themselves with foreign markets chiefly. Millers, bakers, and end-product manufacturers have concerned themselves mostly with advertising. There is a distinct need for the three segments of the wheat industry to work for the basic concept of good nutrition, domestic and world-wide.

Texas farmers produced less than one-half of their normal wheat crop last year, and this year's crop doesn't look too good so far. Wheat producing counties in our State have been hard hit by these economic setbacks, and we recognize an important need to take advantage of all opportunities we have to improve our income and keep our farmers on the land. We need more promotion and research, and the bill this committee is considering today represents a step forward in the right direction.

I appreciate very much this chance I have had to indicate the support of the Texas Wheat Producers Association for the Wheat and Wheat Foods, Research, Education and Promotion Act.

Thank you.

Mr. PURCELL. Thank you, sir.

Mr. Brown, we will be glad to hear from you at this time.

STATEMENT OF ELWOOD BROWN, PRESIDENT, WASHINGTON ASSOCIATION OF WHEAT GROWERS

Mr. BROWN. Mr. Chairman, members of the committee, my name is Elwood Brown. I am a farmer from Bickleton, Wash., and am here today representing the 3,300-plus members of the Washington Association of Wheat Growers, of which I am president. We appreciate this opportunity to appear before you.

I speak in support of the Wheat and Wheat Foods Education and Promotion Act. This appearance is merely a continuation of our many years of support for this legislation. We understand there is some farm group opposition to this Act, which we find a little surprising and somewhat inconceivable.

This is the situation as we see it: For probably the first time in history, producer representatives in the 10 commercial wheat producing States, the wheat millers, and the wheat end-product bakers, are all alined on the same side of the same issue. Amazing. These highly competitive people, who are usually trying to take advantage of each other in order to increase their individual share of the consumer dollar, have put other differences aside and stand together on this issue. Utterly amazing.

But well they might; per capita wheat consumption in the United States has been declining for years. It has been nutritionally maligned and, because it contains the magic "calorie," has been excluded from many regulated diets. This exclusion has been on the flimsiest of evidence; no one really knows much about the nutritional qualities of wheat or its effect on the human body when used in conjunction with certain other foods or in a balanced diet or how really important

it might be in diet balancing. Much Government and producer financed research has been done on developing new uses for wheat—to small avail in increasing wheat consumption. But little research has been done on its nutritional value. And if wheat consumption trends are to be reversed it has to be done on the basis of nutritional value.

The reason for the previous lack of expensive research is economic. While results would be valuable, the results would do nothing to increase the competitive position of the company or companies doing the research. Since the total wheat and wheat foods industry is marginally profitable, with many single operations unprofitable, no single company, group of companies, or industry segment can afford to make expenditures that cannot be reasonably predicted to increase their competitive position within the industry. However, if all within the industry contribute equitably to the research then competitive positions are not altered and perhaps total consumption can be increased to the benefit of all.

Further, if all elements join in the financing of this effort it can be accomplished without financial detriment to the industry. Why? Because the cost can be passed on to the consumer. Lest this alarm you, let me remind you that at the greatest contemplated collection rate of 2.5 cents per hundredweight of flour, the cost added to a 1½-pound loaf of bread would be .025—less than three one-hundredths of a penny per loaf.

Gentlemen, in this legislation you see the realization by all segments of a chronically troubled total industry that they must join together in an attempt to “pull themselves up by their own boot straps.” We support it wholeheartedly and to us it is utterly inconceivable that anyone speaking for any portion of the industry could oppose this legislation unless he was seeking some special and selfish immediate advantage for himself. We urge passage of this legislation.

Thank you for the opportunity to appear before you and thank you for listening.

Mr. PURCELL. Thank you, gentlemen. It seems to me we might ask this group of witnesses questions now and then ask any other group that might come forward. I have one or two questions.

Mr. Witkowski, first let me ask you: Are you aware of the farmer's attitude in your wheat-producing area of Texas, whether or not there is opposition or approval of this concept or approach to the development of the sale of wheat?

Mr. WITKOWSKI. I might say first, Congressmen, our Texas Producers Association is certainly for it. Last night, I called five counties, members of another farm organization, presidents and past-presidents, and they were unaware that this was taking place.

Mr. PURCELL. Unaware that what was taking place?

Mr. WITKOWSKI. This bill, the testifying of the Farmers Union against it. They were certainly for it. And as I said before, our organization is for it.

Mr. PURCELL. And as far as you know—and I am not trying to put words in your mouth—is it your judgment that the wheat-producing area of Texas is, by and large, for this concept of trying to develop bigger markets for wheat?

Mr. WITKOWSKI. Yes, in my judgment, it is.

I would say that our growers, as a whole, are for it and the grass-roots are.

Mr. PURCELL. Do you interpret this bill to be matter that will be paid for by the producer in a way that he can ever feel that it is a detrimental way?

Mr. WITKOWSKI. No, he will never feel it in a detrimental way. There is quite a bit of controversy about this. And of course, we all know that the cost will have to be passed somewhere, whether to the consumer, the miller, or the producer. But whoever absorbs the price of this bill, it is worth the price, because as far as human nutrition goes, we lack a lot of knowledge, of knowing what we should know about wheat. We know more about the food value of wheat for animals in nutrition than we do for humans.

Mr. PURCELL. I do not want to monopolize this, but let me just say, Mr. Brown, what is your judgment of the attitude of farmers, whether they belong to your organization or not, in the area of Washington?

Mr. BROWN. Well, the judgment from our area, and I can speak for the wheat growers, is that they are for this. We have brought it up at our convention, we have supported it, it has been supported at the national level, this particular concept.

The bill, at the time we had our State convention, was not written up and presented to our people, but the concept of the Wheat and Wheat Food Foundation has been supported entirely by the producers.

Mr. PURCELL. Mr. Root, would you comment on the same question I asked the other two gentlemen in regard to the people of Oregon?

Mr. ROOT. Yes, Mr. Chairman; I would be glad to. The people of Oregon, both the wheat growers and the Wheat Commission, have been a little impatient that it has taken so long to develop this idea. They have been behind it for years. The only problem we have had in Oregon is to keep them hitched and to get all of these problems ironed out before the bill was presented to you people here on the Hill.

Mr. PURCELL. Mr. Morton, I did not skip you for any reason. I did want to get the feeling of these people who come from other areas. Do you want to comment on this question I have been asking them?

Mr. MORTON. Yes, Mr. Chairman. Having been chairman of the foundation for all of these years, I think I have fairly good first-hand knowledge of the feelings of all of the State organizations, not only those who are testifying today, but there has been very, very strong support for the whole foundation research concept.

If I may, Mr. Chairman, Mr. Jim Stephens, president of the Montana Grain Growers Association, does have a statement that he would like to have filed as a matter of record.

Mr. PURCELL. Without objection, that will be filed immediately following the testimony given by you gentlemen.

(The statement referred to follows:)

STATEMENT OF JAMES W. STEPHENS, PRESIDENT, MONTANA GRAIN
GROWERS ASSOCIATION

I am James W. Stephens, Dutton, Montana, president of the Montana Grain Growers Association, and I appear before you today in support of the Wheat and Wheat Foods Research, Education and Promotion Act.

I am a dryland wheat farmer in Teton County, located in the heart of an area of Montana known as the Golden Triangle, so named because it is the principal breadbasket for our state's annual production of 100 million bushels of wheat.

I am also authorized to speak today on behalf of the Montana Wheat Research and Marketing Committee a division of the Montana Department of Agriculture.

Both the Montana Grain Growers Association and the Wheat Research and Marketing Committee, which is our wheat commission, are members of the Wheat and Wheat Foods Foundation, the national organization which formulated and caused this legislation to be introduced.

Our two Montana organizations are self-help associations, entirely funded by the state's wheat growers. This is true, also, of the Wheat Industry Council to be created by the legislation under consideration. The three basic components of the industry, producers, processors and end-product manufacturers would be helping themselves through an assessment on the product between the processing and manufacturing stages. We believe this self-help concept is of special significance to you in the U.S. Congress, so accustomed to proposals from interest groups which expect the government to pay the costs.

Ours is a perennially troubled commodity, and one that poses annual problems to your legislative body. But, we are here today to try to effect at least a partial cure for our unhealthy condition by supporting this legislation, which would permit us to help ourselves.

With the assistance primarily of the Foreign Agricultural Service of the U.S. Department of Agriculture, the organized wheat growers of this country have proven their worth in the promotional and educational efforts undertaken for development of foreign markets for our wheat.

We have illustrated the nutritional value of wheat and wheat foods to citizens of many nations overseas. Our exports of wheat have grown, to the benefit of individual growers, the wheat industry and the economy of the nation.

However, here at home, our own citizens have not benefitted from similar research, promotion and education about wheat and wheat foods, because financing of such efforts has not been available.

As a result, our per capita consumption of wheat and wheat products has decreased 50 per cent in the last 60 years and our total domestic consumption, despite tremendous population growth, has remained static year to year.

The legislation you are considering, if enacted, would permit research to be initiated in nutrition, product, market, production and handling. Consumers would be informed by field representation, nutrition education, teaching, product information materials, product demonstrations, public speakers, exhibits and displays. Promotion would come through professional advertising, medical marketing, home economics marketing and school marketing.

We believe the evidence exists in the smaller scale programs of our individual wheat-growing states, that such efforts could lead to substantially increased domestic consumption of wheat and wheat foods.

We see in such a program an effective means of a partial reduction in the nation's over-supply of wheat and an avenue of escape from the shadow of surplus which haunts the wheat growers of this country.

I hope you are impressed as I am with the cooperative nature of this legislative proposal. We have blended three diverse elements of the wheat industry into a workable plan for action to help all three.

This approach was not hastily drawn nor easily achieved. Our Montana groups have a total of 12 years of meetings, planning and debating into the structuring of this legislative proposal. We are satisfied as growers that the final plan before you is fair to all and holds great promise of success through the unification of producers, processors and end-product manufacturers.

Congress is justifiably concerned with safeguards in new legislation and this act is so constructed. Not only may the annual program of the Wheat Industry Council be vetoed by any of the three participating groups, but also the U.S. Secretary of Agriculture holds similar authority. Further, the act provides for a 5-year terminal date unless tenure is provided by Congress.

Our segment of the wheat industry, those of us who till the soil, ask you to approve this legislation and, in so doing, provide us with the means of doing something for and by ourselves to increase the domestic utilization of the wheat we plant, nurture and harvest each year.

Thank you for your consideration.

Mr. PURCELL. Mr. Zwach, do you have any questions?

Mr. ZWACH. No questions.

Mr. PURCELL. Mr. Bergland?

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

Mr. PURCELL. Mr. Price?

Mr. PRICE. Nothing, Mr. Chairman, other than to ask Mr. Witkowski, I would like to ask you a question regarding testimony that was presented to us this morning by Mr. Barton regarding the Farmers Union position in the State of Texas in support of this legislation. Is this your understanding among the Farmers Union members at the grassroots level in your area?

Mr. WITKOWSKI. They had no way to know about this. The first was the March 28 National Newsletter. Well, they are just getting that, and they knew nothing of this board meeting a week or 2 weeks ago—I forgot what he said this morning; it was on a Saturday anyway. But the grassroots, I called five counties last night and talked about it and they knew nothing of it.

Mr. PRICE. These members that you talked to, they were members of a wheat organization or—

Mr. WITKOWSKI. They were wheat growers and Farmers Union members. Two of them were not members of our growing organization but they were president or past-president of the Farmers Union group.

Mr. PRICE. In other words, you would say that the grassroots men in our area, which I now represent, did not have notification of the Farmers Union position as a State organization?

Mr. WITKOWSKI. Yes, on this particular bill. But in the past—as you know, we passed enabling legislation in 1969 in Texas. We were opposed for the same reason in Texas, but we passed it anyhow. We had to have a two-thirds majority of our growers to do this.

Mr. PRICE. How many farm organizations do you know of that are in opposition to this bill?

Mr. WITKOWSKI. I do not know of any. In our association, we have members of the NFO, the Farm Bureau, and the Farmers Union, and maybe some others that I do not know about. But we have those three organizations in our Texas Wheat Producers Association.

Mr. PRICE. Do you know whether any members of the Farm Bureau or NFO in our area support this legislation?

Mr. WITKOWSKI. Down in Smith County, the president of the county organization is a NFO member and he is for it. That is the only member of the NFO. But I do know a number of the Farmers Union members that are for it.

Mr. PRICE. In summary, do you feel that the grassroots producer had anything to say about the decision of the State board in support of this bill?

Mr. WITKOWSKI. Not on this particular legislation.

Mr. PRICE. That is all.

Do any of you other gentlemen have any comments regarding the States which you represent, the farm organizations who have opposed the national position taken by the Farmers Union?

Mr. MORTON. I have no knowledge of any discussions that have taken place in the State of Colorado.

