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INDEMNITY PAYMENTS TO POULTRY AND EGG PRODUCERS AND PROCESSORS

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HEARING

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BEFORE THE

SUBCOMMITTEE ON DAIRY AND POULTRY

OF THE

COMMITTEE ON AGRICULTURE

HOUSE OF REPRESENTATIVES

NINETY-THIRD CONGRESS

SECOND SESSION

ON

H.R. 13747 and H.R. 13906

APRIL 10, 1974

Serial No. 93-VV

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INDEMNITY PAYMENTS TO POULTRY AND EGG PRODUCERS AND PROCESSORS

WEDNESDAY, APRIL 10, 1974

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON DAIRY AND POULTRY
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, Hon. Ed Jones of Tennessee (chairman of the subcommittee) presiding.

Present: Representatives Jones, Bergland, Brown, Bowen, Zwach, Mizell, Findley, and Thone.

Also present: Representative Stubblefield.

Hyde H. Murray, associate counsel; Steve Pringle, staff consultant; and Marjorie Johnson, staff assistant.

Mr. JONES. The meeting will come to order.

This is a public hearing of the Dairy and Poultry Subcommittee. This morning, we are considering H.R. 13747 and H.R. 13906, to provide indemnity payments to poultry and egg producers and processors.

The bill H.R. 13747 introduced by Mr. Bowen, Mr. Montgomery, Mr. Whitten, Mr. Cochran, Mr. Lott, Mr. Jones of Tennessee, Mr. Stubblefield, Mr. Sisk, Mr. Rarick, Mr. Alexander, Mr. Bergland, Mr. Brown of California, Mr. Flowers, Mr. Mathis of Georgia, Mr. Baker, Mr. Beville, Mr. Jones of North Carolina, Mr. Rose, Mr. Ginn, Mr. Fulton, Mr. Landrum, Mr. Brinkley, Mr. Litton, Mr. Wampler, and Mr. Gunter; and the bill H.R. 13906 introduced by Mr. Bowen, Mr. McSpadden, and Mr. Young of South Carolina, follow:

[H.R. 13747, 93d Cong., 2d sess.]

A BILL To provide indemnity payments to poultry and egg producers and processors

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

INDEMNITY PAYMENTS

SECTION 1. The Secretary of Agriculture is directed to make indemnity payments for poultry and egg products, at a fair market value, to poultry and egg producers and processors who have been directed, under the authority of the United States, after January 1, 1974, to remove their poultry or egg products from commercial markets because such products contained residues of chemicals registered and approved for use by the Federal Government at the time of such use, except that no indemnity payments shall be paid to any producer or processor whose poultry or egg product was removed from commercial markets as a result of his willful failure to follow procedures prescribed by the Federal Government. Any indemnity payment to any producer or processor shall continue until he has been reinstated and is again allowed to dispose of his poultry or egg products on commercial markets.

SUBROGATION

SEC. 2. The acceptance of any indemnity payment under this Act shall constitute an assignment to the United States of any claim, whether or not there has been a recovery under such claim, which the person accepting such payment may have against any third party, to the extent—

(1) such claim arises from the existence of the residue of chemicals referred to in section 1 of this Act; and

(2) the amount recovered, either by the person accepting such payment or by the United States, under such claim does not exceed the amount of the indemnity payment under this Act.

REGULATIONS

SEC. 3. The Secretary is authorized to issue such regulations as he deems necessary to carry out the purposes of this Act.

AUTHORIZATIONS

SEC. 4. There is hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act.

EXPIRATION DATE

SEC. 5. The authority granted under this Act shall expire on December 31, 1977.

[H.R. 13906, 93d Cong., 2d sess.]

A BILL To provide indemnity payments to poultry and egg producers and processors.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

INDEMNITY PAYMENTS

SECTION 1. The Secretary of Agriculture is directed to make indemnity payments for poultry and egg products, at a fair market value, to poultry and egg producers and processors who have been directed, under the authority of the United States, after January 1, 1974, to remove their poultry or egg products from commercial markets because such products contained residues of chemicals registered and approved for use by the Federal Government at the time of such use, except that no indemnity payments shall be paid to any producer or processor whose poultry or egg product was removed from commercial markets as a result of his willful failure to follow procedures prescribed by the Federal Government. Any indemnity payment to any producer or processor shall continue until he has been reinstated and is again allowed to dispose of his poultry or egg products on commercial markets.

