

Y4
.Ag 8/1
G 76/16

1010

9344
Ag 8/1
G 76/16

FLORIDA INDIAN RIVER GRAPEFRUIT PROMOTION

GOVERNMENT
Storage

HEARING

BEFORE THE

SUBCOMMITTEE ON DOMESTIC MARKETING AND
CONSUMER RELATIONS

OF THE

COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

NINETY-THIRD CONGRESS

FIRST SESSION

ON

H.R. 10605

NOVEMBER 29, 1973

Serial 93-JJ

Printed for the use of the Committee on Agriculture



U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1974

26-729

KSU LIBRARIES



A11900 334855

1/8 AS.
2/20/20

HEARING

SUBCOMMITTEE ON DOMESTIC MARKETING AND

COMMITTEE ON AGRICULTURE

W. R. POAGE, Texas, *Chairman*

FRANK A. STUBBLEFIELD, Kentucky,

Vice Chairman

THOMAS S. FOLEY, Washington

E DE LA GARZA, Texas

JOSEPH P. VIGORITO, Pennsylvania

WALTER B. JONES, North Carolina

B. F. SISK, California

BILL ALEXANDER, Arkansas

JOHN R. RARICK, Louisiana

ED JONES, Tennessee

JOHN MELCHER, Montana

DAWSON MATHIS, Georgia

BOB BERGLAND, Minnesota

FRANK E. DENHOLM, South Dakota

SPARK M. MATSUNAGA, Hawaii

GEORGE E. BROWN, Jr., California

DAVID R. BOWEN, Mississippi

CHARLES ROSE, North Carolina

JERRY LITTON, Missouri

BILL GUNTER, Florida

CHARLES M. TEAGUE, California,

Ranking Minority Member

WILLIAM C. WAMPLER, Virginia

GEORGE A. GOODLING, Pennsylvania

ROBERT B. MATHIAS, California

WILEY MAYNE, Iowa

JOHN M. ZWACH, Minnesota

ROBERT PRICE, Texas

KEITH G. SEBELIUS, Kansas

WILMER MIZELL, North Carolina

PAUL FINDLEY, Illinois

LAMAR BAKER, Tennessee

CHARLES THONE, Nebraska

STEVEN D. SYMMS, Idaho

EDWARD YOUNG, South Carolina

JAMES P. JOHNSON, Colorado

EDWARD R. MADIGAN, Illinois

FOWLER C. WEST, *Staff Director*

JOHN F. O'NEAL, *General Counsel*

HYDE H. MURRAY, *Associate Counsel*

JOHN RAINBOLT, *Associate Counsel*

L. T. EASLEY, *Press Assistant*

SUBCOMMITTEE ON DOMESTIC MARKETING AND CONSUMER RELATIONS

JOSEPH P. VIGORITO, Pennsylvania, *Chairman*

THOMAS S. FOLEY, Washington

B. F. SISK, California

FRANK E. DENHOLM, South Dakota

SPARK M. MATSUNAGA, Hawaii

GEORGE A. GOODLING, Pennsylvania

PAUL FINDLEY, Illinois

JAMES P. JOHNSON, Colorado

STEVEN D. SYMMS, Idaho

(II)



CONTENTS

	Page
H.R. 10605, a bill to amend the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, so as to authorize certain grapefruit marketing orders which provide for as assessment against handlers for the purpose of financing a marketing promotion program to also provide for a credit against such assessment in the case of handlers who expend directly for marketing promotion--	1
Statement of:	
Brader, Charles R., Deputy Director, Fruit and Vegetable Division, Agricultural Marketing Service, U.S. Department of Agriculture--	7
Buckalew, M. R., executive vice president, Indian River Citrus League, Vero Beach, Fla.-----	14
Chiles, Hon. Lawton, U.S. Senator from the State of Florida-----	4
Frey, Hon. Louis, Jr., a Representative in Congress from the State of Florida-----	4
Gunter, Hon. Bill, a Representative in Congress from the State of Florida-----	2
Rogers, Hon. Paul G., a Representative in Congress from the State of Florida-----	6
Russell, Hugh E., citrus grower, Vero Beach, Fla.-----	20
Correspondence submitted to the committee:	
Yeutter, Clayton, Acting Secretary, U.S. Department of Agriculture, letter of November 28, 1973, report on H.R. 10605-----	1

CONTENTS

1	1. Introduction
2	2. Materials and Methods
3	3. Results
4	4. Discussion
5	5. Conclusion
6	6. Acknowledgments
7	7. References
8	8. Appendix
9	9. Figures
10	10. Tables
11	11. Glossary
12	12. Index
13	13. Bibliography
14	14. Appendix
15	15. Figures
16	16. Tables
17	17. Glossary
18	18. Index
19	19. Bibliography
20	20. Appendix
21	21. Figures
22	22. Tables
23	23. Glossary
24	24. Index
25	25. Bibliography
26	26. Appendix
27	27. Figures
28	28. Tables
29	29. Glossary
30	30. Index
31	31. Bibliography
32	32. Appendix
33	33. Figures
34	34. Tables
35	35. Glossary
36	36. Index
37	37. Bibliography
38	38. Appendix
39	39. Figures
40	40. Tables
41	41. Glossary
42	42. Index
43	43. Bibliography
44	44. Appendix
45	45. Figures
46	46. Tables
47	47. Glossary
48	48. Index
49	49. Bibliography
50	50. Appendix
51	51. Figures
52	52. Tables
53	53. Glossary
54	54. Index
55	55. Bibliography
56	56. Appendix
57	57. Figures
58	58. Tables
59	59. Glossary
60	60. Index
61	61. Bibliography
62	62. Appendix
63	63. Figures
64	64. Tables
65	65. Glossary
66	66. Index
67	67. Bibliography
68	68. Appendix
69	69. Figures
70	70. Tables
71	71. Glossary
72	72. Index
73	73. Bibliography
74	74. Appendix
75	75. Figures
76	76. Tables
77	77. Glossary
78	78. Index
79	79. Bibliography
80	80. Appendix
81	81. Figures
82	82. Tables
83	83. Glossary
84	84. Index
85	85. Bibliography
86	86. Appendix
87	87. Figures
88	88. Tables
89	89. Glossary
90	90. Index
91	91. Bibliography
92	92. Appendix
93	93. Figures
94	94. Tables
95	95. Glossary
96	96. Index
97	97. Bibliography
98	98. Appendix
99	99. Figures
100	100. Tables
101	101. Glossary
102	102. Index
103	103. Bibliography
104	104. Appendix
105	105. Figures
106	106. Tables
107	107. Glossary
108	108. Index
109	109. Bibliography
110	110. Appendix
111	111. Figures
112	112. Tables
113	113. Glossary
114	114. Index
115	115. Bibliography
116	116. Appendix
117	117. Figures
118	118. Tables
119	119. Glossary
120	120. Index
121	121. Bibliography
122	122. Appendix
123	123. Figures
124	124. Tables
125	125. Glossary
126	126. Index
127	127. Bibliography
128	128. Appendix
129	129. Figures
130	130. Tables
131	131. Glossary
132	132. Index
133	133. Bibliography
134	134. Appendix
135	135. Figures
136	136. Tables
137	137. Glossary
138	138. Index
139	139. Bibliography
140	140. Appendix
141	141. Figures
142	142. Tables
143	143. Glossary
144	144. Index
145	145. Bibliography
146	146. Appendix
147	147. Figures
148	148. Tables
149	149. Glossary
150	150. Index
151	151. Bibliography
152	152. Appendix
153	153. Figures
154	154. Tables
155	155. Glossary
156	156. Index
157	157. Bibliography
158	158. Appendix
159	159. Figures
160	160. Tables
161	161. Glossary
162	162. Index
163	163. Bibliography
164	164. Appendix
165	165. Figures
166	166. Tables
167	167. Glossary
168	168. Index
169	169. Bibliography
170	170. Appendix
171	171. Figures
172	172. Tables
173	173. Glossary
174	174. Index
175	175. Bibliography
176	176. Appendix
177	177. Figures
178	178. Tables
179	179. Glossary
180	180. Index
181	181. Bibliography
182	182. Appendix
183	183. Figures
184	184. Tables
185	185. Glossary
186	186. Index
187	187. Bibliography
188	188. Appendix
189	189. Figures
190	190. Tables
191	191. Glossary
192	192. Index
193	193. Bibliography
194	194. Appendix
195	195. Figures
196	196. Tables
197	197. Glossary
198	198. Index
199	199. Bibliography
200	200. Appendix
201	201. Figures
202	202. Tables
203	203. Glossary
204	204. Index
205	205. Bibliography
206	206. Appendix
207	207. Figures
208	208. Tables
209	209. Glossary
210	210. Index
211	211. Bibliography
212	212. Appendix
213	213. Figures
214	214. Tables
215	215. Glossary
216	216. Index
217	217. Bibliography
218	218. Appendix
219	219. Figures
220	220. Tables
221	221. Glossary
222	222. Index
223	223. Bibliography
224	224. Appendix
225	225. Figures
226	226. Tables
227	227. Glossary
228	228. Index
229	229. Bibliography
230	230. Appendix
231	231. Figures
232	232. Tables
233	233. Glossary
234	234. Index
235	235. Bibliography
236	236. Appendix
237	237. Figures
238	238. Tables
239	239. Glossary
240	240. Index
241	241. Bibliography
242	242. Appendix
243	243. Figures
244	244. Tables
245	245. Glossary
246	246. Index
247	247. Bibliography
248	248. Appendix
249	249. Figures
250	250. Tables
251	251. Glossary
252	252. Index
253	253. Bibliography
254	254. Appendix
255	255. Figures
256	256. Tables
257	257. Glossary
258	258. Index
259	259. Bibliography
260	260. Appendix
261	261. Figures
262	262. Tables
263	263. Glossary
264	264. Index
265	265. Bibliography
266	266. Appendix
267	267. Figures
268	268. Tables
269	269. Glossary
270	270. Index
271	271. Bibliography
272	272. Appendix
273	273. Figures
274	274. Tables
275	275. Glossary
276	276. Index
277	277. Bibliography
278	278. Appendix
279	279. Figures
280	280. Tables
281	281. Glossary
282	282. Index
283	283. Bibliography
284	284. Appendix
285	285. Figures
286	286. Tables
287	287. Glossary
288	288. Index
289	289. Bibliography
290	290. Appendix
291	291. Figures
292	292. Tables
293	293. Glossary
294	294. Index
295	295. Bibliography
296	296. Appendix
297	297. Figures
298	298. Tables
299	299. Glossary
300	300. Index

FLORIDA INDIAN RIVER GRAPEFRUIT PROMOTION

THURSDAY, NOVEMBER 29, 1973

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

The subcommittee met, pursuant to call, at 10:05 a.m., in room 1301, Longworth House Office Building, Hon. Joseph P. Vigorito (chairman of the subcommittee) presiding.