Mr. PRICE. My whole point is that it seems to me that many of the national organizations are expounding their support of or opposition to legislation when they appear before this committee without the approval of State organizations which they purport to represent. I think this is a good example of only one State actually on the record

in support of legislation. It seems like a mighty poor way of making testimony without the support of the organizations of which they are in charge of making testimony before this committee.

Would you have any comments regarding this?

Mr. ROOT. Mr. Price, I would like to say that the National Association of Wheat Growers, as you see here today, are having their State representatives making the testimony. I think this assures you that the National Association of Wheat Growers understands how their States feel about this position. I feel that some of these other organizations may not be as close to their State organizations as the National Association of Wheat Growers is.

Mr. PRICE. Well, I notice the Farm Bureau says here that they are opposed to this bill because it would be an injustice to wheat producers to institute the proposed program without a two-thirds favorable vote in a producer referendum. Would any of you care to comment on that?

Mr. WITKOWSKI. Congressman Price, I would. In 1957, our Texas efforts were defeated. We passed a bill but the Farm Bureau put in it that it would have to be voluntary. And we had the voluntary bill for 2 years, from 1967 to 1969, and no commodity groups took advantage of it, simply because, on a voluntary basis, it will not work. But since then, we have four groups—wheat, soybeans, grain sorghum, and peanuts—that have taken advantage of it.

Mr. PRICE. Well, they go on to say here, "We also believe that it would be undesirable to depart from the precedent followed in the cotton and potato promotion acts, which provide for refunds to producers that do not wish to participate."

What are your thoughts on this?

Mr. MORRIS. Congressman, when we look at that, the producers' participation in this program is amply protected as far as the overall funding of the program is concerned. He has veto power as far as any program that is initiated by three votes out of five within the county, which would eliminate any program that was to be developed by any segment of the industry. Of course, the processors and the end product manufacturers have this same right. So from this standpoint, the producers are protected. Now, if we have done our job at a grassroots level and have the support of the growers in developing the program, then I think we have done an adequate job.

The bill does provide for a termination period here at the end of 5 years, which gives an opportunity for us to review the program to see if it is doing the job that it should do. And here again, this is protection for the total industry as well as for the wheat grower.

Mr. BROWN. Mr. Price, "Tex" Brown—I should say Ellwood Brown; I run under a nickname.

It seems to me that any time you request a referendum, the cost of such referendum would be so high that it would defeat the purpose of having the act to start out with. I do not know what the cost would be, but it would be a substantial amount of that money that would be collected under this act.

Mr. PRICE. Yes, I am not trying to argue with the gentlemen. I am just trying to find out your thoughts from your areas. Your interpretation of this, then, is that the producer is protected through the clause that is in the bill.

Mr. MORRIS. Yes, I think he has adequate protection as far as the rights are concerned.

Mr. BROWN. I think that is correct.

Mr. PRICE. That is all I have.

Mr. PURCELL. Mr. Bergland, did you have a question?

Mr. BERGLAND. Yes, thank you very much, Mr. Chairman. I do have a question directed to Mr. Morton.

It has been suggested that this bill, if passed into law, would essentially duplicate the efforts of the National Wheat Institute and therefore the program is unnecessary. Would you care to comment on that statement?

Mr. MORTON. I do not think that this would duplicate the program of the National Wheat Institute. I think they can augment and supplement each other. When we look at the National Wheat Institute, it is financed for a very limited time. We look at research and we all recognize the amount of time that is involved in research. We look at the inverse subsidy as far as the export program is concerned, and we are looking at, I am sure, short-term financing.

The overall program as developed by this Act and by the proposed program on research would certainly require more long-term financing than what is available at the National Wheat Institute.

Mr. BERGLAND. Are you saying that the method by which the National Wheat Institute is financed is so undependable that their program can't continue with any degree of certainty?

Mr. MORTON. No, I am not saying that their program can't be continued with any degree of certainty. I am saying that the program that we are looking for here in this proposed program of research is longer-range program than that which basically, the National Wheat Institute is involved in.

Mr. BERGLAND. It is a more comprehensive effort?

Mr. MORTON. A more comprehensive effort.

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

Mr. PURCELL. Mr. Link?

Mr. LINK. Mr. Chairman, I am not sure if I should direct this to any one of the witnesses, but any one of them may respond, or a number of them.

What provisions do you see in the act that will allocate comparable or equal attention to the different wheat classes that are grown in the United States?

Mr. MORTON. Mr. Congressman, there is a provision in the bill that would allocate the funds generated under this bill in proportion to the amount of end product used so that every segment of the industry in terms of their end use products would receive funds accordingly.

Mr. LINK. Thank you, Mr. Chairman.

Mr. PURCELL. Mr. Denholm?

Mr. DENHOLM. Thank you, Mr. Chairman.

Mr. Morton, did you indicate in your testimony that you were informed when the bill was drafted and you did discuss it with the people who drafted it?

Mr. MORTON. Pardon me, I did not hear the question.

Mr. DENHOLM. I am sorry. Did you have anything to do with the drafting of this bill?

Mr. MORTON. I sat in on the original consultations with the Department of Agriculture, the various wheat groups, the industry groups and all those involved in the early drafting of the bill, yes, and in meeting with the various other groups.

Mr. DENHOLM. Does the language of the bill restrict the promotion of wheat within the United States?

Mr. MORTON. Yes, the actual promotion would be held in the domestically utilized wheat here in the United States for human consumption.

Mr. DENHOLM. Would it not be well to expand foreign markets for the outlet of sales of wheat?

Mr. MORTON. This was contemplated early in the discussions, the fact that we should encompass also foreign markets. It was the feeling, I think, of the industry that this should be limited to a domestic program, recognizing that Great Plains Wheat and some of these other organizations, in cooperation with the Foreign Agricultural Service, are doing a job in the overseas market.

I think the findings of research which we are very primarily interested in would have an effect as far as the export market is concerned. Anything that is developed here in terms of research from the nutritional standpoint, I am sure, would have a beneficial effect in the export market.

Mr. DENHOLM. You indicated that you represented or are testifying today on the part of 25 different organizations, is that correct?

Mr. MORTON. Basically, my testimony here today is as chairman of the Wheat and Wheat Foods Foundation as a representative of the National Association of Wheat Growers.

Mr. DENHOLM. How many wheat growers are there in the United States?

Mr. MORTON. About 1,700,000.

Mr. DENHOLM. How many do the organizations that you are testifying for represent?

Mr. MORTON. I could not give an exact number, but those that have wheat commissions, of course, this represents the full complement of all the wheat producers in those States, plus, those members of the National Association of Wheat Growers.

Mr. DENHOLM. Do you have an opinion as to the percentage of wheat producers that you represent?

Mr. MORTON. I would say that this would represent at least 75 percent of the wheat produced in the United States, possibly more. This does represent the commercial areas and we look at the commissions and so forth in all of these States.

Mr. DENHOLM. You indicated that you had made a grassroots effort to ascertain what the people really wanted. I am a wheat grower and if I had not been a Member of Congress, I would not have known anything about this legislation. I wonder how many other people and wheat producers there might be like that around the country?

Mr. MORTON. Well, I am sure that all the wheat growers associations within their States, all of the wheat commissions, and Great Plains Wheat have all communicated back in those States to fully inform their people.

Mr. DENHOLM. How active are the members of those organizations? Do they really care about pending legislation until something comes out that is prejudicial to their interest? Is that not all too often when they become concerned?

Mr. MORTON. I think anybody who belongs to a wheat commission or any of these organizations, the fact that they are paying an assess-

ment on all of the wheat that they produce in their State, and do receive the communiques, are very much interested. I have served as chairman of the Colorado Wheat Administrative Committee on two occasions and we have had very good communications back with our groups through our public relations and through newsletters, and they are kept informed on all aspects of marketing and transportation, research, or any other thing that might be of significance to the wheat producers.

Mr. DENHOLM. Do you make any effort to keep the members of the National Farmers Union informed as to what progress and provisions are contained in the pending legislation now before this committee?

Mr. MORTON. There were original discussions back several years ago with the Farmers Union. As I recall the discussions they were not interested in taking any position or doing anything at that time. We have tried to do the same thing—I know I have attended meetings with the Farm Bureau Federation and I have talked to people from the Grange at various occasions, as have various other members. And I know that our National Association of Wheat Growers has been in communication with the various other farm organizations. Not me specifically, but those—

Mr. DENHOLM. How much money can be expected to accrue to the proposed fund for research and education and wheat sales promotion?

Mr. MORTON. Well, the total fund that would be generated on this is around \$1 million—the top figure based on 2.5 cents would be \$5,700,000, as I recall, and somewhere around a million—just a little over \$2 million at the minimum.

Mr. DENHOLM. Is it contemplated that much money would be paid into the fund annually by the growers—wheat producers?

Mr. MORTON. The funds collected here would be at the first processor level. They would bill this on to the next processor or end product manufacturers, and then they would be responsible for the payment of this assessment back to this processor, and then they would, of course, be forwarded on from that point.

Mr. DENHOLM. In a hypothetical situation, a miller would purchase wheat at 2.5 cents under the market and then pay or receipt collections to the fund?

Mr. MORTON. The miller would not be buying the wheat on that basis. Most of the wheat that the millers buy is bought at a terminal position. Some of the wheat that he would buy may or may not wind up as wheat for human consumption. But what would happen is that when he ground this flour and sold it to the end producer user, then the end product user would be billed for it.

Now, there cannot be any manipulation here as far as back to the grower going through this type of a marketing system, because it would actually be illegal.

Mr. DENHOLM. If I understand you correctly, then, it is an add-on to the consumer cost of wheat products?

Mr. MORTON. At this point, looking at the price of a loaf of bread and using this assessment, this would add on 1/150 of a cent to a one pound loaf of bread, which could not be passed on to the consumer. It would have to be absorbed. Eventually, the possibility arises that with increased labor costs and all of the other associated costs in the

production of bread, this might be absorbed or added on to at a later date. But certainly, 1/150 of one cent could not justify a rise in price of a loaf of bread.

Mr. DENHOLM. Let me say to you that I do not object to that theory because we need education and research and promotion of wheat products. Now, when you break it down to the percentage of increase of cost on a loaf of bread, it seems infinitesimal, but nonetheless, somebody is going to pay to the fund \$5.7 million a year. I am hopeful that will enhance rather than possibly hurt the sale of wheat, the price of wheat? Now, can you submit something for the record that will convince me that actually supports a benefit to wheat producers as a result thereof. I am hopeful that we are not imposing an additional \$5.7 million more for bread this year on the consumer with a malconceived notion of false hope for beneficial results to producers.

Mr. MORTON. I do not think it would be limited to bread as such in the distribution of the funds.

Mr. DENHOLM. Excuse me. I have referred to the increased cost of bread because you chose to relate the cost to a loaf of bread but I do not believe it is material what particular wheat product such cost might attack.

Mr. MORTON. But I think, Mr. Congressman, to clarify the record here, the greatest advantages to the wheat industry and to the consumer are the fact that we are developing a product here that can be more nutritious and we know what our nutritional values are of our product. So we are looking at it from the standpoint of not being a cost if the program is successful and we think it will be, but actually, a benefit to the wheat industry. And if it is a all successful, it would not be a cost, it would be an increase in income to the wheat producers and the processors and the end product manufacturers.

Mr. DENHOLM. Do you have any opinion as to a statistical analysis as to the cost-benefit ratio?

Mr. MORTON. The only thing I would be able to present at this time is by saying if we can just stem the decline in the per capita consumption, the increase in population itself would—I do not know what the figures would be, but it would increase the demand and the usage of wheat by a considerable degree.

Mr. DENHOLM. Well, I certainly do not want to prolong the record by an extensive inquiry of you at this time. The chairman asked some very important questions at the outset that I think were most productive. I am concerned also from an overall agricultural point of view, that if people do not eat wheat, what do they eat and what happens when you increase the consumption of wheat? Do we decrease the consumption of other commodities? We must represent all of agriculture and not one particular part thereof. I happen to be most favorable to a better market for wheat but I believe we must retain objectivity in representing all producers of agricultural commodities.

Mr. MORTON. Well, of course, there is always this realm of possibility, but when we look at the nutrition of the people today, we find that our nutritional standards are not up to what they should be if the medical records are correct, and I am assuming that they are, that we have many nutritional deficiencies. And of course, the balancing of that diet in terms of meeting adequate nutrition, I think, should be the primary thing here that we are looking at.

Now, when we talk about this new type of nutrition, this does not always relate itself to wheat alone; it can apply to other cereal grains and other cereal products as well. So they might also reap some benefit from this.

But here again, it is trying to get something that is satisfactory to the consumer and does meet nutritional requirements.

Mr. DENHOLM. Well, in conclusion, then, it is your testimony that 75 percent or more of the wheat growers are in favor of this legislation?

Mr. MORTON. I would say that 75 percent of the production I believe was the way I put it there, and I don't know—

Mr. DENHOLM. I do not recall but I thought you were talking about numbers of wheat growers.