SUBROGATION

SEC. 2. The acceptance of any indemnity payment under this Act shall constitute an assignment to the United States of any claim, whether or not there has been a recovery under such claim, which the person accepting such payment may have against any third party, to the extent—

(1) such claim arises from the existence of the residue of chemicals referred to in section 1 of this Act; and

(2) the amount recovered, either by the person accepting such payment or by the United States, under such claim does not exceed the amount of the indemnity payment under this Act.

REGULATIONS

SEC. 3. The Secretary is authorized to issue such regulations as he deems necessary to carry out the purposes of this Act.

AUTHORIZATIONS

SEC. 4. There is hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act.

EXPIRATION DATE

SEC. 5. The authority granted under this Act shall expire on December 31, 1977.

Mr. JONES. Before we call any witnesses to the stand, I have a statement here that I would like to put into the record of the testimony today.

I want to say I welcome each of you to the hearings today and thank you for your interest in this very serious problem we are experiencing in the poultry industry. As you know, the immediate crisis which precipitated the introduction of these bills and the scheduling of these hearings involves residues of dieldrin, a toxic pesticide, in some broiler flocks in Mississippi.

Several million of these birds were ordered destroyed by the Environmental Protection Agency. This action was taken in order to assure complete public safety and it is my understanding that all parties involved—the poultrymen, the State government and the Federal Government—have worked together in a spirit of cooperation which is rather rare in this day.

The purpose of these bills is to indemnify poultry and egg producers and processors when they have been caught in this untenable position between the public welfare and financial disaster. They would be recompensated at a fair market value for those products ordered removed from commercial markets due to residues of chemicals registered and approved for use by the Federal Government. It would be required, of course, that the producer or processor was not willfully abusing the regulations for the use of the chemical involved.

I have been in very close contact with this situation in Mississippi from the beginning. However, I hope one of our witnesses will be able to start from the beginning and bring the subcommittee up to date on what has happened and what the ramifications are.

I am indeed pleased that we have good representation on this subcommittee here this morning present to listen to the testimony that will be provided.

At this time, I would like to present Congressman David Bowen from Mississippi, who is a member of the committee, an author of the bill H.R. 13747. He introduced it in the House, along with about 35 other people.

At this time, David, I would like to ask you to invite your Mississippians to the table who are going to be heard this morning.

Mr. BOWEN. First, I would like to recognize our distinguished colleague, Congressman Sonny Montgomery, in whose district most of the problem happens to be located at present.

I also would like to introduce the very distinguished Commissioner of Agriculture from Mississippi, the Honorable Jim Buck Ross.

I think he would like to introduce our Mississippi broiler producers this morning who will be testifying.

STATEMENT OF HON. G. V. (SONNY) MONTGOMERY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSISSIPPI

Mr. MONTGOMERY. Thank you, Mr. Chairman, Congressman Bowen. I would like to introduce the members of the industry. The gentlemen I would like to introduce are the ones who have had to destroy almost

8 million birds. At this time, I would like to have, if the chairman has no objections, these gentlemen just to stand up and they will be available for questions if the committee so desires.

Mr. H. F. McCarty, Jr., McCarty Poultry Farms; Mr. Fred Gaddis, Gaddis Breeder Farms, Forest, Miss. I might say Mr. McCarty is from Magee, Miss.; Mr. Joe Brown, Morton Broiler Farms, Morton, Miss.; Mr. Fred Moore, Moore Farming Co., Morton, Miss.; and Dr. E. C. Walsh, Quad County Farms, Sebastopol, Miss.

Mr. Chairman, I have a short statement I would like to read at this time, if I may.

Mr. JONES. Before you read your statement, may I say to you gentlemen from Mississippi that we are delighted that you are here and we hope to hear from some of you a little later.

Mr. MONTGOMERY. I would hope if the committee does have any questions, these gentlemen own these businesses and they are really family-operated businesses owned by the individuals who are here today.