Present: Representatives Vigorito, Sisk, Denholm, Matsunaga, Goodling, Findley, and Symms.

Also present: Hyde H. Murray, associate counsel; Fowler C. West, staff director; John Rainbolt, associate counsel; Steve Pringle and Steve Allen, staff consultants; and Perry Shaw, staff assistant.

Mr. VIGORITO. The Subcommittee on Domestic Marketing and Consumer Relations is now in session and we are to take up H.R. 10605 by Mr. Gunter to authorize brand advertising under the name "Florida Indian River Grapefruit" on marketing order promotion programs and related bills.

[The bill H.R. 10605 introduced by Mr. Gunter, and the Department's report follow:]

[H.R. 10605, 93d Cong., 1st sess.]

A BILL To amend the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, so as to authorize certain grapefruit marketing orders which provide for an assessment against handlers for the purpose of financing a marketing promotion program to also provide for a credit against such assessment in the case of handlers who expend directly for marketing promotion.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8c(6) (I) of the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937 and subsequent legislation, is further amended by inserting in the first proviso "and Florida Indian River grapefruit" immediately after "with respect to almonds".

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., November 28, 1973.

HON. W. R. POAGE,
Chairman, Committee on Agriculture, House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: We appreciate this opportunity to respond to your request of October 10, 1973, for a report on H.R. 10605. The bill will amend the Agricultural Marketing Agreement Act of 1937, as amended, so as to authorize certain grapefruit marketing orders which provide for an assessment against handlers for the purpose of financing a marketing promotion program to also provide for a credit against such assessment in the case of handlers who expend directly for marketing promotion.

The Department has no objection to the enactment of this legislation. An identical bill, S. 1945, was passed by the Senate on June 28, 1973. However, we feel the legislative history on this proposal should make clear that it is being approved on an experimental basis only. We believe we should have the opportunity to gain additional experience and to evaluate the experience under the grapefruit and almond programs before considering further extension of this type of authority.

The proposed amendment would encourage handlers of Florida Indian River grapefruit to maintain or develop their own promotion, including paid advertising, by crediting a handler's assessment obligation with such of his direct promotion expenditures as are authorized in the Indian River grapefruit marketing order. This bill provides essentially the same authorization as that provided for almonds in PL 91-522, approved November 25, 1970.

Implementation of this legislation would be accomplished by amending the Indian River grapefruit marketing order. Any promotion projects carried out under the marketing order would be subject to continuing review by the Secretary to insure compliance with the statute and to protect the public interest.

Florida Indian River grapefruit are produced in the "Indian River District" which is defined in the marketing order. For purpose of advertising and promotion it is important to note that the product is easily distinguishable because individual fruits are commonly labeled (stamped) with the words "Indian River" at the packinghouses.

Production of grapefruit in the Indian River District has trended upward during the last decade from 8.7 million boxes in the 1961-62 season to 16.9 million boxes in 1971-72. In recent years 30-35 percent of the total Florida grapefruit crop has been produced in the Indian River District. However, the Indian River District accounts for a considerably larger share of the grapefruit shipped to the fresh market—approximately 55 percent of the State total in the past two years or around 9 million boxes annually. The latest published tree census, released in 1972, indicated that about 14 percent of the Indian River grapefruit acreage was in non-bearing status. This constituted 69 percent of the State's total non-bearing acreage of grapefruit. It now appears that the potential exists in the Indian River District for substantially larger grapefruit crops and that in the future the District will account for a larger share of the total Florida grapefruit production.

The additional activity caused this Department by enactment of the proposed legislation would be absorbed within existing expenditures for marketing order programs except that the order amendment cost, if separate from other amendments, could approximate \$7,500.

Enactment of H.R. 10605 would have no significant impact on the environment.

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

Sincerely,

CLAYTON YEUTTER, *Acting Secretary.*

Mr. VIGORITO. Our first witness will be Congressman Bill Gunter.

STATEMENT OF HON. BILL GUNTER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. GUNTER. Thank you very much, Mr. Chairman. I would like to take note of the fact that we have some very distinguished Floridians here who have a particular interest in this legislation, who are going to address the committee following my testimony.

I also want to give emphasis to the fact that our distinguished colleague, Congressman Lou Froy, from the neighboring Ninth Congressional District, is also here and will offer testimony in support of this legislation. He is the author of similar legislation himself.

On October 1, 1973, I introduced H.R. 10605, which is enabling legislation to amend the Agricultural Marketing Agreement Act of 1937, to permit grapefruit growers and shippers in the famous Indian

River district of Florida to develop their own market promotion program.

These grapefruit growers have been trying for 3 years to have this legislation enacted, beginning November 20, 1970, when the late Senator Spessard L. Holland introduced a similar bill in the 91st Congress. In the 92d Congress Senator Lawton Chiles and Congressman Paul Rogers introduced this legislation again and, while it passed the Senate last year, it was not acted upon by the House of Representatives. In this 93d Congress Senator Chiles again introduced this legislation as S. 1945 and it passed the Senate on June 28, 1973. On July 24, 1973, H.R. 9508 was introduced by my colleagues Congressmen Paul G. Rogers, Lou Frey, Jr., and L. A. Bafalis, and it was referred to the Committee on Agriculture. Their bill is essentially the same as H.R. 10605, which is identical to S. 1945 passed by the Senate.

I respectfully recommend this legislation to you gentlemen and others will comment on it in more detail particularly my distinguished friends from Florida, who are directly interested in this bill.

I recommend this bill to you because there is an urgent need for the Indian River district, which includes one-half of all of the grapefruit acreage in Florida, to be able to have a market development program that will promote their premium quality grapefruit. Plantings of grapefruit were extremely heavy during the decade of the sixties in the Indian River district and there are projections of steady increases in grapefruit production for many years to come.

This is basically a self-help program which will be administered by the growers and shippers selected for the controlling body. But even before a specific program can be put into effect, the entire proposal must be subjected to a referendum by growers and shippers. Two-thirds of the growers voting must approve any proposed program and also 50 percent of the shippers by tonnage must concur.

At the hearings held before this subcommittee on April 20, 1972, there was no opposition to this legislation. I believe there is a copy of those hearings available to the membership of the subcommittee.

The Indian River Citrus League is wholeheartedly behind it and so is the Indian River Grapefruit Committee, the administrative body for the marketing order programs which has been operating since 1962. Further, the Department of Agriculture has endorsed this legislation also.

I think this subcommittee would be interested in knowing that Congressman Sisk, who is a member of this committee, introduced similar legislation in the 91st Congress under H.R. 13978 in order to assist the almond industry of California. It became law on November 25, 1970, and the program, from all reports, is working quite well under the California Almond Control Board. We are asking for the same enabling legislation that would be of great benefit to the Indian River grapefruit industry as they tackle the problem of how to sell more fresh grapefruit as the crop increases in size.

I respectfully urge your favorable consideration of H.R. 10605.

Mr. Chairman, I would also like to request that the statement of Senator Lawton Chiles of Florida relating to H.R. 10605, and also to

his companion bill in the Senate be entered into the record of the subcommittee for your consideration. I have a copy of that here.

Mr. VIGORITO. If there are no objections, the statement of Senator Chiles will be entered into the record.

[The above referred to documents follow:]

STATEMENT OF HON. LAWTON CHILES, A U.S. SENATOR FROM THE STATE OF FLORIDA

Dear Mr. Chairman, I am delighted to have this opportunity to express my interest and support for H.R. 10605, the companion bill to my proposal, S. 1945, to amend the Agricultural Adjustment Act to authorize grapefruit marketing orders.

This bill is, as you know, a relatively simple proposal, enabling grapefruit growers who assess handlers for the purpose of financing a marketing promotion program to also provide for a credit against such assessment in the case of handlers who expend directly for marketing promotion. It would encourage handlers of Florida Indian River grapefruit to maintain or develop their own promotions, including paid advertising, by crediting a handler's assessment obligation with the amount of his direct promotion expenditures as authorized in the Indian River grapefruit marketing order.

The Senate version of the bill was adopted by the Senate on June 28th. It is a non-controversial measure, wholeheartedly supported by the Indian River Citrus League, which represents the vast majority of Indian River Citrus Growers. The proposal is enabling legislation and will be up to the Indian River Grapefruit Industry to accept or reject any specific program.