Mr. MORTON. I do not know if it would be 75 percent of the wheat growers, but I know it would be at least 75 percent of the production and possibly as high as 75 percent of the wheat growers.

Mr. DENHOLM. Is it not true that 16 percent of the producers produce 87 percent of the total production of wheat?

Mr. MORTON. This is true.

Mr. DENHOLM. Well, then, how many people are you talking about when you say that you represent the growers?

Mr. MORTON. I would have to, Mr. Congressman, to determine the amount of farmers who are involved in these actual programs get those figures, and I could get those and supply you with those tomorrow if it would be your wish.

Mr. DENHOLM. I am not going to require that it be part of the record, because I am aware of the number involved. I do want the record clear and to show that you are speaking for the producers of 75 percent of the total production of wheat and not for 75 percent of the growers of the total producers of wheat.

Mr. MORTON. I will have this information to you.

(The information referred to above follows:)

1971 Wheat Production in States Represented by Howard Morton¹

	<i>Thousand bushels</i>
North Dakota-----	285, 231
South Dakota-----	68, 768
Nebraska-----	107, 436
Kansas-----	312, 605
Oklahoma-----	69, 500
Texas-----	31, 416
Montana-----	112, 011
Idaho-----	50, 623
Wyoming-----	7, 382
Colorado-----	70, 920
Washington-----	118, 921
Oregon-----	34, 500
Total (12 States)-----	1, 269, 313
U.S. total-----	1, 639, 516

¹ NOTE.—These 12 States account for 78.6 percent of the total U.S. wheat production. Source: Statistical Reporting Service, U.S. Department of Agriculture.

Mr. DENHOLM. Thank you very much.

Thank you, Mr. Chairman.

Mr. PURCELL. Mr. Zwach, do you have one more question?

Mr. ZWACH. Yes, one quick question.

I am an author of this bill. As I read it, the purpose of it is to limit this whole program to increase, hopefully, use, research, promotion, education for human consumption. You are not contemplating the use of these funds for research in increased livestock feed and any of these other segments? I would like clarification.

Mr. MORTON. No, this is strictly for human consumption.

Mr. ZWACH. Thank you.

Mr. PURCELL. Gentlemen, thank all of you very much.

Our next witness is Dr. D. Mark Hegsted, professor of nutrition, Harvard University.

Doctor, we welcome you here. I have refrained from making elaborate statements about witnesses today, all of whom could be spoken about in very complimentary language. But let me say to you, sir, that the Committee welcomes you. I do not know whether the other committee members have had a chance to know who you are or not.

This gentleman is a leader in the human nutrition area. When the nutrition problem first showed itself, Dr. Hegsted reviewed it and knew as much about human nutrition as many others knew about animal nutrition.

So we welcome you here and appreciate your knowledge and whatever you have for us today.

**STATEMENT OF DR. D. MARK HEGSTED, PROFESSOR OF NUTRITION,
HARVARD UNIVERSITY, BOSTON, MASS.**

Dr. HEGSTED. Thank you, Mr. Chairman. I am pleased to be here. I am professor of nutrition at the Harvard School of Public Health and Chairman of the Food and Nutrition Board of the National Academy of Sciences-National Research Council.

I assume since your time is limited, you would prefer if I commented on my testimony rather than read it. I would like to make a couple of preliminary comments relative to this morning.

I think it should be very clear if we are going to get into a research program that this has to be a long-term program in human nutrition. There are many projects that will require 5 years to complete. If anyone believes they can put some money into a program like this and evaluate the results within 2 or 3 years, they might as well—

Mr. PURCELL. Doctor, would you speak a little louder?

Dr. HEGSTED. Let me repeat that research in human nutrition is long-term, it is hard, it is expensive. If anybody believes that they can start a program now and evaluate it within 2 years, they might as well quit, because you can be sure that results are not going to be available in 2 or 3 years. I think anything like this has to be accepted only as a long-term project.

I would also like to comment, Mr. Chairman, that I am testifying solely on research in human nutrition. I do not even know the provisions of the bills or how they are to be financed, and I limit my testimony to this area.

The things I have to say, I think, are fairly limited. One is that it is fairly clear, I think, that the chances of feeding the world in the future rely largely on cereal grains. We know that nowadays, the populations that consume a lot of cereals are those populations that are generally recognized to be the least well nourished, and these are

populations with limited resources, limited knowledge, poor medical care. The cause of their malnutrition is not entirely clear, but the impact of what we do know about these populations has led to an emphasis on the deficiencies of cereal grains as sources of food. I think we should realize that the future of the world, and perhaps even of this country, nevertheless is going to or may rely on cereal grains, and if we are going to make strategic and important choices as to how to feed the population, we have to know both the potential and the limitations of cereal products as sources of human food.

It has been noted already that cereal consumption has continued to fall in this country. This is due largely to two factors. One is that the population as a whole is consuming less food as we become less physically active; and also, by replacement of cereals with other products, especially those that are high in fat and sugar. Neither of these trends is desirable as far as our national health is concerned.

Most people knowledgeable in the area of coronary-artery diseases, which is the major public health problem of this country, would believe that the population would be better off by consuming more cereals and vegetable products and less meat, milk, and eggs. Nevertheless, there has been very little direct research which emphasizes the role that cereals may play in ameliorating heart disease.

Since cereal products are almost universally consumed, although in varying amounts, they form a logical mechanism for the distribution of nutrients, and we have had a fortification program in this country for over 25 years, which included fortification with iron to combat iron deficiency anemia. Nevertheless, no one has made any study of whether or not that program has been successful, and over the last years, it has become clear that iron fortification has not been very successful. Some of the sources of iron that we have added to cereals are not available—that is, not absorbed—and we find the whole iron fortification program under attack. This is one of the, perhaps the most widespread nutritional deficiency in the United States, and we simply have to find some way to either make iron fortification work or find out whether it does or does not work. If it does not work, then we have to find some new approaches to combat this important deficiency in the United States population.

The fortification program has also included vitamins, thiamine, riboflavin, and niacin. Our record here is really not very distinguished, although these deficiencies have practically disappeared from the United States population. We do not have evidence to demonstrate that the fortification program was responsible. Now there is suggestive evidence that we might fortify cereals with additional nutrients such as folic acid, vitamin B6, and perhaps magnesium and zinc. All recent evidence is that there are nutritional problems in this country related to these nutrients. Yet we have practically no good public health data on prevalence, we have very few adequate methods to assess nutritional status with regard to these nutrients. And certainly, if we are going to make any decision to change and improve the fortification program, it has to be done with a follow-up program that will demonstrate or evaluate its efficiency or lack of efficiency.

It has also been emphasized today that the cereal products have been among the whipping boys of the food products for the last several years. Much of this criticism is based on nonsensical and inappropriate

comparisons, but I think there is no doubt that this has had an adverse effect as far as the public is concerned. Much of the public does use cereal products from a negative point of view.

It seems to me that the main problem is that the cereal industry has had very little ammunition to counteract these attacks, and it seems sometimes to me that the cereal industry believes that their product is not very nutritious. They themselves do not have enough information about the nutritional role of cereals to counteract this adverse publicity.

Practically everyone has heard so much about the so-called protein gap in the last 10 or 15 years that there seems to be a general impression that this is the primary nutritional deficiency in the world. The fact is that most Americans consume much more protein than they need and as I have already commented, they would be better off to replace some of the high protein foods with cereals. But even in the developing part of the world where "protein-calorie" malnutrition is an important disease in young children, there is accumulating evidence that this may be largely due to a failure to consume enough food—not simply protein, but simply an inadequate food intake. That does not mean that increased production will necessarily solve the problem, because we do not know why these children do not eat enough food. It may be because they cannot consume enough of cereal diets; their stomach capacity is not big enough. It may be because there is not enough food in the house, of course; it may be because the mother does not know how to feed children; it may be because the child is sick from other things a good proportion of the time and this cuts down on his food intake.

We certainly know that diets that are very high in cereals are not adequate for very young infants, but the evidence suggests that sometime later, high cereal diets do become nutritionally adequate. We do not know when this transition occurs. And of course, I have a very difficult time even defining what I mean by a high cereal diet, because there are so few diets and the high cereal diet in one part of the world is quite different from a high cereal diet in another part of the world, depending upon what other foods are consumed. But if we are going to feed the world, some of these problems certainly have to be answered.

I did not want to miss the opportunity, Mr. Chairman, to comment on the expenditure of research funds if they should become available. At least some of us are disturbed by a tendency for the bureaucracy to continue to grow in this country, and particularly within the USDA there has been a tendency to form research groups within the establishment, and there really is no evidence that this is the most effective way to expend research funds. The bureaucracy is a consumer of scientific manpower, but not a producer, whereas universities conduct their research and produce people at the same time. I would suggest that, particularly in nutrition, where many disciplines have to be involved, ranging from economics and social anthropology to education, medical sciences, public health sciences, and so forth, that it is not wise to sequester scientists away in isolated research institutions. It would be much more effective to undertake research within established universities where training and research are accomplished at the same time.

So in summary, Mr. Chairman, I would like to say that increased cereal consumption in this country would be beneficial; that we are

grossly unprepared to make many crucial decisions that we have to make now and in the future; that most research on cereals has focused on the negative aspects; and that the current tendency to downgrade cereals will not be changed until we have an appropriate body of knowledge developed. This body of knowledge will be obtained most efficiently by university-based research programs rather than by expanding in-house government efforts.

Thank you.

(The complete statement of Dr. Hegsted follows:)

STATEMENT OF DR. D. M. HEGSTED, PROFESSOR OF NUTRITION, HARVARD SCHOOL OF PUBLIC HEALTH

I am D. M. Hegsted, Professor of Nutrition at the Harvard School of Public Health. I am currently the Chairman of the Food and Nutrition Board of the National Academy of Sciences—National Research Council.

Of all of the food crops that are produced the cereals are among the most efficient crops we have available. They provide more food per acre than most crops, they are almost universally consumed in a variety of forms, and can be grown in widely different areas of the world. As the world population continues to grow, cereal products will provide the greatest opportunity to produce enough food. This is already true in much of the world and may become increasingly true in our own country in the future.

However, if we are to feed populations largely upon cereal products, we must have enough knowledge to know how to use these products most effectively. We must know their full potential and their limitations. We do not expect that populations can live upon wheat alone but we must know the maximum utilization that can be made of such products and still produce satisfactory nutrition.

It is well known that those populations which rely largely upon cereal products today are those that are least well fed. These are poor populations, with very limited resources, limited knowledge, poor medical care, etc. The studies to date have tended to emphasize the inadequacies of cereal products. However, these populations could not exist without cereals. They are the products which make survival possible and some families maintain good health even though they consume large amounts of cereals. We need studies which focus upon the advantage and potential of the cereals as human foods and how to make maximum utilization of them rather than how to replace them. We must determine how to maintain adequate nutrition with maximal utilization of cereal products. I assure you that this is much more than a semantic problem.

In our own country we have seen a gradual fall in cereal consumption over the past 50 years or so. This is due in part to the fact that we are becoming an increasingly physically inactive population and require less food, and also represents a replacement of cereals by other foods, especially those high in sugar and fat. Neither of these trends is advantageous as far as our national health is concerned. We believe that the increasing rates of coronary heart disease are largely attributable to the change in physical activity and the change in diet. The American people in general would be better off if they consumed more cereal and other vegetable products. If people would replace a substantial proportion of the meat, milk and eggs they consume with bread and unsaturated margarines, one would expect a general lowering of the serum cholesterol level and a decreased rate of coronary heart disease. However, one needs evidence to show that these expectations will be realized. There have been practically no studies which focus on the role that cereal products might play in ameliorating heart disease in this country. Rather, the studies have focused almost entirely upon the role of fat with the expectation that the cereals somehow take care of themselves. We need more aggressive research and action if we are to get a balance into the general view of the causal and preventive factors in this important area.

Since cereals are consumed almost universally, albeit in varying amounts, they provide one of the most logical mechanisms for distributing nutrients to the population when this is desirable. Unfortunately again, we do not have a good record even in this area where the advantages of the products seem clearly evident. The fortification of bread and other cereals with iron was begun over 25 years ago based upon evidence that there was a substantial amount of iron

deficiency anemia in the United States. This seemed entirely logical. However, no attempt was made to determine whether, in fact, the fortification program was beneficial in combating iron deficiency. Now 25 years later we are confronted with the fact that iron deficiency is still prevalent in the United States and the whole concept of iron fortification is under attack. We do have reason to assume that the amount of iron deficiency is less than it would have been had we not used iron fortification, but it has been far from a complete success.

It is well known that the absorption or utilization of iron from foods depends upon many factors—some of which are known, some unknown. Different forms of iron added to different kinds of foods do have different utilities in combating iron deficiency. The fact is that many of the so-called "iron fortified foods" are practically without utility and that up until the last 5 years or so practically no one was even interested in the problem.