Mr. Chairman, I would like to thank and commend you and members of the subcommittee for giving us this hearing this morning of H.R. 13474. I also appreciate the fact that a majority of the subcommittee members are cosponsors of the bill.

This measure is the result of a joint effort of Mississippi's congressional delegation—both Senators and the five members—and other lawmakers from various parts of the Nation interested in insuring a stable egg and poultry industry. The intent of the legislation is to protect egg and poultry producers and processors from serious economic loss as a result of adverse rulings by a Federal agency regarding their products. The need for the legislation became apparent as a result of a recent ruling of the Environmental Protection Agency concerning the presence of dieldrin in broilers raised in Mississippi's Third Congressional District, which I represent. I would point out that while addressing itself to the current situation in Mississippi, the legislation is also intended to serve in the future to prevent the collapse of an important segment of the agricultural industry simply on the basis of a Government ruling.

As a precedent for this bill, I would make note of the bill enacted in 1964 to indemnify dairy farmers and manufacturers of milk products who are requested to remove their products from the market because of contamination by registered and approved chemicals. The milk indemnification bill was continued in the 1973 Farm Act. Also continued in the 1973 Farm Act was a bill originally passed in 1970 to indemnify at the fair market value beekeepers whose hives have been contaminated by chemicals registered and properly used. I believe these two prior examples are ample precedent for the legislation under consideration.

Mr. Chairman, I would point out that indirectly, if not directly, this legislation is designed to protect the consumer from further increases in the cost of poultry products. If we allow a significant portion of our poultry producers and processors to be forced out of business as a result of the recent unfortunate situation in Mississippi, we will also be contributing to a significant decline in available domestic

poultry products. Such a decline at a time of already high demand can only lead to higher prices for the consumer. For this reason, I feel it is important that we take steps to preserve the poultry producers and processors who were adversely affected by the dieldrin ruling and others who might be so affected in the future.

I would like to suggest two possible amendments to the bill as introduced. In section 1 at the end of line 5 after the comma, I would suggest the addition of the phrase "including the cost of disposal of such items." As you know, these birds were gassed and then buried and this is quite an expensive item to the integrator or producer.

I would also like to suggest a new section to be numbered section 2 and renumber all succeeding sections of the bill. This proposed new section would read as follows:

The Secretary of Agriculture is also directed to compensate employees of poultry and egg producers, growers and processors for any lost wages as a result of the condition which qualifies the producer, grower or processor for compensation under section 1 of this act. In determining such compensation, the Secretary shall take into account any amount received by an employee as wages, earnings and other benefits. The compensation to such employee shall continue only so long as the poultry and egg producer, grower and processor is unable to resume normal operations because of the condition which qualifies the producer, grower or processor for compensation under section 1 of this Act.

The purpose of this new section is to protect the workers in any poultry processing plant who are adversely affected by a Federal agency ruling. This would probably cost in the area of \$241,000. This would affect the worker who is laid off because of the closing of the processing plant, which would be in a time frame of about 8 weeks, and I might say that these workers receive on the average of \$1.85 an hour. So really it is not a big cost item. It would certainly help some of the lower income people in our State if this amendment could be adopted.

Mr. Chairman, in conclusion I would like to commend the broiler growers of Mississippi, the gentlemen I have just introduced to you, for the complete cooperation they have given, our Commissioner of Agriculture who will testify before you in a few minutes, the Environmental Protection Agency, and also the U.S. Department of Agriculture, in providing for a speedy testing and disposal program for the contaminated chickens. Their help and assistance has been invaluable.

Because I feel the legislation speaks for itself and is meritorious on the face, I have made my very strong plea for your favorable consideration as brief as possible. I thank you for giving me this opportunity. I will be available for questions at any time the committee so desires.

Thank you, sir.

Mr. JONES. Thank you very much, Sonny. Are you going to be able to remain around until we hear all the testimony?

Mr. MONTGOMERY. Yes sir, I will stay right here.

Mr. JONES. We would like to proceed with all the testimony and then bring the witnesses back for questions.

Mr. MONTGOMERY. That is fine.