There are growers in this area who have market promotion programs featuring the words, "Indian River" prominently, alongside their own brand name—such as "Florigold," and under any industry-wide market promotion program for Indian River Grapefruit these individual shippers naturally want to receive some credit against their assessment for their own market promotion. To do this however, the Marketing Agreement Act of 1937 needs to specifically permit such an assesment credit for Indian River Grapefruit.

Put simply, for promotion purposes the individual growers are assessed so much per box to promote Indian River Fruit. But if individual growers in the promotion of their own brand also use the words, "Indian River," they ought to get some credit towards their assessment for promoting the fruit of the entire district. This legislation would allow them to do that.

I sincerely hope the Committee will give their favorable consideration to H.R. 10695 and again express my appreciation for the opportunity to present my views.

Mr. GUNTER. I do apologize, Mr. Chairman, for having to take leave at this time. I have spoken, I believe, to most every member of the subcommittee personally about this legislation and I am hopeful that you can have an early markup session on the bill so we can hopefully pass it on for consideration by the full committee.

Mr. VIGORITO. We will try to push it along as fast as possible. I am sure it will get through the subcommittee in rather short order.

Thank you.

Mr. GUNTER. Thank you, Mr. Chairman.

Mr. VIGORITO. Our next witness is Hon. Louis Frey from Florida.

STATEMENT OF HON. LOUIS FREY, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. FREY. Mr. Chairman, thank you. I am here speaking for this legislation, as Bill Gunter just has, and, of course, the original legislation was introduced by Mr. Bafalis and Mr. Rogers. I think among the three of us, we represent the area in question where the marketing order would apply.

We have two distinguished gentlemen from Florida, from the area, who are going to testify after me in more detail about the problem. But just let me give you a little background about the bill. As you know, the Indian River grapefruit is a tasty one with a high juice content and a thin, smooth rind.

This grapefruit can only be grown in the Indian River District—which includes portions of Brevard, Volusia, Indian River, St. Lucie, Martin and Palm Beach Counties—because of the soil and weather factors of this narrow strip of land along Florida's east coast.

There are more than 40 fresh citrus packing houses in the Indian River District and more than 50 percent of the fresh grapefruit shipped from the Sunshine State comes from this district.

Value of the Indian River grapefruit is estimated to be about \$70 million this year, a figure which denotes its importance to the area's economy and certainly the economy of our area.

Amending the marketing order will allow even more sales of Indian River grapefruit as it enables Indian River Citrus League members to receive credits toward promotion and advertising from assessments they now pay on each box of fruit produced.

The advertising will allow Indian River grapefruit to compete with a similar grapefruit, one produced in another fine State, the State of Texas, and marketed under the name TexasSweet.

Producers of TexasSweet will spend an estimated \$800,000 this year alone to advertise their product while Indian River grapefruit growers are free to advertise their brand only at added expense. We, of course, feel that the Florida product is a little bit better and think that the consumers certainly have a right to know this. We also think it is unfair, frankly, for the people in our area to operate at a handicap.

Passage of this amendment, however, will guarantee to Indian River growers that they will be able to compete at a more equitable level with producers of other grapefruit.

I would like to add, Mr. Chairman, that this amendment you are considering today comes in the form of enabling legislation and let me also emphasize that the promotional effort must be approved through referendum before it can become effective. The people who are here today from the Indian River area can fill you in in more detail. These are the people who have been working on this matter for some time. I think Senator Holland was the first one to introduce this bill some time ago and we would hope that the committee would consider it and at least give us the right to decide if we want to go ahead with promotional efforts and, if we do, the right to compete on a fair basis with other fine grapefruit around the country.

Mr. VIGORITO. Thank you, Congressman. I just have one question.

Do you believe the growers of the Indian River district, in numbers greater than two-thirds, would agree to the marketing program if this legislation is enacted?

Mr. FREY. I do. I believe that, from the conversations we have had. I also think the gentlemen who probably can give us a better answer are two of the gentlemen who have come up from Florida and will testify after me about that question. But my guess is, yes sir, they will. The people in that area have been working on this problem for some time. As I said, the three Congressmen in that area and myself, Con-

gressman Rogers, who is on a markup of the energy bill or would be here himself, and Congressman Bafalis have been contacted by people from the area and are sponsoring this legislation. We have had only a few, I can think of only one or two letters to the contrary that I know of and I think a program would get more than two-thirds of the vote. But that is just a guess.

Mr. VIGORITO. Thank you.

Congressman Findley?

Mr. FINDLEY. No questions.

Mr. VIGORITO. Congressman Sisk?

Mr. SISK. Mr. Chairman, I want to commend these gentlemen for support of this legislation. We were successful in getting a bill through, and I believe it has already been mentioned in my good friend Bill Gunter's testimony. We find that in connection with almonds, this has been quite a successful program. Of course, in that time, it was considered to be somewhat of a pilot effort and I know the Department of Agriculture agreed more or less to support it on that basis. And I think the experiment, to the extent that it was an experiment, has proven to be quite beneficial to this industry. I want to commend these people for making this attempt. I think it will probably be of help.

Mr. FREY. This is one time, Mr. Chairman, we are not going to mind being second to California on something.

Mr. SISK. I appreciate that.

Mr. MURRAY. Mr. Chairman, may I ask a question?

Mr. VIGORITO. Yes.

Mr. MURRAY. If I could just ask you one question, because it confuses me and it may confuse the committee later. About this TexasSweet promotion system, is this a cooperative that pays their own promotion expense, or how does that work?

Mr. FREY. This is Mr. Buckalew from Indian River. Maybe he can answer that better than I can.

Mr. MURRAY. I can ask him.

Mr. FREY. Would you? I think he will have more details on that subject.

Mr. VIGORITO. Our next witness will be Mr. Charles Brader, Deputy Director, Fruit and Vegetable Division, Agricultural Marketing Service, U.S. Department of Agriculture.

Mr. FREY. Mr. Chairman, excuse me if you would. There is one thing I would like to bring up. I did mention Congressman Rogers and his great interest in this bill. He has worked on it. We have cosponsored the legislation together. He is at a markup session and he was hoping to get here, but his staff just came over and said that the committee is in some portions of the bill which he is vitally interested in. I have a statement from Congressman Rogers which I would like to submit for the record and with your consent, put it in.

Mr. VIGORITO. It will be inserted following your remarks.

[The statement of Congressman Rogers follows:]

STATEMENT OF HON. PAUL G. ROGERS, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF FLORIDA

Mr. Chairman, it is a pleasure to appear before the committee today to testify in behalf of H.R. 9508.

H.R. 9508 would amend the Agricultural Marketing Agreement Act in order to encourage handlers of Indian River Grapefruit to maintain or develop their own promotion programs, including paid advertising, by crediting their assess-

ment obligations with all or a portion of their direct promotion expenditures as authorized in the order.

Citrus fruit produced in the Indian River district is of exceptional quality, due to a unique combination of weather and soil factors in the area. As such, I believe the bill before the committee today is commendable in that its primary purpose is to protect, uphold and enhance the prestige of the name "Indian River" as it is applied to Florida citrus fruit.

It is my understanding that a similar arrangement to that provided for in this bill has been in effect for some time in regard to California almonds, with considerable success. It is my further understanding that H.R. 9508 is simply enabling legislation, and that any specific proposal to develop a marketing promotion program for Indian River district grapefruit under a Federal marketing agreement will have to be approved in a referendum by growers and handlers affected by the program.

Mr. Chairman, Florida has long enjoyed a reputation for production of citrus fruits of fine quality, and this reputation has been acquired in no small part due to the exceptional quality of the fruit produced in the Indian River district. I have always taken some pride in the fact that Indian River citrus has been produced in my Congressional District. As an effort to protect and enhance the prestige of what is in fact quite a unique natural resource, I believe H.R. 9508 is a desirable piece of legislation and urge the committee's favorable consideration of it. Thank you very much.

Mr. FREY. Just for the record, Congressman Rogers wanted it understood that he is vitally interested in this bill and if it were not for the energy bill, which is extremely important, and the markup on it, he would be here.

Mr. VIGORITO. Yes, we understand.

Mr. Brader?

STATEMENT OF CHARLES R. BRADER, DEPUTY DIRECTOR, FRUIT AND VEGETABLE DIVISION, AGRICULTURAL MARKETING SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. BRADER. Thank you, Mr. Chairman. I appreciate this privilege of appearing before you.

H.R. 10605 would amend the Agricultural Marketing Agreement Act of 1937 to permit a marketing order for Florida Indian River grapefruit to include provisions for crediting the assessment obligation of each handler with all or any portion of his direct expenditures for promotion, as may be authorized by the order. This would mean that once such a promotion program were undertaken, individual handlers could promote their own brands and labels of Indian River grapefruit and offset at least a part of their direct promotion costs against their assessments under the marketing order.

The Department has no objection to the enactment of this legislation. However, we feel the legislative history on this proposal should make clear that it is being approved on an experimental basis only. We believe we should have the opportunity to gain additional experience and to evaluate the experience under the grapefruit and almond programs before considering further extension of this type of authority.

Promotional activities under marketing orders are funded by assessments on handlers. Crediting a handler's assessment obligation with such portion of his direct promotion expenditures as are authorized by a marketing order for Indian River grapefruit would encourage grapefruit handlers to maintain or develop their own promotion program.

This bill provides the same authorization as that provided for almonds in Public Law 91-522, approved November 25, 1970.

Florida Indian River grapefruit are produced in the "Indian River District" which is defined in the marketing order now in effect. For purposes of promotion, the product is distinguishable because individual fruits are ordinarily labeled (stamped) with the words "Indian River" at the packinghouse.