The responsibility for this unfortunate state of affairs is divided. Nutritional scientists, the medical and public health professions, the industry promoting the products, etc. have not been alert or sufficiently responsive to the public need. Nevertheless, the fortification of cereal products still appears to be one of the most logical ways of combating nutrient deficiencies in this country. We must determine whether these mechanisms are effective, how to make them effective, or find new approaches.

The fortification program has included not only iron but the addition of the vitamins, thiamine, riboflavin and niacin. Deficiencies of these vitamins have certainly decreased in the United States in the past few decades. However, again it is quite unfortunate that these programs were undertaken without any definitive plans to determine their effectiveness. Food habits have changed, the general economic level of much of the country has changed, we are uncertain why various deficiency diseases have decreased. The record is not distinguished.

At this time there is accumulating a substantial body of laboratory evidence which can be interpreted to mean that the fortification program might be extended to include such vitamins as vitamin B₆ and folic acid and perhaps minerals such as magnesium and zinc. However, the data upon which such decisions ought to be based are extremely limited. We do not have good methods for determining whether an individual is deficient in such nutrients, and we have little data upon the extent of deficiency in the United States. No adequate surveys to evaluate the nutritional status of the population with respect to these nutrients have yet been undertaken. We can no longer expect to make decisions upon important public health programs without adequate data and once the decision is made there must be appropriate follow-up studies to determine the effects of such programs.

As I am sure that most of you are aware, the cereal products have been a favorite whipping boy during the past few years among food products. Much of this criticism is based upon nonsensical and inappropriate comparisons and evaluations. There is no doubt, however, that these kinds of articles weaken the confidence of the public in the products and much of the public has a generally negative view of bread and many other cereal products. The primary difficulty is that the cereal industry has very little ammunition to combat these kinds of attacks. Without an aggressive research program, and this certainly does not exist today, they will continue to be vulnerable. Indeed, it often seems to me that many of the producers, millers and bakers have accepted these criticisms as fact. There is not enough research going on to even convince the people in the industry that their products have an important nutritional role to play.

Everyone has been told about the "protein gap" so often that most people apparently believe that this is the most important nutrient in the whole book. Without going into the technicalities, I would simply like to state that there is an increasing trend away from this point of view. The great majority of Americans consume much larger amounts of protein than they need. Most Americans would be better off if they ate more bread and less meat, milk and eggs. Even in the developing parts of the world where so-called "protein-calorie" malnutrition is prevalent in young children, there is an increasing body of evidence to indicate that the primary gap is calories—total food—rather than protein. The children do not get enough food. However, this does not mean that the problem will be solved by increased production. We do not know why these children appear to eat less than they should. Is it because they cannot eat enough of the bulky cereal diets? Is it because there is not enough food in the house? Is it because they are ill from other diseases a large proportion of the time? Is it because the mother does not know how to utilize the foods available?

Diets that are high in cereals are inadequate for young infants. Sometime later in life good nutrition apparently can be obtained from at least some of the diets high in cereals which are consumed in various parts of the world. However, the studies are few and until we have better data upon human requirements and field studies in different parts of the world we will continue to be in a difficult situation. Appropriate strategies for feeding the world's population must depend upon diets high in cereals but these cannot be developed with the information now available. Maximum utilization of wheat and other cereals depends upon knowledge of their limitations and nutritional capabilities under differing conditions.

I do want to comment upon the utilization of additional research funds should they become available. There is a disturbing tendency for the bureaucracy of this country to grow. Particularly in the USDA there has been a trend toward the establishment of research centers within the bureaucracy. There is no evidence to suggest that this is the best way to effectively utilize research funds and considerable evidence to show that it is relatively ineffective. I would call your attention to the report of the Committee on Research Advisory to the USDA of the National Academy of Sciences—National Research Council. The major limitations on good research are funds and people. The bureaucracy is a consumer of research people but does not produce researchers whereas the universities conduct research in such a manner that they train young people at the same time that they produce results. I do not believe that sequestering scientists away in isolated research establishments, without the stimulation of students or the ability to train students, is an effective way to do most research. This is a particularly poor mechanism for studies in nutrition which ought to involve inputs from many different disciplines—economics, social anthropology, education, biochemistry, and various medical and public health sciences. Research programs should only be undertaken with full consideration of the immediate and long-term aspects of the program.

In summary, Mr. Chairman, increased cereal consumption in this country would be beneficial and cereals provide the major hope for feeding the world now and in the future. Yet we are grossly unprepared to make many crucial decisions because we simply do not know enough about human nutrition and the role cereal products can play in meeting nutritional needs. Most current research focuses on the negative aspects of cereals in human nutrition. This current tendency to downgrade cereals will not be changed unless an appropriate body of knowledge is developed. This body of knowledge will be obtained most efficiently by university-based research programs rather than by expanding the in-house government efforts in research.

Mr. PURCELL. Thank you, Dr. Hegsted.

At this time, the committee will have to recess to go answer the vote, which is on an agriculture bill on reforestation. We will be in recess until as soon as we get back, I hope not more than 15 or 20 minutes.

(Short recess after which the hearing was resumed.)

Mr. PURCELL. The subcommittee will come to order.

Doctor, if you will, please, resume the witness chair. We might see if there are questions of you at this time, please, sir.

Mr. Zwach, do you have questions?

Mr. ZWACH. Yes, I do, Mr. Chairman.

I regret, Doctor, that I was called over to vote while you were testifying, but I heard some of your testimony. I am referring now to page 3 of your testimony, the last paragraph, where you say, "As I am sure that most of you are aware, the cereal products have been a favorite whipping boy during the past few years among food products. Much of this criticism is based upon nonsensical and inappropriate comparisons and evaluations. There is no doubt, however, that these kinds of articles weaken the confidence of the public in the products and much of the public has a generally negative view of bread and many other cereal products. The primary difficulty is that the cereal industry has little ammunition to combat these kinds of attacks."

Now, I was not aware, not very much aware, Doctor, that we were having this type of attack on the value of cereals. I am very aware, coming from the mid-West, of this type of attack on milk and meat and the attempt to destroy public confidence in them.

Then I go to page 4 of your testimony, and there without any evidence, you attack milk and meat and eggs.

I think the whole sense of your testimony is that we do not know enough about any of these things, and I think that certainly is true of milk and meat. As new evidence comes out it looks like it refutes all previous evidence.

I will just read now from your statement where you attack these products and create a lack of confidence in those products.

"We believe that the increasing rates of coronary heart disease are largely attributable to the change in physical activity and the change in diet. The American people in general"—and then you make this as a positive statement, without, apparently, research; you are putting the words in front of the fact?—"The American people in general would be better off if they consumed more cereal and other vegetable products." You make that as a positive statement. "If people would replace a substantial portion of the meat, milk and eggs they consume with bread and unsaturated margarines, one would expect the general lowering of the serum cholesterol level" and so on, and less heart disease.

Now, are you not creating the very thing with regard to meat and milk and eggs that you refer to over here as bad and that destroys confidence?

Dr. HEGSTED. I do not think so, Mr. Congressman. We have worked a long time on diet and cholesterol. I can document some of this. But I could point out that about 3 weeks ago, the Food and Nutrition Board passed a resolution recommending that the intake of saturated fat, among susceptible American men, and that includes 60 percent of our population—they would be better off to reduce their consumption of cholesterol and saturated fat. I think that when we have a disease that kills half of the American population and the evidence is so strong as to relate it to serum cholesterol as one of the important risk factors, it is prudent for men to modify their diet and intake of cholesterol and this is the sense of the Food and Nutrition Board, also.

Mr. ZWACH. Having a dairy industry in my district in Minnesota, I am especially interested in this, and I have watched the evidence and it comes strongly on both sides of this question. Apparently, we need a lot more research. And it seems sort of odd that the food of nature that is so good for the young all at once becomes a killer with a few added years.

But I just would like to say that I appreciate your statement with regard to cereals and the lack of confidence, and we want to build this up. I really do not appreciate your statements in this other realm of total uncertainty where you attack the other foods of America. I would think you would limit yourself to positive statements with regard to the lack of information and research on cereals and not get over into the other area, where a great deal of research apparently needs to be done with regard to these other products.

It seems to me that your testimony ought to be directed to the positive with regard to cereals. Do you not agree?

Dr. HEGSTED. Well, I think you have to recognize that if people eat more cereals, they are going to eat less of something else. Nobody is going to recommend that the American public eat more food than they are eating now.

Mr. ZWACH. I think you make a basic statement that lack of activity is perhaps the major problem. It could well be. I would not want to say this, because our early pioneers, and all through history, meat has been a major diet and never known to be a killer. And milk has always been a major diet and had never been labeled as a killer.

But I would think research in this ought to be, certainly, documented. Really, what I am trying to say, I do not appreciate people making statements about something before the facts—suspicions are referred to, the sort that you have referred to here with regard to cereals.

Dr. HEGSTED. I would think the difference in the amount of evidence in these two areas is—there is no comparison.

Mr. ZWACH. That is what you think. But—

Dr. HEGSTED. If you look at the amount of money that has been spent on heart diseases research in the last 10 or 15 years—

Mr. ZWACH. And is it not true that the more that is studied, the more they are uncertain that milk and meat products are not the culprits?

Dr. HEGSTED. No, I do not think so.

Mr. ZWACH. That is the documentation I have seen. Certainly, there is a whole realm of uncertainty, and for a doctor, a nutritionist of long standing, to make that positive statement—I would like to see you restrict yourself to cereals.

Dr. HEGSTED. I think there is no doubt that people who have elevated cholesterol should reduce it and the easiest, most practical way to do it is to replace some of the saturated fat in your diet.

Mr. ZWACH. I have had so-called high cholesterol for five years. I have cut all butter, all lard, all cheese, all eggs, all bacon all of these products. And you know, it has not gone down an iota—not one iota. I mean there is a lot of uncertainty in this thing. I resent your making that statement with regard to the mid-West, which is our great dairy and livestock industry, and make that as a blanket assertion. Because there are all kinds of evidence on every side by eminent doctors— are you an MD?

Dr. HEGSTED. No, I am not, I am a Ph. D.

Mr. ZWACH. Eminent doctors, eminent men all over disagree with you. I want you to positively push cereal. I am an author of this bill. I want to sell cereals. I want to dispel fears about inadequacies to the extent that the truth comes out. I want to know the truth. But I also want to know the truth regarding milks, meat, and eggs.

Dr. HEGSTED. I could not agree more. But I think you have to recognize the American Heart Association, the American Diabetes Association, the American Institute of Nutrition, and the Food and Nutrition Board, to name some of them, have taken the position I have taken here.

Mr. ZWACH. A lot of them have taken the opposite.

Dr. HEGSTED. I do not know of any.

Mr. ZWACH. I have seen a great deal of documentation in that area. So let's leave it at that and agree that there needs to be a great deal of research in cereals and in these other areas.

Dr. HEGSTED. I see.

Mr. ZWACH. Thank you, Mr. Chairman.

Mr. PURCELL. Mr. Sebelius?

Mr. SEBELIUS. I did not hear the Doctor's testimony. I have it here and I know that he is working on research in nutritional things.

That is one of the reasons I am on this bill because we will get greater study on the use of cereals and their nutritive values. This basically does not concern us, but before this committee tomorrow, we are going to have a hearing. Am I correct that rabbit meat has more protein than the ordinary other meats we have and less fat, less cholesterol?

Dr. HEGSTED. What kind of meat?

Mr. SEBELIUS. Rabbit? Or do you know?

Dr. HEGSTED. I think you are right, it is a low-fat meat.

Mr. SEBELIUS. That is all, Mr. Chairman.

Mr. PURCELL. Doctor, let me ask you just a couple of questions. I am not challenging your authority. As I stated when you were presented, I recognize you are probably one of the leading human nutritionists in the country and I respect you for that. But I had occasion to be one time in New Zealand, where they live on whatever grass would produce, primarily dairy products and meat. I got to talking just to laymen, most of them politicians, I guess, about cholesterol problems, and they honestly did not know what I was talking about. I do not know whether it is against the law in New Zealand to bring the subject up or not, but they did not seem to have any heart ailments because of cholesterol. Do you know anything about that?

Dr. HEGSTED. I think I can speak to that, because New Zealand Heart Association published a statement about 4 months ago similar to the recommendations that I made here. They do have a lot of coronary disease in New Zealand and they have recommended that saturated fats be reduced and unsaturated fat consumption be increased.

Mr. PURCELL. Do you know whether or not, and maybe in a small country, they keep pretty good records on it, do they have a higher percentage than we or other developed countries, as far as you know, of heart trouble?

Dr. HEGSTED. I cannot give you the percentage, but they are high. They are similar to the United States and among the highest in the world.

Mr. PURCELL. All right.

Thank you very much, Doctor.

Dr. HEGSTED. Thank you.