Production of grapefruit in the Indian River district has been trending upward. The 1972-73 crop total 16.5 million boxes, 78 percent more than the average quantity produced during the 1960-64 period and 59 percent more than the 1965-69 average. Production in 1973-74 is forecast at 18.3 million boxes. Approximately 36 percent of the total Florida grapefruit crop was produced in the Indian River district during the past two seasons with this year's forecast amounting to 38 percent of the total. However, the Indian River district accounts for a considerably larger share of the grapefruit shipped to the fresh market—approximately 55 percent of the State total in the past 2 years or around 9 million boxes annually. The latest published tree census, released in 1972, indicated that about 14 percent of the Indian River grapefruit acreage was in nonbearing status. This constituted 69 percent of the State's total nonbearing acreage of grapefruit. It now appears that the potential exists in the Indian River district for substantially larger grapefruit crops and that in the future the district will account for a larger share of the total Florida grapefruit production.

Implementation of this legislation would be accomplished by amending the Indian River grapefruit marketing order. The procedure for amendment is the same as that for establishing marketing orders. This requires a public hearing on the subject, a decision on the record by the Secretary of Agriculture, and ultimately, approval by affected producers through referendum. Such amendments may provide less authority than legislatively permitted. For example, an order amendment could limit the permitted offset of promotional expenditures to 50 or 75 percent of a handler's direct costs.

Any production projects carried out under the marketing order would be subject to continuing review by the Secretary to insure compliance with the statute and the order and to protect the public interest.

The additional activity caused this Department by enactment of the proposed legislation would be absorbed within existing expenditures for marketing order programs except that the order amendment cost, if separate from other amendments, could approximate \$7,500.

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

Mr. VIGORITO. Thank you, Mr. Brader. The question I have is, Are there any other areas that grow grapefruit in the country like Texas-Sweet—do they have marketing orders?

Mr. BRADER. Yes; there are other marketing orders. There is a grapefruit marketing order in Texas, but they do not have this type of authority for advertising. They may promote generically, but they are not permitted to promote individual brands.

Mr. VIGORITO. I see. Thank you.

Any other questions?

Mr. FINDLEY. Mr. Chairman.

Mr. VIGORITO. Mr. Findley.

Mr. FINDLEY. You say in your statement that it should be clear that Department approval is on an experimental basis only. Yet I do not see any deadline in the bill itself. It is not a 1-year or a 2-year authorization. It is a permanent change in marketing order authority. Am I correct on that?

Mr. BRADER. That is true.

Mr. FINDLEY. What would be the position of the Department on an amendment to restrict this to a 1-year experimental period?

Mr. BRADER. I am not sure that I am able to represent the Department's opinion on that, sir.

Mr. FINDLEY. Am I correct that there are a number of grapefruit producers in the marketing order whose product is not marketed under the Indian River brand name?

Mr. BRADER. Yes; that is entirely possible even under that order. They may not use that name. I suppose that the gentleman from the Indian River Citrus League can answer that question.

Mr. FINDLEY. I can see why the Department would favor trying to evaluate the experience of a pilot project of this sort. Is there any reason why the pilot study has to be expanded beyond the already existing authority under almonds? Is there something peculiar about grapefruit that would make it desirable to establish this second experimental pilot study?

Mr. BRADER. I think that there is an obvious fundamental difference between the types of products. In both cases, we have indications of sharply expanding production. This is a common feature to both, and I think that we have had experience, but only essentially 1 year's experience under the almond program. We have not objected to this bill because, as Congressman Sisk said, every indication that we have had to date, while we have not had any formal analysis, has been favorable under the almond program. However, we only have had 1 year's experience and we do not wish to generate any more.

Mr. FINDLEY. So you are not ready to make an evaluation of the almond experiment?

Mr. BRADER. I think that is a fair statement. We just have 1 year under our belts and this is the time when we would begin to make this kind of evaluation.

Mr. FINDLEY. Getting back to my first question, there are undoubtedly a number of producers within the scope of this marketing order to be amended by this bill whose product would not have the benefit of the brand name advertising of Indian River. Is that correct?

Mr. BRADER. In this particular order, it encompasses the Indian River area only, so that there is an order which exists now which encompasses only the Indian River District. There is a separate order which encompasses the interior of Florida.

Mr. FINDLEY. Would this bill affect both?

Mr. BRADER. No; this bill would only permit this kind of authority for the Indian River area.

Mr. FINDLEY. Now, within the Indian River area, are there producers whose product would be marketed other than under the Indian River brand?

Mr. BRADER. I think this is possible. Again, I would prefer to defer to Mr. Buckalew of the Citrus League to quantify the amount which is marketed.

Mr. FINDLEY. Here is the reason I ask that question. I am interested in the rights of the small individual producer. The effect of the marketing order assessment procedure is to cause every producer, whether he be large or small, to contribute a certain amount to a promotional fund. I can imagine there being some small producers who do not market their product under the Indian River brand name. What is their position if this bill is enacted and its provisions take effect? It means that they continue to pay an assessment for the promotion of grapefruit in that area, but they do not market under a particular brand name so they cannot charge off their own brand name advertising.

Mr. BRADER. Yes.

Mr. FINDLEY. So this permits the big operator, the one that through the cooperatives is promoting the Indian River brand name, to charge off his product advertising against his assessment. But the little guy who does not have the brand name to advertise does not have such an opportunity. Does this strike you as really a fair arrangement?

Mr. BRADER. Before this kind of thing is implemented, there would have to be a hearing and a record built. Features could be built into the amendment to take care of, at least in part, the question that you refer to.

For example, there could be a specific assessment placed on handlers for this type of promotion and if some of them did not promote and request this type of rebate, that assessment could conceivably be used for generic promotion of Indian River grapefruit.

Mr. FINDLEY. The marketing order permits a full rebate?

Mr. BRADER. The marketing order has not yet been amended.

Mr. FINDLEY. Is there any rate provision in the now existing marketing order?

Mr. BRADER. Not at this time; no.

Mr. VIGORITO. Mr. Sisk?

Mr. SISK. Mr. Chairman, I appreciate the colloquy that has just been offered. Of course, I was fully in support of this in connection with the almond program. I was prepared to ask what you have just answered, what our experience with the almond program was, and of course, as you say, although the bill became law in 1970, we have actually had only 1 year's history. We are truly in the second year now.

Basically, is the Department generally satisfied with the operation as far as the almond program is concerned?

Mr. BRADER. I think I would answer that with a guarded "Yes." We again really have not done a careful, full analysis, because the first year is really just beyond us. But I think I would have to answer that way.

Mr. SISK. It is my understanding again from the industry people themselves that they are basically quite happy with it. Now, there is, of course, I can see one difference in connection with, for example, grapefruit vis-a-vis, let us say, almonds in that you have a high concentration of almond production, all within one basic area. As far as I know, California's almonds are pretty well concentrated in the central valley. At least 90 percent plus of all the almonds commercially

grown in the United States are there, and therefore places it in a somewhat unique position. I know this was part of our discussion at the time that this experiment really began. I know the industry is highly pleased. I personally am. I feel that it is helpful. Because of the fact that, let us say, grapefruit are grown and marketed in various places, not only in Florida but in Texas and California to some extent, does not represent any real problem in connection with permitting the Indian River people to provide for this system. Or does it?

In other words, I assume, in view of the fact that the Department is supporting it, you do not anticipate that that in itself is any basic problem.

Mr. BRADER. That is correct.

Mr. SISK. I know of no opposition from other grapefruit areas to this provision for Indian River. At least I am not aware of any.

Mr. BRADER. I am not aware of any, either.

Mr. SISK. As I say, this is about the only difference I see. And I do not, as I interpret the way the program would work, see any unfairness in line with the comments—and I am sorry the gentleman from Illinois had to leave—in connection with the small grower vis-a-vis the larger grower. Because, of course, as is indicated, it depends on what kind of an amendment may finally be approved. This could be permitting only a 75-percent writeoff or even 50 percent, I guess depending on what the marketing group decides or may determine with the concurrence of the Secretary may be the ultimate checkoff. Is that right?

Mr. BRADER. That is right.

Mr. SISK. As I said, in the final analysis, is it working in connection with the almond people? Certainly all of our almonds are not grown by one single grower out there. I do not see any discriminatory developments or any possibility of discrimination in relation to, let us say, the large versus the small grower. We always seem to get into this kind of idea that somebody is going to wind up on the short end of the deal. But I do not necessarily feel that. I appreciate your comments on it.

Do you see any area where this would seem to be discriminatory against small growers who might otherwise market as against the small growers who might get either a percentage or even the total amount checked off? I mean do you feel there is any problem?

Mr. BRADER. No; as I said before, I think this would depend on the specific features in the program developed on the record establishing the amendment. But it does not appear to be a problem to me.

Mr. SISK. Thank you, Mr. Chairman.

Mr. VIGORITO. I would like to state that Congressman Findley is going to be right back and being that we have five here and a quorum, if possible, we will go into executive session immediately after the last witness and try to dispose of this legislation this morning if it is all right with the rest of the members.

Congressman Symms?

Mr. SYMMS. No questions, Mr. Chairman.

Mr. VIGORITO. Congressman Matsunaga?

Mr. MATSUNAGA. Mr. Brader, pursuing the questions raised by Mr. Findley, in the event that the bigger producers advertise to the extent

that they expend more than their fair share of the assessment, will this mean that they will not need to pay any assessment at all?

Mr. BRADER. Oh, no, I would not think that would be the case. There would probably be a limit of some type set in the amendment to the marketing order.

Mr. MATSUNAGA. That would be by regulation rather than by statute?

Mr. BRADER. That is correct.

Mr. MATSUNAGA. And do you have any idea right now as to what it will be, judging from the experience with the almonds? What limitation—

Mr. BRADER. I think that that is a very limited experience. I could tell you the assessment of this type for almonds last year was 1 cent a pound. Now, I think the wholesale price of almonds is now around \$1.75 a pound. There was a 1-cent assessment for this purpose. I hope that is a bit responsive to the question.

Mr. MATSUNAGA. Is there any fear that if this bill should pass, the smaller producers will be assessed a relatively larger amount to make up for the credit which would be given to the bigger producers?

Mr. BRADER. No. All of these regulations issued under the marketing order are approved by the Secretary and we are quite conscious of the questions of equity. I do not see that as a problem.

Mr. MATSUNAGA. So it is your view that the smaller producers would not in any way be assessed a greater amount inevitably?

Mr. BRADER. That is true. I would like to point out that we assess handlers and not producers.

Mr. MATSUNAGA. I mean handlers, yes. The smaller handlers, I am speaking of.

Mr. BRADER. Right.

Mr. MATSUNAGA. What is the average amount spent? Is it still about \$25,000 for each marketing order?

Mr. BRADER. I am afraid that I cannot answer that, sir.

Mr. MATSUNAGA. Actually, the Federal Government spends nothing at all; it is all done on the basis of assessment to the handlers?

Mr. BRADER. That is right. We have our administrative expenses, of course, here, but the assessments to operate the program cover all of the direct expenses of the program.

Mr. MATSUNAGA. Including personnel?

Mr. BRADER. Not including Government personnel, but including a manager of the marketing order committee and the staff that he requires, and the compliance people.

Mr. MATSUNAGA. And right now, relative to the Indian River grapefruit, what is it running, approximately—the total cost?

Mr. BRADER. Yes. I do not have that material with me. I could ask a colleague whether he happens to know.

About \$35,000 annually.

Mr. MATSUNAGA. Is there any opposition from among the handlers to this measure?

Mr. BRADER. I am not aware of any.

Mr. MATSUNAGA. You are not aware of any?

Mr. BRADER. No.

Mr. MURRAY. Mr. Chairman?

Mr. VIGORITO. Mr. Murray.

Mr. MURRAY. How many grapefruit marketing orders are there in the United States?

Mr. BRADER. There are two specific grapefruit orders in Florida, one in Texas, and we have one in California-Arizona.

Mr. MURRAY. So there are four orders now operating on grapefruit?

Mr. BRADER. That is correct.

Mr. MURRAY. And do all of these have the assessment promotion checkoff system in them?

Mr. BRADER. No. The one in Texas has authority for paid advertising, but has no crediting feature. The California-Arizona order has only limited authority for market development. Neither Florida order has promotional authority.

Mr. MURRAY. Yes. We are clear that the law permits that system and that the law presently does not permit the crediting of the brand advertising aspect and what the bill that we have before us does is permit the crediting for brand advertising in the Indian River grapefruit marketing order only. Is that not correct?

Mr. BRADER. Yes.

Mr. MURRAY. I guess what I am looking for is to the future. When, say, one of these other three marketing orders on grapefruit ask to have the same kind of credit system, what posture that will put the committee in and what posture that will put the Department in? Do you think that that is a possibility for the future, that they would ask for the same legislative authority to permit the crediting for, we will say, TexasSweet as is now proposed here for Indian River?

Mr. BRADER. I would have to agree that it is a possibility, although I am not aware of any interest expressed from these other areas at this time.

Mr. MURRAY. Well, under this system, the processors, as you and Mr. Matsunaga established, it is the processors or the handlers who pay the assessment fee.

Mr. BRADER. Yes.

Mr. MURRAY. And it may get translated back to the farmer in his price eventually, but as far as who makes the physical payment, it is the handler or the processor. So would it not seem logical that a processor in California or Texas might want to have the same benefits so his brand could be advertised rather than generic grapefruit?

Mr. BRADER. I would have to agree that is a possibility.

Mr. MURRAY. But you do not think it is imminent?

Mr. BRADER. That is right.

Mr. MURRAY. The Department has not been contacted by these other areas?

Mr. BRADER. I do not believe it is imminent and we have not been contacted.

Mr. MURRAY. How much money has been collected from the processors in the Indian River area for advertising at the present time? You may not have that figure with you.

Mr. BRADER. I would not have any information on that and I am not sure that I could develop that. That would be independent—some of it, at least, would be independently done at this time.

Mr. MURRAY. Do you not audit that? Do you not supervise?

Mr. BRADER. No; we do not have any advertising under Federal programs in the Indian River at this time.

Mr. MURRAY. You mean there is no checkoff for promotion at all at the present time in Indian River?

Mr. BRADER. That is correct.

Mr. MURRAY. What this would do would be permit a checkoff with a credit for brand advertising?

Mr. BRADER. That is right.

Mr. MURRAY. Is there authority under State law?

Mr. BRADER. That is correct.

Mr. MURRAY. Thank you.

Mr. VIGORITO. Thank you, Mr. Brader.

Our next witness will be Mr. M. R. Buckalew, executive vice president, Indian River Citrus League, Vero Beach, Fla.

Mr. Buckalew.

**STATEMENT OF M. R. BUCKALEW, EXECUTIVE VICE PRESIDENT,
INDIAN RIVER CITRUS LEAGUE, VERO BEACH, FLA.**

Mr. BUCKALEW. Thank you, Mr. Chairman.

My name is M. R. Buckalew and I am executive vice president of the Indian River Citrus League with headquarters at Vero Beach, Fla. I appeared before this subcommittee on April 20, 1972, and I am pleased to speak to you once again in support of legislation designed to assist the Indian River grapefruit grower to help himself. I am speaking in support of H.R. 10605 introduced by Congressman Bill Gunter and virtually identical legislation, H.R. 9508, introduced by Congressmen Rogers, Frey, and Bafalis.

The Indian River Citrus League was formed over 41 years ago by citrus growers in the Indian River district of Florida with its primary purpose to protect, uphold, and enhance the prestige of the name "Indian River" as applied to Florida citrus fruit. The league represents about 85 percent of the citrus growers in the Indian River district.

The Indian River citrus district comprises a narrow strip of land on the east coast of Florida including parts of Volusia, Brevard, Indian River, Martin, and Palm Beach Counties, and all of St. Lucie County. A map of the Indian River area is attached to this statement for your consideration. It is legally defined in the Federal marketing order program in Florida and only fruit produced in this district can be identified as "Indian River." The Indian River Citrus League helps to protect the misuse of the term "Indian River" on citrus fruit by working closely with the Federal-State Inspection Service. There is a State regulation requiring that no citrus fruit produced outside of the Indian River district can be labeled as Indian River, whether on the fruit or on the container.

Citrus fruit produced in the Indian River district is of exceptional quality due to a combination of soil type, weather factors, rootstock, and cultural practices. The fruit has high juice content, a thin and very smooth rind, and is noted for its excellent flavor. Premium prices are generally always obtained over grapefruit produced in the rest of Florida, with Indian River f.o.b. prices averaging at least 35 cents per four-fifths bushel carton more than grapefruit produced in the interior section of Florida. It is imperative that we continue to receive a

premium price for our Indian River grapefruit because our production costs are more than \$400 per acre, considerably higher than the interior part of the State, and also our yield per acre is lower than the State average.

Because of the high quality of our Indian River grapefruit, we are strongly oriented toward marketing our grapefruit in fresh fruit form. Last season approximately 60 percent of our grapefruit crop was shipped fresh and several years ago we were shipping 65 to 70 percent fresh. The Indian River district has about 1,750 citrus growers, 41 commercial fresh citrus packing organizations, and 5 canning or concentrating facilities. Fifteen of the fresh citrus packing organizations market their fruit through a cooperative sales association called Florigold Growers, Inc., an affiliate of Seald-Sweet Sales, Inc. Florigold Growers has been advertising its brands and the Indian River name continuously for over 25 years and this year will spend nearly \$400,000 on their market promotion program. Other packing organizations such as Deerfield Groves at Wabasso and Nevine Fruit Co. at Titusville also do some limited advertising and market promotion. But, by and large, the industry is not taking advantage of the famous name "Indian River" because there is no one body to coordinate and finance such a program.

The approximately 62,000 acres of grapefruit in the Indian River district comprise about one-half of all of the grapefruit acreage in the State of Florida. Extremely heavy plantings of grapefruit in the Indian River district from 1963 through 1969 doubled the grapefruit acreage and production of grapefruit will increase for many years to come. Just 7 years ago the Indian River district produced 10 million boxes of seedless grapefruit and this year's estimated production is 18 million boxes, an 80-percent increase. Therefore, 48 percent of all of the seedless grapefruit produced in Florida this season will be in the Indian River district. Dr. Gerald M. Jenkins, agricultural economist at the Indian River Community College, Ft. Pierce, Fla., estimated in a 1970 study that our seedless grapefruit production in the Indian River district could increase to 25 million boxes by the 1984-85 season, and my opinion is that it will be even higher by then.

In addition to the fact that our own Florida grapefruit production is estimated to increase steadily over the next ten years or so, Texas grapefruit production is also increasing rapidly. Texas has an estimated grapefruit crop of 12½ million boxes this season and, with heavy plantings following their freeze of 1962, Texas grapefruit production is expected to increase by 50 percent in 5 years. Economic research studies indicate that Texas Ruby Red grapefruit is especially competitive with Indian River district grapefruit. Texas grapefruit growers and shippers have an aggressive advertising and market development program under their Federal Marketing Order No. 906 with an annual budget of \$680,000, 87 percent used to promote their "TexasSweet" master brand.