Mr. PURCELL. Our next witness is Mr. Howard L. Holmes, president of the Chelsea Milling Co., Chelsea, Mich.

We will be glad to hear from you at this time, sir.

**STATEMENT OF HOWARD S. HOLMES, PRESIDENT, CHELSEA
MILLING CO., CHELSEA, MICH.**

Mr. HOLMES. May I have the next two speakers come up with me?

Mr. PURCELL. Yes, you may, and make sure for the record that it reflects who they are.

Mr. HOLMES. On my right is Mr. Anthony Owens, vice president of the Pillsbury Co. in Minneapolis. On my left is Avery Jones, assistant

secretary-treasurer, assistant general manager of the Statesville Flour Mills Co., Statesville, N.C.

I am Howard S. Holmes, president of Chelsea Milling Company, Chelsea, Michigan, and a director of the Wheat and Wheat Foods Foundation. Until last week I was also chairman of the board of the Millers' National Federation, trade association of the flour milling industry whose members maintain 85 percent of the production capacity in the United States in mills scattered throughout the country.

I appear before you today to record the support of the flour milling industry of the "Wheat and Wheat Foods Research, Education, and Promotion Act," identified as H.R. 13514 and to urge your favorable action on this measure.

My position differs somewhat from most flour millers, since my total production goes into the manufacture of a line of mixes. In that sense, I am an end-product manufacturer under the definitions of the act as well as a flour miller and would serve as a payer of any assessment as well as the one who would be collecting it.

You will recall that the "Act" would establish a Wheat Industry Council of 15 voting members, five from each of three groups—wheat producers, processors and end-product manufacturers. The Secretary of Agriculture would appoint another six non-voting members on the same basis. The program would be voluntary in that a majority of the voting members of each of the three groups and the Secretary must first agree on what to do by way of research, education and promotion, establish a budget and a rate of assessment. But once everyone is agreed, then the assessment would become mandatory, with refunds available to those who paid the money only upon termination of the program.

This insures that the wishes of the entire industry—the growers, processors and end-product manufacturers—will be carried out pursuant to a democratic determination of all actions.

In my personal opinion, it is one of the most unusual yet most democratic plans for industry self-help ever devised. It was forged into a workable plan in what might be termed a crucible of conflicting opinions. But even those adamantly opposed to mandatory assessments admitted that thus far all voluntary programs had failed or had faltered because of dwindling support. Thus was developed the voluntary-mandatory concept.

Several other notable compromises were necessary before inter-agreement on the "Act" was reached. Millers insisted that the amount of the assessment—ranging from a minimum of 1 cent to a maximum of 2½ cents per hundredweight of processed product, and set at 1 cent for the first year—be separately set forth and identified on an invoice. This was accepted. Others expressed the fear that funds collected on soft wheat products for example—like the packaged mixes that my firm makes—would be spent on bread or something else.

At this point, those framing the "Act" were aided by the only question of constitutionality raised by legislative counsel in the House and Senate—namely, that those paying an assessment should be the primary beneficiaries of that assessment or it would be unconstitutional. Accordingly the stipulation was written into the measure, Sec. 17, that "Funds collected to finance said plans or projects shall be

expended on behalf of, and in proportion to, the assessment on the end products represented by such assessment.”

And one last compromise appeased those who feared they might be forever burdened with a program they did not relish. The “Act” provides, Sec. 32(a) that after 5 years all voting members of the Wheat Industry Council must unanimously agree, not just the majorities of the three groups, to continue.

The prevailing spirit that has made possible the successful culmination of 10 years or so of work on this concept—the faith, trust, readiness to compromise and unfaltering belief in the common goal—is the justification for giving the breadstuffs industry this opportunity to help itself.

On behalf of the flour milling industry which has members who both mill wheat into flour and manufacture end products and therefore would be paying as well as collecting the assessment, I earnestly solicit your favorable action on this important measure, and pray for its speedy passage through Congress.

Mr. PURCELL. Thank you, sir.

Mr. Owens, you are next.

STATEMENT OF ANTHONY C. OWENS, VICE PRESIDENT, THE PILLSBURY CO., MINNEAPOLIS, MINN.

Mr. OWENS. Mr. Chairman, gentlemen, it is a pleasure for me to join with Howard Holmes and the other witnesses you have heard thus far in urging your favorable consideration of H.R. 13514 and its equivalent, S. 3276, known as the “Wheat and Wheat Foods Research, Education, and Promotion Act.” My name is Anthony C. Owens. I am a vice president of the Pillsbury Co., Minneapolis, and the general manager of its Agri-Products Division. As such, I serve on the executive committee of the Millers’ National Federation, and endorse completely the testimony you have heard from Mr. Holmes.

It was not an easy decision for our company to accept the principles in the proposed legislation just outlined by Mr. Holmes. After all, Pillsbury, like Chelsea Milling Co., mills a substantial amount of flour which is incorporated into its own endproducts, which places us in a similar position as both the collection agent and the one who foots the bill for the program of research, education, and promotion outlined in the act.

But a number of considerations weighted the scales in favor of the “Act.” In the first place, neither the milling industry nor the bakers have ever been able on a sustained, continuing basis to raise the large amounts of money required for research, education and promotion on a scale adequate to the need. Second, the member companies of the milling industry or any similar segment of American business cannot raise money for research that promises immediate return. No company can for a prolonged period afford to invest, for example, in human nutrition research in the hope that perhaps one day it will pay off. In business there is no tolerance for “perhaps,” “maybe,” “possibly” and other long shots. But in industry-sponsored research, such as contemplated under the “Act,” there is latitude for longer odds.

For such reasons, and because we believe the products of wheat desperately cry out to be presented in a strong, affirmative light in edu-

cation and promotion, we strongly support the industry in urging this Committee and the Congress to enact H.R. 13514 and S. 3276 as quickly as possible.

Thank you very much.

Mr. PURCELL. Thank you, Mr. Owens.

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

STATEMENT OF AVERY S. JONES, ASSISTANT SECRETARY-TREASURER AND ASSISTANT GENERAL MANAGER, STATESVILLE FLOUR MILLS CO., STATESVILLE, N.C.

Mr. JONES. Mr. Chairman, I am Avery S. Jones, Statesville, N.C. My appearance here is as spokesman for a relatively small, family-owned enterprise, Statesville Flour Mills Co. of Statesville, N.C., suppliers to the bakery trade, the cookie and cake industry, and to a shrinking market in family flour. There are many like us in the Southeast. I am president of the board of the Self-Rising Program, made up of millers catering to that trade in South-eastern United States. I am a former president of the National Soft Wheat Millers Association, and a director of the Millers' National Federation. Both the latter organizations have endorsed the "Wheat and Wheat Foods Research, Education, and Promotion Act," H.R. 13514 and S. 3276. I heartily subscribe to the testimony of Mr. Holmes and Mr. Owens.

Frankly, gentlemen, it took me and the company I represent a long time to come around to a position of endorsing the "Act." Perhaps that can be explained by the fact that we are single unit, independent flour millers. There is, by any yardstick, enough Government already in our business.

Yet if we remove our rose-colored glasses and look at the problems confronting us realistically—in the harsh light of truth—we know that as a small company we cannot afford research, education, and promotion—no matter how badly they are needed. We must join forces with others, as we have with our fellow members of the Self-Rising Program and the Soft Wheat organization, to gain combined resources if we are to make even a small dent on the surface of the problem. And even our voluntary organizations, as valiantly as they may try, have never been able to command funds in the amount needed to do the job.

So while the "Wheat and Wheat Foods Research, Education, and Promotion Act" may seem to provide just enough money to buy peanuts to those accustomed to billion dollar budgets for national defense, poverty programs, outer space, and the like—the minimum \$2,300,000 seems big to us; the maximum \$5,750,000 of the act seems real big.

We like the fact, too, that the money won't come from taxes or the U.S. Treasury. We prefer that kind of independence. We like the idea of the industry paying its own way. And as a soft wheat miller and a member of the associations of that group, we like the bills identified as H.R. 13514 and S. 3276. We hope you pass the measure as soon as possible.

Mr. PURCELL. Thank all of you very much.

Do you have any questions, Mr. Zwach?

Mr. ZWACH. Mr. Chairman, I want to welcome Mr. Owens of Pills-

bury. You know, Pillsbury is a very fine name, long and honored in Minnesota, and I wanted especially to welcome him here.

Mr. PURCELL. I did not know they were in Minnesota.

Mr. ZWACH. They have found other fine places to go, also.

Mr. PURCELL. Gentlemen, let me say, and I should not say this until the bakery people testify. But I think most of you have testified on the progress that the users of wheat in the food business have shown and I cannot be overly complimentary, as far as I am concerned, because I take some degree of pride in having helped, at least kind of stirred people along. To me, we are just living in too complicated a set of circumstances to long afford not to be cooperating—from the producer clear through to the end-product user. We must, in my judgment, move forward, and I cannot fully express my appreciation for the work, the attitude, and the cooperation that all segments of the industry have developed. To me, this is a landmark today, or the day will be if we get this passed; that will be a landmark day. And I think we can.

I do not say this with any degree of vindictiveness or bitterness in any way, but why this is not more news worthy than it is, I do not know. If you will notice, over at our press table, we have no guests at this time. I can assure you if we were here on some self-destroying or backbiting project, we would have it full. Why good things are not news, I have no way of saying to you. But if all of us will continue, and I know we will, to work together, I think we can see, to the benefit of the American consuming public, but also to those who produce and process wheat, some degree of improvement. I do appreciate your being here.

We are not through with the witnesses yet. But I think there are no questions of you gentlemen. You have been very convincing, apparently, and we do appreciate your being here, very much.

Mr. HOLMES. Thank you.

Mr. PURCELL. The next one on my list is Mr. John P. Hauswald.

Mr. LAMPMAN. Mr. Chairman, Mr. Hauswald had to go. He asked with your permission if his statement could not be entered as part of the record.

Mr. PURCELL. It will be entered into the record at this point.

(The complete statement of John P. Hauswald follows:)

STATEMENT OF JOHN P. HAUSWALD, CHAIRMAN OF THE BOARD,
HAUSWALD BAKERY CO.

Mr. Chairman and distinguished Committee Members, my name is John P. Hauswald. I am Chairman of the Board of Hauswald Bakery Company, Baltimore, Maryland.

I am appearing here today on behalf of the American Bakers Association in support of H.R. 13514 and its companion bill S. 3276, entitled The Wheat and Wheat Foods Research, Education and Promotion Act.

The American Bakers Association is the major trade association of the wholesale baking industry. Its membership is comprised of baking companies of all sizes throughout the nation. The Board of Governors of the Association has long supported the aims and objectives of the Wheat and Wheat Foods Foundation, which would be established should the bill now under consideration by this Committee be enacted into law.

To finance its operation, the bill would require a mandatory assessment of not less than 1¢ and not more than 2½¢ per cwt. of flour purchased by the end product manufacturer. Since most flour consumed in the country is purchased by the baking industry, this assessment would be paid initially by the baker under the terms of the bill. It is anticipated that the assessment which amounts

to approximately .015 of a cent in a pound loaf of bread would be absorbed by the baker. The impact would be less in other bakery products which use less flour. In and of itself, this additional assessment would not be reflected directly in higher prices to consumers. On the other hand, we recognize that it is put into the total cost equation of a baker's operating costs and would be a factor in addition to labor, ingredients, overhead, distribution and all other costs which are eventually reflected in the price paid by the consumer for the end product. But we do not anticipate that this assessment on the baker will have any immediate impact on the price of his product.

The Board of Governors of the Association has affirmatively indicated its support of this mandatory assessment not to exceed 2½¢ per cwt. of flour with a limit of 1¢ per cwt. during the first year of operation of the program.

The Board supports this bill because it would enable the joining together of all segments of the industry—the grower, the miller, the baker—in the development of a badly needed program of research, education and promotion for wheat and its products.

The industry has considered at great length the obtaining of financial support on a voluntary basis. Unfortunately, experience has shown that, for one reason or another, all who benefit are not necessarily willing to share the cost of such a program. Ultimately, the burden has fallen on the shoulders of a few. The mandatory assessment feature of this bill would, we believe, distribute this burden equitably among all beneficiaries for the common good. Therefore, the Board of Governors of the Association supports this crucial feature in the legislation.

You have heard from others concerning other aspects of the legislation and what it is hoped it will achieve. We, too, view the legislation in the same constructive manner. It may have some weaknesses which will appear as the program develops. These, we are sure, can be readily corrected by amendment to the Act or by administrative determination as the situation requires. We request that this Committee act favorably on this bill which is the first effort by the wheat growers, flour millers and bakers to advance increased consumption and understanding of their products.

I appreciate very much the opportunity to present our views to your Committee. Thank you.

Mr. PURCELL. Next is Mr. Dolch and Mr. Quinlan.

You may proceed, sir.