When the Indian River grapefruit industry decided several years ago that it needed to advertise Indian River grapefruit, it began searching around for the right organization or vehicle to accomplish this. We first thought of the Indian River Citrus League, but since it is a voluntary association of growers, it could not tax all growers on an

equitable basis. Next we thought of the Florida Department of Citrus, the advertising and merchandising arm of the entire Florida citrus industry which spends more than \$20 million a year on its promotional, research and regulatory activities. However, the Florida Department of Citrus can only advertise the word "Florida" and is prohibited from advertising one geographical area within Florida.

In 1962 we initiated a marketing order program for Indian River grapefruit which can recommend at certain times the limitation of shipments of fresh grapefruit when supply exceeds demands. This program has been most successful in stabilizing the grapefruit market. Also, it is administered by a 12-member committee of growers and shippers who are nominated by the industry and selected to serve by the Secretary of Agriculture. Therefore, the marketing order that has been operating for 12 seasons seems to be the ideal instrument to accomplish our objective to promote Indian River grapefruit.

Under the Agricultural Marketing Agreement Act of 1937 we could amend our current Indian River Marketing Order No. 912 to include a market development program, including paid advertising. Like any marketing order program, or amendment thereto, a public hearing must be held, the Department of Agriculture must approve it, two-thirds of the growers voting in a referendum must approve the proposal, and 50 percent of the shippers by tonnage must also concur. But the act does not permit, at the present time, authority to give a credit against the assessment obligation to those shippers who plan to continue advertising and promoting the words "Indian River" with their own money. Therefore, when the California almond growers were successful, with the help of Congressman Sisk and others, in amending the act to permit such a credit in the almond industry, Indian River grapefruit growers became most interested in doing likewise.

I want to assure the subcommittee that this enabling legislation would not benefit any private brand. The purpose of this legislation, and specific marketing order developed under it, would be to promote the words "Indian River" as they pertain to fresh Florida grapefruit. Since some shippers of Indian River grapefruit are already spending moneys to directly promote "Indian River," this proposed legislation will simply permit a credit against the shipper's assessment obligation for a portion or all of the money that he spends directly in promoting Indian River grapefruit. The specific details will be worked out through rules and regulations which are always subject to the approval of the Secretary of Agriculture, providing adequate safeguards.

Also I want to emphasize that we have a large number of small growers in the Indian River district who own 10, 20, 30, or 40 acre groves. These growers are about evenly divided between being members of a cooperative or shipping through an independent packer. I have already mentioned that the cost of growing grapefruit in the Indian River area is considerably higher than in other parts of Florida and since the small grower's cost of production is higher than the larger growers, maintaining a premium price on Indian River grapefruit is extremely important to his survival. This type of promotional activity is essential to the small Indian River grapefruit grower whose profitability depends heavily on the successful merchandising of his crop in fresh fruit form.

If this enabling legislation is passed, and if the industry approves a specific market development program, not only the grapefruit growers in the Indian River district will benefit but also the entire economy of the area that depends heavily on citrus growing, marketing, and allied industry. Therefore, I respectfully urge you to report favorably on H.R. 10605 to the House Agriculture Committee. Thank you.

Mr. VIGORITO. Thank you, Mr. Buckalew. I enjoyed your statement. You answered several of the questions that I had.

Could you answer this for me, please? Why does it take so much more per acre, you say \$400 or \$400 more—I cannot find it here now. Why does the cost of production run higher in the Indian River area than other grapefruit in Florida?

Mr. BUCKALEW. Mainly because of our soil configuration in the Indian River area. As you know, the Indian River area, most of it is considered what we call wetland. We have a very shallow soil depth there, with a very—the root system on our trees is not very deep. We have to spend more money on our producing fruit on these trees than they do in interior, because in interior they have quite a great root depth and larger trees than we do, and produce—oh, sometimes almost twice as many boxes per tree as we do. So you can see our cost per box is quite a bit higher than theirs would be.

Mr. VIGORITO. Is this more than made up in quality, would you say?

Mr. BUCKALEW. We like to think so, Mr. Chairman.

Mr. VIGORITO. I do not have any further questions.

Mr. Sisk?

Mr. SISK. I want to commend the witness for what I think is a very good statement.

I think, Mr. Buckalew, you make a good case for your cause there. Personally, of course, having been one who happens to believe in this principle and, as I say, I believe it to be working very well in the particular case which you cite, our case, why, I certainly wish you good luck and will support your endeavor here.

That is all, Mr. Chairman.

Mr. VIGORITO. Mr. Findley?

Mr. FINDLEY. Mr. Buckalew, do you think that the marketing order should permit 100 percent offset of assessments by product advertising?

Mr. BUCKALEW. Mr. Findley, theoretically, you could say 100 percent, but naturally, it would have to be administrative costs and other costs taken out of any assessment before you could consider giving rebate.

Mr. FINDLEY. Do you recommend a limitation on the amount of offset that is permitted for product advertising?

Mr. BUCKALEW. I would limit it only insofar as it would possibly apply to administrative expense.

Mr. FINDLEY. Have you had difficulty getting the producers of Indian River grapefruit to cooperate in advertising projects?

Mr. BUCKALEW. We have not had any advertising program in the Indian River area except that each one of the packing organizations used the term "Indian River" on the fruit, stamping it on each individual fruit, and also, they stamp it on each individual carton. That is the master brand, Indian River.

In addition to that, of course, they have their own brand name on the carton and the larger packing houses or the larger organizations,

sometimes they use their own brand name on the fruit, too, and on their carton.

Mr. FINDLEY. And I presume that this type of identification and advertising would be carried on whether you had a marketing order or not?

Mr. BUCKALEW. Yes, sir.

Mr. FINDLEY. Then maybe the best thing to do is to drop the marketing order.

Mr. BUCKALEW. I would like to, in answer to that, I think we need—what we are after is to get more advertising and to try to promote each of these, particularly the smaller shippers to advertise their own brand name and also to use promotional material with the name “Indian River” on it. The larger—well, there is one organization that I speak of, Florigold Growers. They ship about 45 percent of the grapefruit from the Indian River area. So they have a program that they assess themselves—well, they promote their own brand name as well as the master term, “Indian River.” And it has worked very successfully for them. The smaller shipper and the smaller growers do not get enough money together, because they are small. They cannot raise enough money to do any sort of merchandising or advertising program by themselves. So it is through the cooperation under the marketing order that we would expect them to be able to obtain through this merchandising material and promotions where they could advertise their own brand.

Mr. FINDLEY. It looks to me as if the real purpose of this bill is to cause the small producer who is not now advertising Indian River grapefruit by brand name to do so. If that is the case, I really question whether it is good public policy for us to use the sanction of law for such a purpose. Have we really come to the point in this country where we should use the force of law to cause producers to engage in product advertising?

Mr. BUCKALEW. Mr. Findley, we do not feel like that in the Indian River area. We do not feel that way about it. These larger growers that have their own advertising program, they are willing to go along with this. But it is the smaller growers and shippers who are desirous of this program because, as you know, printing up advertising material is rather expensive. If one of the packinghouses would only have \$500 or \$1,000 toward that, he would not have very much money to use in promoting.

Mr. FINDLEY. But you do not need the sanction of law to bring about a pooling of resources for advertising.

Mr. BUCKALEW. Mr. Findley, I know you have had experience with this, and under voluntary action, you cannot get 100 percent in on it.

Mr. FINDLEY. That is right.

Mr. BUCKALEW. That is one reason for us wanting this marketing order, so that we can get 100 percent in on it.

Mr. FINDLEY. That is what makes America kind of different. It leaves the freedom of choice up to the individual.

Thank you, Mr. Chairman.

Mr. VIGORITO. Congressman Matsunaga.

Mr. MATSUNAGA. Mr. Buckalew, I note from your statement that your association represents 85 percent of the growers; is that correct?

Mr. BUCKALEW. Eighty-five to ninety percent; yes, sir.

Mr. MATSUNAGA. And your entire association endorses this bill?

Mr. BUCKALEW. Yes, sir. And we have endorsed it for 3 years. We have talked about it longer than that, but officially, we have endorsed it for over 3 years now. We find very little opposition to it. As I stated before, the smaller growers and shippers are the main ones that want this.

Mr. MATSUNAGA. What about the other 15 percent? Are they represented by any association?

Mr. BUCKALEW. No, sir, they are not.

Mr. MATSUNAGA. Is any opposition coming from among the 15 percent?

Mr. BUCKALEW. None that we know of, and we have publicized our intent in asking for this enabling legislation for 3 years and there is very little opposition to it.

Mr. MATSUNAGA. You say "very little opposition" or "no opposition"?

Mr. BUCKALEW. Well, I do not know of any opposition. That is why I qualify my statement by saying "very little."

Mr. MATSUNAGA. Well, that sounds better, does it not, if you know of no opposition?

Mr. BUCKALEW. I will make it to say "I know of no opposition."

Mr. MATSUNAGA. That is fine.

Thank you.

Mr. VIGORITO. Congressman Symms?

Mr. SYMMS. No questions.

Mr. VIGORITO. Mr. Murray?

Mr. MURRAY. Just one. Is the Indian River Citrus League a co-op?

Mr. BUCKALEW. The citrus league?

Mr. MURRAY. Yes; are you a co-op?

Mr. BUCKALEW. No; it is a trade organization. It is incorporated as a trade organization and is voluntary.

Mr. MURRAY. Are some of the shippers cooperatives?

Mr. BUCKALEW. The shippers cannot belong to the league as such. It is a grower organization. Shippers do belong to it, but only because of the fact that they are also growers.

Mr. MURRAY. In the marketing order as it exists, are there co-ops that vote block vote for and against propositions?

Mr. BUCKALEW. Yes; there have been in the past.

Mr. MURRAY. Do you know what percentage of the growers they represent?

Mr. BUCKALEW. I would say, oh, possibly 40 percent of them—35 or 40 percent of the growers.

Mr. MURRAY. Thank you.

Thank you, Mr. Chairman.

Mr. VIGORITO. Thank you, Mr. Buckalew, for a very presentable statement.

Mr. BUCKALEW. Thank you.

Mr. VIGORITO. Our next witness will be Mr. Hugh E. Russell, citrus grower, Vero Beach, Fla.

Mr. Russell.

**STATEMENT OF HUGH E. RUSSELL, CITRUS GROWER,
VERO BEACH, FLA.**

Mr. RUSSELL. Thank you, Mr. Chairman and distinguished Members of Congress on the subcommittee. I may have somewhat of an advantage over my predecessor here as a witness in that I have had the benefit of hearing much of the questioning and perhaps, after my formal testimony, which I have prepared, I can field some of your questions. I frankly share your concern and I think I may know of some further developments on that as a grower.

Just to begin my statement, my name is Hugh E. Russell and I reside in Vero Beach, Fla. I will develop this just a little bit by saying I have served on the marketing subcommittees of the Growers Administrative Committee, which is Operational 905. I serve as chairman of that. I served approximately 10 years on that committee, which meets at Lakeland in the interior of Florida, and covers the entire State.

I also have served from its inception as a member or alternate of the Indian River Grapefruit Committee, which is Marketing Order 915, and of incidental interest, we were of great assistance in the drafting of Marketing Order 913, which represents the other department of Florida not within the Indian River district.

Moreover, I have been a grower both in co-ops as well as in independent packinghouses, small houses, as a matter of fact, and I would like to develop that point a little bit later on. But let me proceed with my regular recorded testimony here.

I am speaking on behalf of H.R. 10605 because my livelihood is grapefruit, and I believe this legislation will help me as an Indian River grapefruit grower in the marketing of my crop.

There are approximately 62,000 acres of grapefruit in the Indian River area which is about one-half of the total of grapefruit plantings in Florida. About 15 percent of the Indian River acreage is nonbearing so we can normally expect a steady increase in production for the next 6 to 8 years will happen. This season, according to the Florida Crop and Livestock Reporting Service, the Indian River area will produce about 18 million boxes of seedless grapefruit which is 48 percent of the estimated State total. Because of the demand for Indian River grapefruit, the Indian River packinghouses are expected to ship close to 60 percent of all the fresh grapefruit shipped from the State. Now, of course, these things are projections and I think cannot be ascertained as a fact until it has happened.

Our production has increased steadily over the years and we must constantly find new markets. I have been a grower for over 20 years and I have always advanced the theory that we are not in a state of overproduction, but we are in a state of underconsumption.

I have been a member as I have already said or an alternate member of the Indian River Grapefruit Marketing Order since its inception in January 1962, and served as vice chairman in 1967-68. I have witnessed firsthand what orderly marketing can do for a grower. I also have shipped my fruit both through an independent shipper and a cooperative organization so I know the basic philosophy behind each area of marketing.

While we produce quality grapefruit in the Indian River area, we also have a lower yield per tree and per acre than other areas due to

our shallow root system. Our costs are correspondingly higher and averaged over \$400 per acre last year. Just recently we were informed that the cost of fertilizer was increased over 50 percent and this is just one item. We need the premium price which we get for our fruit to help absorb our high cost of production. And I know what it can do to help us and I am very strongly in favor of the philosophy behind the marketing programs. In this connection, I would digress for a moment to respond to the question that although our costs are higher, we do feel that our yield is commensurately higher. Part of the reason those costs are higher in the shallow rooting system is because our efficiency of use of our fertilizer as well as the efficiency of the use of our sprays is somewhat diminished especially with respect to the sprinkler, because in the humid area of the wetland area, of the wetland district, we require a greater amount of spraying for our citrus groves than do most other places. As a matter of fact, most all other producing area in the United States, so far as I know.

To proceed again after my adlibbing there, in the last few years our export market has increased tremendously. The Japanese, especially, have shown a strong preference for fresh Indian River grapefruit and the Indian River exported almost $3\frac{1}{4}$ million cartons, with most of this going to Japan. Much of it, I might also add, is going to Western Europe, to France, to the Netherlands, some to England now, and we have been shipping frequently to West Germany.

At present I market my grapefruit through a cooperative. Our sales organization has what I feel to be a strong brand advertising program. I am a strong believer in brand advertising. Again digressing from my testimony, from my experience with smaller shippers, they do not give me as big a yield back for my crop as does the brand advertised co-op. That is why I have stayed mostly with them. The Indian River name over the years has stood for top quality. By our brand advertising, we hope to convey the impression that we are shippers of the best of the top quality grapefruit.

From my experience as a grower prior to, and since, the establishment of our Indian River Grapefruit Marketing Order, I know an advertising program for Indian River grapefruit with rebate privileges cannot be done in my opinion on a voluntary basis.

I understood that H.R. 10605 is enabling legislation and if the amendment is adopted, any specific proposal for incentive advertising would still have to be approved by the growers in a referendum. From my experience on the marketing order committees, I feel that there are enough safeguards to protect the growers. The smaller packing organizations do need encouragement and assistance in advertising and marketing their own brands. As I see it, the only way to promote a strong program to market our ever-increasing grapefruit crops is to allow the growers and shippers the tool for incentive advertising.

I believe very strongly that this bill will help to do precisely that.

To develop this just a little further, I would like then to move to the amount of the rebate which Congressman Findley has raised. As to whether I would favor a 100-percent rebate, sir, yes, I would insofar as the administrative expenses were taken off. I would feel that the administrative expenses would be most minimal because the admin-

istrative tool is already in existence through the marketing committee itself. I would imagine that the procedure that would be involved in this would be to assist in—those who did not ask for the rebate, it would occur to me that the program would encompass the use of other funds to promote the brand, “Indian River,” and also to assist the smaller houses in undertaking what we call, in the trade, “point of sale material,” which would be the type of material that would appear at the supermarket or at the store, that is actually selling their particular brand.

I must take the blame to a certain extent for trying to promote this, for I have been trying to promote this for several years now among our friends in Indian River. Finally, they have decided to seek your approval of it. I think that it will be of particular assistance and not discriminatory toward small growers, because I cannot rate myself as being a large grower anyway. But I think that the way it would assist them is it would prevent or discourage what I will refer to as price-shaving techniques, used sometimes by smaller houses who have limited marketing opportunities.

This would give them the ability, in my opinion, to not shave price, which would mean to give the grower a smaller return, but it would permit them the opportunity of expanding their market. I think that all of those of us who believe that in America, we find advertising does pay, we must then ultimately be led to the conclusion that good advertising and a well-ordered advertising program would greatly assist us in the total removal of our entire grapefruit crop which, again I repeat, is in increasing supply. I think that we are going to have to do everything that we can to increase our marketing capability and to bring this to the attention of the American public is, in my opinion, the finest way we can do it. I think that it has been proven also, to use an analogy, that brand advertising probably is superior to generic advertising and I will submit this thought.

That is, suppose you were to read an ad that said, buy tires, tires are good for you, they are good for your car, you need tires, and good tires are better than poor tires, so by all means, step out and buy some more tires. Now, this would leave me rather cool, but if I read one, I am sure, not to use any particular brand, but let us say brand A says, we have been in the tire manufacturing business for 50 years. We feel by our experience and our research that we are manufacturing the finest tire made in the world, and we feel that your safety and your family's safety depend on the type of quality tire we produce; therefore, buy our brand instead of the other brands.

So I think we could benefit greatly by the brand type of advertising, where the people who are unable to do that because of their amount of money never would be able to anyway. They can get into point of sale advertising and into other types of advertising in the trade media, which they are still unable to do by this method.

Now, I would say that we are taxing ourselves in the co-op under the Florigold label approximately $3\frac{1}{4}$ cents per box to achieve this—I believe the figure was approximately \$400,000 of annual advertising. We have agreed to be able to go up to 5 cents a box and I have a feeling that if we had to go beyond that, why, we might undertake it. The marketing orders, to the best of my knowledge,

that have advertising happen to be, I believe, the Texas one, which I think is essentially and solely created for that purpose. They advertise, I think, what one ought to refer to as a master brand, and that is TexasSweet, if I remember correctly, which constitutes most of all the Texas grapefruit. I am unaware of a provision in the California-Arizona Marketing Order that permits brand or any advertising rebate at this point. Perhaps they, too, will ultimately find their way toward that. I am very certain that the interior Marketing Order 913 does not have this provision. I feel that they may well want to undertake that after they see the success—hopefully—that we will be able to have with ours.

Now, again, I would observe that this is only enabling legislation. Moreover, it would require the concept of the growers. The block voting aspect of the co-op is still not sufficient to alone accommodate, let us say, by fiat the accomplishment of this.

I will say also that there is some concern within the brand advertising group that maybe they will be the ones to be discriminated against slightly, because they will be advertising a master brand—namely, Indian River—perhaps at the diminution of their own brand advertising.