**STATEMENT OF WALTER W. DOLCH, DOLCH'S PASTRIES, LTD.,
MAQUOKETA, IOWA, ACCOMPANIED BY WILLIAM QUINLAN,
GENERAL COUNSEL AND WASHINGTON REPRESENTATIVE, AS-
SOCIATED RETAIL BAKERS OF AMERICA, ANNAPOLIS, MD.**

Mr. DOLCH. Mr. Chairman, members of the committee, I would like to apologize for not having extra copies of my prepared statement. They are supposed to be in the airmail.

My name is Walter W. Dolch. I am the owner and president of Dolch's Pastries, Ltd., a retail bakery in Maquoketa, Iowa. I have been a director and member of the executive committee of the Wheat and Wheat Foods Foundation since its first formal organization, and earlier belonged to the group struggling to draft bylaws, a program, and finally a bill of proposed legislation satisfactory to wheat producers, processors, and endproduct manufacturers.

I am also a past president of the Associated Retail Bakers of America, the national trade association of retail bakers, on whose behalf I appear today.

With me is William A. Quinlan, general counsel and Washington representative of our association, who also is intimately familiar with the background of the legislation and able to answer questions.

The Associated Retail Bakers of America strongly endorse the "Wheat and Wheat Foods Research, Education, and Promotion Act,"

known as H.R. 13514 and S. 3276, urge your favorable consideration of its provisions, and hope for its early enactment. Like Mr. Hauswald and the wholesale bakers, we are fully aware of the fact that we would help pay the cost because the very small fraction of a cent per pound of product cannot be passed along by the baker. Neither can it be passed back to the miller, or by the miller back to the person selling the wheat. We're stuck with it.

But at the same time we feel the cost of the research, education, and promotion provided by the measure would be a sound investment—both for bakers and for their customers, the public. Perhaps if the act had been in force as law during recent years, our combined industry and its products would not have suffered from the recent rash of outrageous attacks. For example, food faddists and quacks circulate unfounded attacks on white bread. Even some scientists report experiments from which they draw erroneous conclusions unfavorable to wheat foods. If we had the research and educational capabilities possible under this act, I doubt that an enlightened public would give credence to such statements and reports.

Its purpose is also to help feed the hungry with low-cost well-balanced, nutritious diets by developing new, simple to use, economical foods made from wheat.

Finally, the retail baker sees in this act a better chance to present his products to the public as foods recommended for good nutrition, foods contributing to the improvement of life. For all these reasons, members of ARBA across the country believe the "Wheat and Wheat Foods Research, Education, and Promotion Act" to be urgently needed and fervently hope for its passage by this Congress.

Mr. PURCELL. Thank you very much.

Mr. Quinlan, do you have anything to add to this?

Mr. QUINLAN. Yes, Mr. Chairman, I would like to add a couple of points very quickly.

I might say that like the other organizations that finally came to this meeting of minds, we had a few difficulties, too, in arriving at that point over this period of 10 years or so. We were in on the very inception of the conferences at the Department of Agriculture and have worked with the group since.

At the beginning, however—I might say first of all that philosophically, we were not particularly anxious to bring government into the research programs or other programs of the industry, but we in the baking industry knew from hard experience that programs based purely on voluntary contributions would not work. We had had a couple of major programs of that kind and they all had broken down by first one large contributor pulling out, then another, until the whole thing collapsed. So we came reluctantly to the conclusion that only through legislation of this kind could we have an effective and workable program.

When the legislation was developed in the very early drafts, we opposed it, frankly, because there were some objectionable things about it. In the early drafts, there were proposed congressional findings saying, in effect, that every one of our little bakers was subject to Federal regulation under the commerce clause; saying in effect that every one of our little bakers affected the public interest and was implicitly subject to regulation as a public utility. We could not

endorse legislation with those findings, but the others came to the conclusion with us that they were not necessary to the constitutionality of the measure. They were taken out.

There was a question earlier from one of the subcommittee members as to why the bill was limited to domestic food uses and does not extend to exports. Well, it does extend to exports and it does not. Since the baker was going to pay the bill, and we know from practical experience, those of us who go back as far as 1933 to 1936, when we had experience with the processing tax that the baker paid that was held unconstitutional, then the windfall tax to recapture it and the need of our industry members proving to the Internal Revenue Service that they had in fact absorbed that exaction, had not been able to pass it along to the consumer—we knew from that experience that we would pay this bill, this small amount of one-fiftieth of a cent per pound of bread and even less for other types of foods. But nevertheless, the bakers feel that the end results of this are going to be profitable to them as well as to the consumer and the first processor and the grower; that with the increased volume of sales, they will more than recapture that assessment they are going to pay.

Because of experience with voluntary programs, it was essential that there be no refund provision. If there is a refund provision, the very thing would happen that happened with our voluntary contributions: a large contributor would pull out and the whole thing would collapse.

I think, Mr. Chairman, that those cover the points that occurred to me. And perhaps they cover as well the objections that were listed by Dr. Barton. I do not think his exceptions were well taken. He talked about the producer bearing the burden of the assessment. That simply would not be the case from my own direct personal experience, which I mentioned previously.

As far as concerns the referendum, if there were a referendum, we would feel that all of the first processors and all of the bakers, almost 30,000 of us, would have to be heard in that referendum. It just would not be practical. I think after ten years, we know what the position of the baking industry is, because we have thrashed this out back and forth, up and down.

He suggested that the end-product manufacturers be non-voting members of the body that would be set up under the legislation. We do not think that would be fair, since we are going to be the ones to pay the assessment; we, of all people, should have a vote. But we would like the others, too, to have votes. This is a joint project and only as a joint project all the way across the board, from farm to end-product manufacturer, can it be workable. That is why we have striven so hard after a lot of discouragements for almost ten years to reach this consensus.

Thank you, Mr. Chairman.

Mr. PURCELL. I just put in at this point, this is my statement, but in my judgment, it would take about \$3 million to hold a referendum. I do not know where that money would come from and it would certainly destroy a year's or more revenue from this program. I do not think that would be a very practical thing to do. So I appreciate your observation very much.

Mr. QUINLAN. May I have one further point, however, Mr. Chairman, that I overlooked?

I think that the benefits of this research will extend to exports of wheat because the knowledge gained from the research which we as producers of domestic food products are going to pay for can be used to extend the knowledge of human nutrition, not only in the United States but throughout the world, and thereby improve consumption of wheat throughout the world.

Mr. PURCELL. Yes sir.

Thank you very much.

Mr. Villaume, do you have an observation?

I will observe that St. Paul is in Minnesota, Mr. Zwach.

Mr. ZWACH. Yes, sir.

Mr. PURCELL. And a great manufacturing city.

Mr. ZWACH. Thank you.

STATEMENT OF WALTER VILLAUME, PRESIDENT, JENNY LEE, INC., ST. PAUL, MINN.

Mr. VILLAUME. Thank you, Mr. Chairman, members of the Committee.

I have a statement to make. My name is Walter Villaume and I am a macaroni manufacturer, head of Jenny Lee, Inc., St. Paul, Minnesota. I am also a Director of the National Macaroni Manufacturers Association, the National Macaroni Institute and the Wheat and Wheat Foods Foundation, the latter a sponsoring agent for the "Wheat and Wheat Foods Research, Education, and Promotion Act," H.R. 13514, S. 3276. We endorse the measure and hope for its speedy passage through Congress.

In Europe a few years ago, a "spooof" movie was circulated, called "The Macaroni Tree." Some people believed it. But macaroni foods, which you may know as "pastas," or "spaghetti," or "noodles," as well as macaroni, don't grow on trees. They are products of wheat—preferably a form of milled durum wheat, mixed with water, extruded through dies to provide their characteristic shapes, dried, packaged and sold.

While macaroni foods are perhaps the only wheat product that has shown a steady rise in per capita consumption over the years, macaroni manufacturers are nevertheless keenly aware of the constant need for research, education and promotion. The macaroni industry has no national brands sold coast-to-coast, border-to-border. Instead, it's kind of a conglomerate of smaller, family-owned local or regional firms, each dominant within restricted market areas.

Under these circumstances, there are no corporate giants in the macaroni field with funds adequate to the task of research, education, and promotion. Accordingly, we pool our resources and conduct an association program for the benefit of all. Except we do have, because we operate on a voluntary contribution basis, the problem of "free riders." Our National Macaroni Institute promoted the product: we promote our own brands. But there's always the guy who cashes in on the product promotion without paying his fair share.

Thus, when the Wheat and Wheat Foods Foundation came along, it appeared to be a long needed, necessary solution to our problems,

especially when the stipulation was made that funds derived from any one product group would be expended in behalf of that product group. I was one of the three original incorporators of the foundation: I took part in all the early meetings that led to the organization. The hope and the promise that kept so many of us active for so long have at last reached fruition in the "Wheat and Wheat Foods Research, Education, and Promotion Act." I bring you the endorsement, encouragement, and sense of final urgency of the macaroni manufacturer. We look for early passage of the measure.

Thank you.

Mr. PURCELL. Thank you, sir.

Are there questions of these gentlemen, Mr. Zwach?

Mr. ZWACH. No; except to commend them for what I think is a very fine statement and to commend them all for the cooperation that they have shown in this total effort.

I never knew, Mr. Chairman, that cereals, wheat products, especially, had come under severe attack as Mr. Dolch relates. I guess we were so attacked by those who were opposed to dairy, meat, and eggs that we were not aware that other foods were also under attack.

Mr. PURCELL. You just read Minnesota papers. The Washington papers have carried that.

Mr. ZWACH. I think that your getting together demonstrates one of the fine moments in my service on this committee, because usually, we find a lot of divisions.

I am sort of disappointed that there are some notes that are not harmonious. We are hoping that they can be resolved.

Thank you very much.

Mr. PURCELL. Mr. Link, do you have questions or statements?

Mr. LINK. Mr. Chairman, in my State of North Dakota, we grow three distinct, different classes of wheat and they all have a very important place in the cereal market and foods derived therefrom. We grow Hard Northern Red Spring wheat, we grow Hard Red Winter wheat, and the Durum triangle, as those of you connected with the macaroni industry know, is located in North Dakota. We grow about 80 to 85 percent of the Durum wheat of the Nation.

I would again repeat my question. This is not in the form of criticism. But can you point out in the bill where the special classes of wheat are protected in the promotion aspect of this research program?

Mr. PURCELL. Mr. Villaume, would you respond to that, please, sir.

Mr. VILLAUME. Mr. Chairman, Mr. Link, I do not believe that any reference is made in the bill to declassifying or classifying one or another particular form of wheat. The Durum Growers Association, which is presently represented by Mr. Bud Wright, who was unable to be with us today—they, as well as our own national association, the Macaroni Manufacturers Association, very strongly endorse and hope for and look forward to the passage of this bill, which we feel is something that not only can we live with but would be advantageous to our particular industries.

Mr. QUINLAN. I believe I can answer the question by reference to the bill as well, Congressman Link.

Mr. LINK. Thank you.

Mr. QUINLAN. On page 15, lines 12 through 15, the bill reads, "Funds collected to finance said plans or projects shall be expended

on behalf of and in proportion to the assessment of the end-product represented by such assessment." The various basic types of wheat to which you refer are used in various basic categories of end-products—the hard wheat in bread, the soft wheat in cakes and crackers and so on; durum, I believe, in macaroni and what have you. So there is a very practical reason why some of the groups represented in the foundation felt that there must be a provision of this kind to require a fair allocation of the funds that were collected. And as I believe a previous witness mentioned, there was also a constitutional reason for this clause in the bill, because some of the lawyers in the Senate and House Reference Services felt that in order to insure the constitutionality of the bill, there should be a provision against Peter being robbed to pay Paul, you might say, against someone assessing the charge against, to cite an extreme, against users of hard wheat and then using all the money for research and education and promotion of soft wheat.

So we feel that this is a fair and reasonable guarantee on the point that you mentioned.

Mr. LINK. Mr. Chairman, then does it follow that provisions are made so that the funds that are collected on the end-products are identified so that this source of fund collection can be traced to the original product, the original variety of wheat?

Mr. QUINLAN. I personally, as counsel for the bakers, and I worked with them for 48 years—all my life since I left law school, in fact—we have an adequate guarantee here and there is provision for the issuance of regulations by the body to be set up under the bill, which will have to be approved by the Secretary. And the details, of course, will have to be spelled out in those regulations. But here the bill itself is a guarantee of a fair allocation.

Mr. LINK. Mr. Chairman, then for the record, are these gentlemen willing to state that it is the intent that each of the classes of wheat is to be adequately and fairly represented in the research and development and promotion program?

Mr. PURCELL. Well, I think that is exactly what these witnesses have said, Mr. Link. And I would say as one of the authors of the bill and one who has worked on it for about 9 years, that this is the full intent of the proposed legislation. It is the accepted belief on the part of those who are involved in each segment of the end processing of wheat, and with that being the full intent, I think the full agreement of those involved, that I would just reassure the gentlemen that this would happen to the very best of human endeavor.

Mr. LINK. Thank you, Mr. Chairman.

I want to make it clear that the reason for my interest is that while these several classes that I have indicated are grown in my State and are very important to my State, they do not constitute the majority of the wheat production in the United States. I am sure you can appreciate my interest in protecting these interests in my State.

Mr. QUINLAN. I am sure, Mr. Chairman, the bakers will be watching this closely, too, Congressman Link, because we do not want the money collected from the retail baker, who is predominantly interested in products other than bread, to be spent all on bread.

Mr. LINK. Thank you, Mr. Chairman.

Mr. PURCELL. Are there other statements any of you would like to make at this time?

Mr. DOLCH. No, thank you, Mr. Chairman.

Mr. PURCELL. I thank you again.

This concludes our list of witnesses for today. I would like to say again that this represents the most truly cooperative effort that I have been aware of in the wheat industry. It is very productive and we hope very much that we can see this enacted into law very quickly and I think we can. I thank all of you for being here.

There are some who sent statements in, who will be allowed to place them in the record. The American Farm Bureau Federation has asked to have a statement in placed in the record, as well as the National Farmers Organization, Congressman Tom Steed, and the Bakers and Confectionery Workers' International have a statement that they would like to submit.

That will be allowed.

Mr. PURCELL. I will ask Mrs. Gallagher if she is aware of any others who have asked that statements be included?

Mrs. GALLAGHER. Not at the moment, but we may have later.

Mr. ZWACH. Mr. Chairman, I would be very interested in a copy of the testimony of these groups that have not testified. Could they be made available to us?

Mr. PURCELL. They are available now.

If there are others who make a request in, let's say, the next week, Mrs. Gallagher, they will be received.

(The following letters and statements were submitted to the subcommittee:)

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

Mr. Chairman and members of the subcommittee: I am pleased to submit a statement today in support of H.R. 13514, the Wheat and Wheat Foods Research, Education and Promotion Act. I strongly support the enactment of this legislation.

During the last decade in this country, two trends have become clearly discernable, and the legislation this Committee is considering today bears on both these trends. The first is the growing national concern about adequate nutrition and diet. Along with this concern has come a corresponding awareness that nearly half the families in our nation do not eat adequate diets or obtain sufficient nutrition, despite the availability and low costs of most foodstuffs. The second trend is that the consumption of wheat and wheat-based products has begun to lag considerably behind the growth of population.

Both of these factors are interrelated. Nutritional experts tell us that wheat and wheat food products, if properly processed, can supply a major amount of necessary daily protein intake if they are used to complement other sources of protein. The important point, however, is that wheat-based products as a class are a cheap and readily accepted source of important nutritional requirements. On this basis it is disappointing to note that even in my home State of Oregon, which last year produced a record 38 million bushels of wheat, almost 100,000 households are believed to be maintaining inadequate diets in terms of nutritional consumption.

Tied to wheat as an important nutritional source is the vital role wheat plays in our national economy. Both as a raw agricultural product and as a finished product, wheat is an integral element in our national economy. The fact that consumption of wheat is not keeping pace with population growth indicates unfulfilled economic potential. This should not be allowed to happen.

Part of the problem in this respect lies with public ignorance. *But part of the problem also lies with the nation's food preparation industries which have neither taken on the responsibility to inform the public not to upgrade serious research into the nutritional value of their own products.*

In short, wheat and wheat-based products are an important element in our economy, and they should constitute an important element in our diets; but they will fill these roles less and less if the industry itself does not take up its responsibility to insure basic nutritional content and to inform us how to use that content to the fullest.

H.R. 13514 is designed to help overcome these basic failings, particularly in the processing segment of the wheat industry. At no cost to the Federal Government, the wheat producing and processing industry would undertake a domestic program of research, education and promotion. While the funds to operate this program would be collected under federal law, the assessments themselves would come only from the wheat industry. Only wheat and wheat products destined for use as human food in the United States would be assessed.

At a time when wheat-based products have not kept pace with population growth and when much of our nation is found to be lacking adequate protein and other nutrients, I find the approach in H.R. 13514 imaginative and vital. I strongly support this legislation, and I hope this Committee will report the bill quickly. It is a sound approach to a difficult and widespread problem.

Thank you.

STATEMENT OF HON. TOM STEED, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OKLAHOMA

Mr. Chairman: For the past seven years the wheat industry has been developing a program for the extension of the study of all aspects in the production of wheat and its bi-products. I am pleased to be a co-sponsor of H.R. 13513, the Wheat and Wheat Foods Research, Education, and Promotion Act, which fulfills this goal.

In my opinion, this proposed legislation would be equally beneficial to the three segments of the industry: the producers, the millers and the end-product manufacturers. Each of these groups has expressed individual approval of the bill at a Wheat and Wheat Foods Foundation meeting in Chicago last December.

The bill provides for the cooperation of the three divisions in working for their common interests—better markets, better sales, and more money for rural areas, as well as earmarking all proceeds accrued from the “check-off” program described in the proposal for research, education, and promotion of wheat.

Finally, the prestige and popular acceptance of a commodity like wheat or flour are essential to the continuation of its marketing success. On this basis alone, the studies demonstrating the nutritional value of the product are an important and legitimate part of the American agriculture program. Such studies are vital to the U.S. economy, where the milling and baking industries alone annually amount to about 7½ billion dollars in sales.

Therefore, I urge the members of the committee to act favorably on this legislation and to continue to support the further advancement of research, education and promotion as viable programs of the agricultural community.

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

Mr. Chairman and distinguished members of the Subcommittee: I appreciate the opportunity of presenting this statement in support of H.R. 13514. As a co-sponsor of the “Wheat and Wheat Foods Research, Education and Promotion Act”, I enthusiastically support this important proposal and commend you for your efforts on its behalf.

It is all too clear that additional research and promotion is needed on a national basis on behalf of wheat and wheat food products. Since the early 1900's, our per capita consumption of wheat-based foods has steadily declined. I recently noted that in the past decade the average annual consumption of wheat flour by U.S. consumers has decreased from a level of 120 pounds to 110 pounds per person. In my own state of Idaho, whose number one industry is agriculture and which ranks ninth in the production of wheat, this decline easily translates into a serious economic problem.

My support for this bill goes beyond my desire to sustain an industry that is important to the economic health of our nation. When we remember that bread has for thousands of years been called the “staff of life”, we can see that the real issue here is health and nutrition.

An example of this is the fact that we are rightly alarmed at the high incidence of heart illness in the United States. Most authorities would agree that

one of the major factors of heart illness has to do with the patient's dietary habits. It is commonly assumed that because obesity is problem-related and because it is also commonly assumed that wheat or wheat-based foods are a contributing factor to overweight problems, that one "solution" to avoiding heart disease is to avoid eating wheat.

I personally believe that it is this view which has contributed so significantly to the declining per capita consumption of wheat. Were matters that simple, I would say that we should all cut down on our intake of bread. However, as with other complex problems, the evidence suggests that the causal relationship between wheat consumption and heart illness is not so clearly defined.

For example, many of the nations of the world which have a high cereal and vegetable consumption, such as Russia, China and Japan, do not seem to have a high incidence of heart problems.

To test the causal relationship, the Idaho Wheat Commission recently sponsored a research project by the Stanford Research Institute. I would like to include one quotation from the Institute's report at the conclusion of Phase II of the project, dated January 1, 1971:

"... the present investigation calls attention to the overall problem and the complexity of the possible interactions. Although the present study did not offer an explanation as to why wheat or wheat products have a beneficial effect in control of atherosclerosis, it does suggest the existence of synergism among the protein, carbohydrates and fat dietary components. Our experiments are consistent with the idea that wheat should be considered an integral part of man's diet. However, it is clear that any future study should be directed toward longer term investigation with man."

The last sentence of this quotation speaks for itself, Mr. Chairman. It is the very thing which this bill is designed to make possible. The needed research will be beyond the financial capabilities of the various State Wheat Commissions and will require nominal financial assistance of the Federal Government. It is not merely the wheat producer, the wheat manufacturer, or the retailers who will benefit from passage of the bill; rather, it is the American Consumer.

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

Thank you for this opportunity to appear before you today in support of H.R. 13514 to create a Wheat and Wheat Foods Research, Education and Promotion Act.

As a Congressman representing one of the major wheat production areas of the United States and a wheat producer, I am pleased to see the united effort of the wheat industry in developing this self-help program to improve the market potential for wheat and wheat products.

Self-help programs are not new to wheat producers. In my home State of North Dakota, we have agreed to assess ourselves 2 mills per bushel sold. As a wheat producer myself, I've made my contribution to the fund each year since it's been established.

CHART SHOWING APPROXIMATE ANNUAL SELF-ASSESSMENT BY WHEAT PRODUCERS TO CARRY OUT WHEAT RESEARCH, PROMOTION, AND MARKET DEVELOPMENT

State	Assessment per bushel	Approximate annual assessment
Colorado.....	Up to ½ cent ¹	\$238,000
Idaho.....	½ cent	235,000
Kansas.....	2 mills	465,000
Montana.....	¼ cent	221,000
Nebraska.....	do	220,000
North Dakota.....	2 mills	300,000
Oklahoma.....	¼ cent	165,000
Oregon.....	½ cent	135,000
South Dakota.....	3 mills	125,000
Texas.....	½ cent	150,000
Washington.....	¼ cent	226,000
Total.....		2,480,000

¹ Colorado law permits levy of any millage necessary to meet approved budget up to ½ cent per bushel. Actual levies determined annually.

The work of the wheat commission has proven successful and has general enthusiasm for an expanded program. Funds already raised by producers have primarily been spent in two areas: production research and foreign market development.

Per acre yields of wheat have risen dramatically in the United States. In the span from 1930-39, the national average was 10.7 bushels per acre. From 1940-55, the national average had reached 15.4 bushels. By 1969 production had jumped to 30.7 bushels; in 1970; 31.0 and to 33.8 in 1971.

Incidentally, spring wheat which I produce has gone from 7.1 bushels in 1930-39 to 14.2 in the 1940-55 period and 27.5 in 1969, 23.7 in 1970 and 30.7 in 1971. On my farm in Mapleton, North Dakota, we produced more than 40 bushels per acre for the past years.

Not all of the credit is due to the commissions, but they did provide funds and stimulation for a strong federal research effort.

A case in point is the development of Gaines wheat. Orville A. Vogel, a wheat breeder of the Agriculture Research Service of the U.S. Department of Agriculture, working at Washington State University and directly with the Washington Wheat Commission and wheat growers developed through introduction of Japanese short-strawed varieties a revolutionary soft white wheat, Gaines. This development has increased wheat production 50% over the national average and has made a significant contribution to the economy of the Pacific Northwest where this variety is produced. Incidentally, the new short-strawed varieties developed in the United States is the foundation stock used by Dr. Norman Borlaug to develop the high yielding varieties at Obregon, Mexico. The new short-strawed varieties that created the green revolution in undeveloped countries and won Dr. Borlaug the Nobel Peace Prize in 1970. The varieties developed in Mexico are spring wheats and while of lower quality are being produced in the United States because of the increased yield potential.

These two areas of production and foreign market development have been essential to the U.S. wheat producer and received the appropriate priority. But a third area has gained in importance, domestic market development. U.S. flour consumption, per capita, has steadily decreased over the past 40 years falling to 110 pounds in 1970 from 169 pounds in 1930.

U.S. flour consumption per capita

	<i>Pounds</i>
1930 -----	169
1950 -----	136
1955 -----	122
1960 -----	118
1965 -----	113
1970 -----	110

Wheat producers were aware of the need to develop a national program to maintain or improve domestic utilization.

Methods were explored to develop a national approach without diluting their long range objectives in other areas. Through their leaderships along with the milling and baking industry a Wheat and Wheat Foods Foundation was established. One of the prime objectives was the development of a national industry wide program—again a self help program—to promote wheat based products. After many years of trial and error, give and take between industry representatives, wheat producers, millers and end product manufacturers have agreed on a course of action. This course of action is represented by the legislation under consideration by this committee.

This course, H.R. 13514, is developed by the industry, for the industry and deserves your consideration in this light.

Certainly one could find alternative methods of developing a national program for the industry but in view of the many hours of industry time and effort in studying, developing and reaching agreement the program should be given the opportunity to prove itself. I have often said that a good plan will not work without the support of the people involved and that a poor plan can prove effective if the people behind it want it to work and support it. In this case we have a good plan with the right kind of support. I feel it will work and work to the benefit of each segment of the industry.

Basically the act will finance a wheat oriented program of research education and promotion by assessing one cent per cwt of flour the first year and an additional one and one-half cwt of flour as a broader program is developed. Unlike producer check-off, research, education and promotion programs the

collection would be collected by the millers from the first purchaser of flour.

A wheat Industry Council would be established with 15 voting members selected by each industry group, producer, processor and end-product manufacturer, nominating 5 members. There would also be 7 non-voting members: the Secretary or his designee and 2 representatives from each industry group appointed by the Secretary.