Now, to proceed with the development of that for a moment, I would suggest that in all probability, even though we do have a fact, the rebate principle which we are here discussing today, this will be privately paid for by the organization brand advertisement anyway. In other words, I have every reason to believe that the Florigold group will undertake their own advertising above and beyond any rebate potential if they feel it is necessary.

As for the other two large so-called independent operators, Deerfield and Nevins, they have done a great deal of advertising in a different way as Mr. Buckalew has pointed out, in point of sale type of material. I think they have done very well with that. And then another way, their promotionals.

So I hope at least I have arrayed some of your legitimate concerns on these matters. With respect to the nonleague membership point which was brought up previously, it is my recollection that most of the 15, roughly, or 10 percent of the nonleague membership is comprised of very large holdings which have, at this particular point of time, not felt it necessary to have that privilege. Ultimately, I feel they may well want. And by the way, most of their plantings are very young and they would not derive, perhaps, at this point too much benefit from it. But hopefully, they, too, will come into the league.

Mr. VIGORITO. Thank you, Mr. Russell, for a well-presented statement. I do not have any questions.

Do any other members have any questions?

Mr. FINDLEY. Mr. Chairman.

Mr. Russell, under present provisions of the marketing order, can a producer charge against his assessment that portion of advertising which refers only to the generic material, "grapefruit"? In other words, if you buy a billboard that says, eat Indian River grapefruit, can you charge any portion of that billboard to the assessment?

Mr. RUSSELL. No, sir; as we do not have that provision at the moment. In any event, this is not possible to the best of my recollection.

There is an assessment in the State of Florida by the Florida Citrus Commission, which is a State commission, in which there is—I do not recall the exact assessment, I am sorry, sir, but it just does not occur to me at the moment—it is a fairly modest one. This is in line with your point in that they are required to advertise Florida as a master brand and there is no brand indication other than “Florida citrus,” and Florida grapefruit, Florida oranges, or Florida tangerines, et cetera, as to whatever variety they are speaking of. From time to time during the course of a year, this organization will advertise specials on, say, grapefruit or one of the varieties that is at that particular time either in trouble or needs movement or is coming into ripeness.

Mr. FINDLEY. You can see from my line of questioning that I am reluctant to see the Federal Government do anything more in terms of establishing policy on this. You do have the opportunity which you have utilized to some extent of using State law. Maybe an alternative would be to vacate the Federal marketing order and get the State legislature to authorize this type of policy. I do not see why this would not be adequate, inasmuch as Indian River grapefruit is produced and marketed entirely within the borders of the State of Florida. Has this been pursued?

Mr. RUSSELL. Sir, we believe—first, in answer to, “Has this been pursued?” I would say it has been explored but not in this context precisely. It has often been discussed as to whether or not the Florida commission funds should be utilized in area advertising. Let me only say that the opinions apparently were that this was not the best procedure to follow.

Now, to develop that further, there, as you know, perhaps, in Florida we produce a great deal more oranges than we do grapefruit. So that the breaking out of those funds for a specific variety has had, to a certain extent, to follow the source of the funds and it is only reasonable to expect that it would.

So we do not feel that grapefruit, for example, which we specialize in in our particular area, far greater than we do in oranges, we do not feel that grapefruit would be given quite the reputation that we think, first, it needs, and we would want it to have. That is the reason we have gone ahead with our own, let us say, individual program in the co-op.

I would like again to point out that that apparently is felt to be necessary by the two large independent groups, because they have it. Regretfully, in my opinion, the other small independents, which in volume of fruit do not constitute a major plus to the market, have had to take a different course and that is essentially a discount procedure. Of course, I need only point out that once this begins, it tends to rupture any price structure that would otherwise be possible.

Mr. FINDLEY. I am a little unclear as to the status of the marketing order in Florida. Does it now exist and provide for an assessment against handlers for the purpose of financing a marketing promotion program?

Mr. RUSSELL. No, sir.

Mr. FINDLEY. You do not have the assessment authority right now; is that correct?

Mr. RUSSELL. At this time, we do not. That is what we are seeking, sir. We have one assessment authority only and it has a double-barreled effect; that is to assess for the administrative costs of the conduct of the marketing order itself. The other is to assess high enough to create a reserve fund for the operation of the marketing order for 1 year, approximately, in case we have a disaster, we still feel it would be to the advantage of the growers to have the marketing order function. Otherwise, we would not be able to assess against anything if we had a hurricane, say, for example.

Mr. FINDLEY. As this bill is now written, will a handler have the option of getting a full refund if he so wishes?

Mr. RUSSELL. As it is proposed to be, sir?

Mr. FINDLEY. Yes.

Mr. RUSSELL. All right. As it is proposed to be, hopefully, this would be the end result. Now, if you mean the refund for his advertisement—

Mr. FINDLEY. Assessment.

Mr. RUSSELL. Yes, sir. He will be assessed, the grower will be assessed through the handler.

Mr. FINDLEY. That is right.

Mr. RUSSELL. In other words, at the packinghouse where I pack my fruit, they would assess me x number of pennies, let us say, or mills, whatever it might be, for this advertising and at the time that our group, let us say, did x number of dollars worth of advertising, they would then submit a voucher to the committee who, hopefully, if we have this authority, would then rebate back to them these amounts.

Now, I have—I would like to see the possibility of doing the 100 percent, but again, I would like to say that it is entirely possible, if in the wisdom of the growers themselves, provided they are granted this latitude, that maybe they would then decide not to assess 100 percent.

Now, currently, as I said, in the Florida commission, we are able to get rebate for advertising, but it would not be my opinion that we would collect both places.

Mr. FINDLEY. My question is not whether there would be the opportunity for rebate, but whether there would be an opportunity for refund of the assessment by a producer who does not want to be assessed?

Mr. RUSSELL. I think that this would have the net effect, and I am not aware of this concept being included in the legislation—

Mr. FINDLEY. That is provided for in the cotton checkoff as I understand the law.

Mr. RUSSELL. Well, I am not versed in that, sir.

Mr. MURRAY. Mr. Findley, if the gentleman would yield—

Mr. FINDLEY. Yes.

Mr. MURRAY. In the cotton law, there is a producer assessment, where the cotton farmers put up some of the money for cotton research and promotion. There are similar laws on potatoes and on milk, where the producers themselves put it up and there are mechanics in the law where they can get a refund if they do not like the assessing process. But in the marketing order system under the 1937 act which is the one these folks propose to amend, the processors pay the assessment.

Economically, it might rebound to the farmer in a lower price to him or a higher price to the consumer somewhere along the line or some absorption of that expense by the handler himself. But there is no direct producer assessment in this law or in these grapefruit marketing orders.

Mr. FINDLEY. Again, as Mr. Russell said, the assessment is really against the producer by means of the assessment directed against the handler. My question is does the handler or the producer have the opportunity for refund of the assessment if he objects to it?

Mr. RUSSELL. No, sir.

Mr. SISK. If my colleague would yield——

Mr. FINDLEY. Yes.

Mr. SISK. Having authored the original bill, this in no sense affects that law. Basically, there is no procedure for any kind of refund under the marketing order, and certainly all this does—of course, it is permissive of what these people seek. I am going back to the almond order, which we amended to make it permissive and then they voted what they finally determined and got it approved by the Secretary. But there is no procedure, in fact, there would really be no way, because it does not go back to the producer anyway. So the provision in connection with the cotton is on an entirely different law and is a totally different program, but has no application to the marketing order system.

Mr. FINDLEY. Mr. Chairman, if I could be permitted to continue this exchange with Mr. Sisk, this proposal would meet my principal objection if it did not provide for a credit for brand name advertising. In other words, if they ran a billboard that advertised Indian River grapefruit and they permitted credit for that portion of the billboard that advertised just the commodity, namely, grapefruit but not the brand name, that would eliminate my main objection. Then it would conform to the general policy that has been established for potatoes and cotton and other products.

Mr. SISK. If my colleague would yield, of course, the initial legislation dealt with and to an extent is an experiment. And I think as the witness this morning from the Department, Mr. Brader, indicated, this is again a somewhat further extension of this experiment to see what effect brand advertising has against generic advertising, what effect it will have in connection with a given industry. In connection with almonds, and they are highly concentrated as I brought out, and I know you might have been out of the room when I was questioning Mr. Brader, all almonds basically are grown in a highly concentrated area there in California. It was decided that the use of brand advertising would be basically highly beneficial. Yet the continued use of that, unless there was some kind of offset, would tend to, let us say, assist a lot of other people that really were not paying anything, and basically through the use of a marketing order as an instrument, and that is all it does to the extent that we have permitted it as an instrument to use the check off through a handler processor. The handlers then make the contribution to permit, in the case of almonds, the use of "Diamond," for example, as actually a brand gimmick in Japan and overseas, where they are using it substantially. That has been a substantial benefit to the producer.

Really, the issue here is to what extent a company advertising its brand name is beneficial to the entire area and in this case, we are talking of Indian River. They believe that it would be. I personally, from my experience in the almond deal, believe that it would be.

Really, it is not discriminatory in any sense. Now, I recognize that the gentleman from Illinois and I have a difference in philosophy in connection with marketing orders. I am a strong advocate and have many marketing orders operating. My friend from Illinois—and I am not trying to put words in his mouth—basically has never been a great supporter of marketing orders. It is a differing philosophy, but I do not believe this enters into the question.

Mr. FINDLEY. Thank you.

Mr. VIGORITO. There not being any further questions, that concludes the open hearings.

Thank you very much, Mr. Russell.

The committee will proceed to discuss and vote upon this legislation to send it to the full committee. Anybody wishing to remain may do so.

[Whereupon, at 11:30 a.m., the subcommittee proceeded to other business.]