Unanimous agreement by each voting majority of each of the three groups on the council would be essential for all policy-related action.

The Secretary of Agriculture involvement, while required in this type of program, is kept at a minimum by: 1) Selection of voting member nominees separately by each industry group; 2) Veto authority by each industry group and the Secretary over programs developed; 3) Control of all funds collected designated to the council subject to Federal audit, and 4) Specific prohibition upon independent action of the Secretary on program budget or rate of assessment.

In summary, H.R. 13514 is unique legislation. It involves the total industry. Each segment producer miller and end product manufacture retain their identity as representative of their group. Each group has the power of decision-making with veto power but also the responsibility of cooperation if the program is operative and effective.

The industry has recognized the legal authority and responsibility of the Secretary of Agriculture, yet has retained primary responsibility for the program initiated. The producers are protected from direct assessment as funds are derived by direct billing of the first purchaser of flour.

Producers as well as other wheat industry groups will receive direct benefit by slowing down or reversing the downward trend in per capita consumption within the United States.

Chairman Purcell, I appreciate this opportunity to appear before this committee in support of H.R. 13514. I do urge your immediate and favorable action of this important legislation before you—Thank you.

STATEMENT OF CHARLES L. FRAZIER, NATIONAL FARMERS ORGANIZATION

Chairman Purcell and his colleagues who have introduced H.R. 13514, the Wheat and Wheat Foods Research, Education and Promotion Act are to be complimented for their foresight and initiative in proposing a broad effort that would encourage cooperation between all the major segments of the industry.

The National Farmers Organization generally has not been enthusiastic about various producer check-off arrangements set up to provide funds for the promotion of one farm product at the expense of another in the total consumption of food in this country. However, we regard the proposed method of establishing the Wheat Industry Council, the control of funds contemplated by this bill and the opportunity to bring about more coordination of the education and research effort relating to the use of wheat as quite constructive and worthy of support. The proposal to withdraw contributions to the authorized fund from commercial channels will be acceptable to growers.

Certain provisions of the program should be carefully protected as the bill moves through the legislative process. These safeguards are considered essential to the wide acceptance that will be necessary if the program is to succeed:

The voting authority and veto provisions that require agreement by each of the industry segments on any major decision.

The method of nomination that guarantees that voting control of the Wheat Industry Council will be in the hands of members coming from the three groups (producers, processors and manufacturers).

Control of funds by the Wheat Industry Council and not by any federal agency.

The concept of limiting assessments that may be used to finance the program. The National Farmers Organization supports the proposed program because we believe it may constitute a working basis for better understanding of wheat producers' problems in pricing and marketing their wheat. In addition to improved coordination of the research, education and promotion of the use of wheat products there is a compelling demand for wider recognition of the simple need for better prices on farm products. There may be similar problems in the wheat processing and manufacturing industries but it is doubtful that there are fundamental shortcomings of comparable importance. Nevertheless, it is our fond hope that cooperation by selected members of the three segments of the industry in

this program will lead to more unity in approaching other problems of the whole industry.

Use of the designated funds under the direction of a broadly based group of producers and industry personnel will focus attention on certain research and promotional actions that will attract additional support from other sources. We urge favorable action on the bill.

THE MENNEL MILLING Co.,
Fostoria, Ohio, May 2, 1972.

The Hon. W. R. POAGE,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. POAGE: I understand this week you are holding hearings on H.R. 13514 known as the Wheat and Wheat Foods Research, Education and Promotion Act. The proponents for this bill are very well organized and will present, I am sure, many, many persuasive arguments for its adoption.

Many of these proponents are good friends of mine. Unfortunately, I disagree with them and would have liked very much to have had the opportunity to present my side to your committee. The timing for the hearing, however, prevented me from being present, and I hope you can enter this letter into the record of testimony without my physical presence.

Dating back to the inception of this idea, I, as president of a large, independent soft wheat flour milling company, have had many personal questions that have never been answered. For example, there is no representative of farmers east of the Mississippi River where most of the good soft red winter and soft white wheat used for domestic consumption is raised. The very structure of the bill, designed by the National Association of Wheat Growers, prevents Eastern farmers from being represented, since they are not organized on a basis of commodity groups because of the diversity of their crop choices. Soft wheat is one of the three most important grains raised in the eastern half of the United States and one of the four most important wheats for domestic consumption in the entire United States. Soft wheat farmers are over half the wheat farmers in the United States.

Many end-product manufacturers are not, or scarcely, represented. Examples of these are manufacturers of breakfast cereals, snack foods such as ice cream cones and pretzels, most biscuits and crackers, various mixes, as well as the chain store bakers.

There are no representatives of the grain trade such as grain brokers and merchants, terminal and sub-terminal operators, country elevator operators, exporters and the grain futures markets.

Similarly, there are no representatives of the means of distribution such as operators of barge lines, railroads and truck lines.

Then, of course, the most glaring absence is that there is no representative of the ultimate consumer. Of course, the cost of this program will be passed on to the consumer in some fashion.

I question seriously the moral and ethical nature of taxing the consumer for the purpose of persuading that same consumer to use any specific product. It seems to me such a concept can proliferate into further fragmentation of pressures on consumers in behalf of all sorts of products and pressure groups creating higher costs for the consumer, possibly with nebulous benefits.

Additionally, this bill is unique in that there is no provision for any kind of referendum, and there is no means of escaping the tax if you are opposed to it. Bills similar to this one, such as the recent potato act, contain both of these features.

I hope you will consider my questions when you decide to act upon this bill.

Very truly yours,

D. M. MENNEL

AMERICAN FARM BUREAU FEDERATION,
Washington, D.C., May 3, 1972.

Hon. GRAHAM PURCELL,
Chairman, Subcommittee on Livestock and Grains, Committee on Agriculture,
Washington, D.C.

DEAR CONGRESSMAN PURCELL: We appreciate the opportunity to comment on H.R. 13514, the proposed Wheat and Wheat Foods Research, Education, and Promotion Act.

This bill represents a significant departure from previous legislative proposals for commodity promotion programs in that it proposes to institute a compulsory program without a producer referendum.

The rationale for this approach was set forth in a summary of the bill, which was inserted in the Congressional Record for March 1, 1972, in the following words:

While it might be considered better by some to assess program costs on wheat, say at point of first delivery, it would then become a producers' program and require approval in a national referendum among 1,700,000 wheat growers. Millers and bakers would have no voice or control. Or, the fund might be paid by the 100 or more processors and added to the cost of flour. In this case it would become a processors' program. Or, as provided for in the Bill, the money may be collected by the processor from the end-product manufacturer as a separate item on the invoice, subject to the approval of all three segments of the industry and the Secretary.

This is an extraordinary piece of reasoning. Since the proposed programs would not result in a reduction in the supply of wheat—or an increase in the support price—it is incorrect to assume that the cost of such a program can be passed on to consumers merely by listing it as a separate item on bills sent to end-product manufacturers. The cost of the program inevitably will be borne by producers whether the check-off is made at the first point of sale or at the point of delivery to the end-product manufacturer.

Accordingly, we believe that it would be an injustice to wheat producers to institute the proposed program without a two-thirds favorable vote in a producer referendum.

We also believe that it would be undesirable to depart from the precedent followed in the Cotton and Potato Promotion Acts which provide for refunds to producers who do not wish to participate.

Farm Bureau supports voluntary promotion programs; however, we have a long-standing policy of opposition to nationwide check-off programs where the Federal government administers, or has veto power over, the program. The Secretary of Agriculture clearly would have a veto over programs developed under the proposed legislation.

For these reasons we are opposed to H.R. 13514.

We should appreciate your making this letter a part of the hearing record.

Sincerely yours,

WILLIAM J. KUHFUSS,
President.

STATEMENT OF ALBERT K. HERLING, DIRECTOR OF PUBLIC RELATIONS, BAKERY AND CONFECTIONERY WORKERS' INTERNATIONAL UNION OF AMERICA

MR. CHAIRMAN: I wish to thank you for the opportunity to place this statement in the record in connection with the Hearings being held in connection with H.R. 13514.

This statement is submitted in behalf of the 150,000 members of the Bakery and Confectionery Workers' International Union of America. Our union is comprised primarily of workers in the baking and related industries. This includes not only bread, cake, biscuit and cracker products but also those products generally described as "pasta" products—macaroni, noodles, spaghetti, etc.

Our interest in H.R. 13514 is directly related to our interest in the health of the industries in which our members earn their living. We recognize that a healthy and expanding industry helps to create a greater measure of job security for the men and women who have devoted their lives in producing these products.

It is our hope that the passage of this legislation would create a program for wheat and wheat foods research, education and promotion which would benefit the nation in the vital area of improving nutrition, thereby assisting in the development of a healthier population as well as improvement for the industry and all those engaged in efforts connected with the industry.

We favor this legislation therefore, not alone as those interested in protecting their investment in their jobs but also as consumers. We look upon this proposal as a potential gain for the industries involved, the workers dependent for their livelihood on the jobs in these industries, and the consuming public. That it will benefit the farmers, if we can, through the proposed legislation, reverse the pattern of the decline in per capita consumption of wheat and wheat products, is quite obvious.

In short, Mr. Chairman and Members of the Committee, it seems to me that this proposed legislation has a universal appeal and is deserving of universal support.

STATEMENT BY HAROLD HOFSTRAND, PRESIDENT, U.S. DURUM GROWERS ASSOCIATION

I am Harold Hofstrand, President of the U.S. Durum Growers Association, a resident of Leeds, North Dakota, where my farm is used largely to raise durum wheat for the manufacture of spaghetti, macaroni and noodles. Durum is a very hard, amber wheat. When milled into coarse semolina or flour, it produces what experts believe is pasta of the finest quality.

Our support of the "Wheat and Wheat Foods Research, Education, and Promotion Act" (H.R. 13514; S. 3276) stems from several interests. Of course, we want to encourage the consumption of quality pasta products because they require durum semolina, granulars or flour in their making. But of all wheat-based foods, pastas are consumed in greater quantities on a per capita basis, year-by-year. So while we're devoted to the idea of their greater sale and use, that objective is not paramount to our concern for fundamental human nutrition and market research involving wheat products. We feel that research demonstrating, for example, that high cereal diet tends to reduce blood serum cholesterol, and thereby the threat of heart disease, will help the public as it helps us.

Even the best pasta made from 100 percent durum costs only slightly more than the cheapest, degraded product made from other kinds of wheat. But even the best is still an inexpensive food, and in these days of climbing food prices, the economy of pastas is extremely important. They serve to extend and enhance more expensive foods. Thus we believe in education to teach people why durum-based pastas are better and how they should be cooked to preserve their quality. Here again, the research, education and promotion proposed in the Act would benefit the public.

On these grounds we join with other wheat producers, with processors and the manufacturers of end-products to support the Act, and urge the Congress to speed its enactment.

Respectfully submitted,

HAROLD HOFSTRAND.

THE BISCUIT AND CRACKER MANUFACTURERS' ASSOCIATION OF AMERICA,
AFFILIATED WITH AMERICAN BAKERS ASSOCIATION,
Washington, D.C., May 26, 1972.

HON. GRAHAM PURCELL,
Chairman, Subcommittee on Livestock and Grains, House Committee on Agriculture, Washington, D.C.

DEAR CONGRESSMAN PURCELL: The Subcommittee on Livestock and Grains of which you are chairman held hearings earlier this month on HR 13514, The Wheat and Wheat Foods Research, Education and Promotion Act. The Biscuit and Cracker Manufacturers' Association, which is the national trade organization of the cookie and cracker industry, has been represented on the Board of Directors of the Wheat and Wheat Foods Foundation since its inception.

The Association has continuously supported the objective of the Foundation to achieve greater consumption and utilization of wheat and wheat based products. At the same time, our membership has just as consistently opposed a mandatory assessment through legislation on end product manufacturers to finance such a program. The Association's membership believes the financing of such a program should be on a voluntary basis or alternatively, if assessments are levied by law, each end product manufacturer should have the option to have his assessment refunded.

At the annual meeting of the Association last week, this position was reaffirmed by its Board of Directors with instructions to communicate it to the appropriate Congressional Committees considering the legislation. We request, therefore, that this position of the Biscuit and Cracker Manufacturers' Association be noted and this letter be made a part of the proceedings before your Subcommittee.

With kind personal regards,

Respectfully,

JOSEPH M. CREED,
General Counsel.

Mr. PURCELL. Thank you again very much. I do not know when we will have an executive meeting of this committee, but we will as quickly as we can, and then we will pass this bill to the full committee and I feel confident the full committee will pass it within the next few weeks. I hope the Senate is doing the same thing and that we will have this in the law before very many more weeks go by.

Thank you all for being here.

(Whereupon at 4:10 p.m., the subcommittee recessed subject to the call of the Chair.)