Mr. JONES. Our next witness is Dr. Francis Mulhern, Administrator, Animal and Plant Health Inspection Service, USDA.

Dr. Mulhern.

STATEMENT OF DR. FRANCIS MULHERN, ADMINISTRATOR, ANIMAL AND PLANT HEALTH INSPECTION SERVICE, U.S. DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY DR. HARRY C. MUSSMAN, DEPUTY ADMINISTRATOR, SCIENTIFIC AND TECHNICAL SERVICES; APHIS; GLENN A. WEIR, ASSOCIATE ADMINISTRATOR, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE; AND JOHN M. DAMGARD, DEPUTY ASSISTANT SECRETARY, MARKETING AND CONSUMER SERVICES, U.S. DEPARTMENT OF AGRICULTURE

Dr. MULHERN. Thank you, Mr. Chairman. Before I begin my testimony, I would like to introduce those who are at the table with me. On my immediate right is Mr. John Damgard, who is Deputy Assistant Secretary for Marketing and Consumer Services, Department of Agriculture.

On my far left is Mr. Glenn Weir, who is Associate Administrator for ASCS. He is here because the other indemnity programs that have been referred are administered by his agency.

On my immediate left is Dr. Harry Mussman, who is Deputy Administrator for Scientific and Technical Services for the Animal and Plant Health Inspection Service.

Mr. JONES. Thank you very much, Dr. Mulhern.

We are delighted to have you gentlemen here.

Dr. MULHERN. Mr. Chairman, members of the committee, I appreciate this opportunity to present the views of the Department on H.R. 13747 and H.R. 13906, and on S. 3231 as reported by the Senate Committee on Agriculture and Forestry.

These bills would establish a program, extending through 1977, for the compensation or indemnification of poultry and egg producers, growers, and processors whose products have become unmarketable because of chemical contamination.

The primary impetus for these bills is the benefit that would accrue to segments of the poultry industry in Mississippi and their employees who recently have sustained economic losses due to chemical contamination of poultry feeds.

Therefore, before commenting further on these bills, some observations on the Mississippi situation are in order. There are many things we do not yet know about the Mississippi situation—things we must learn in order to assess the true nature of the emergency and to determine preventive measures to guard against future incidents.

We do not know the final number of contaminated chickens, but we know at this time that there are some still under test. What I mean is we know the total possibility of those that will be involved, but there are still some under test.

We do not yet know precisely how the contamination entered the feeding process.

We do not know if independent growers are affected as well as those growers under contract to integrated operators.

We do not know the extent of liability to be assessed against the source of the contamination.

We do not know whether the party or parties that may be at fault are insured against damages resulting from contamination.

We do not know whether some of the innocent parties are insured against loss—or what this limit might be.

We do not yet know what specific precautions must be taken to prevent such cases in the future.

The following are some of the things we do know about the Mississippi situation:

The contamination of the poultry apparently is the result of dieldrin in the oils mixed with other food grains.

The major losses are sustained by five integrated feeding companies. These five broiler feeding operators have contracted with about 700 growers as well as one or more broiler breeder operators. These large integrators conduct operations which involve combinations of either feed mixing, hatching, breeding, growing, slaughtering, and/or processing. I believe—it is not in my text here, but these gentlemen hired over 2,100 people in their total operations.

The approximately 700 growers are primarily family farmers who contract to provide buildings, equipment, and labor for the grower phase of the operation. They are normally paid by the integrator on a per bird grown basis.

The contract grower typically does not buy either the chickens or the feed, and therefore stands to lose the price of his labor, overhead, and profit if the integrator does not make his payment. Each contaminated flock will represent up to 25 percent of the total grown by a contract grower each year.

Losses for the integrator, who contracts, manages, and owns the chickens, range from $\frac{1}{2}$ million to 4 million birds or a total of 10 million at last count. Costs are expected to range from 75 cents to \$1 per bird.

Because we have not traced the full extent of the Mississippi problem, and because it is not possible to predict future occurrences, it is not possible to estimate the cost of an indemnity or compensation program. A number of similar incidents have occurred in past years, although none has been of the magnitude of the current Mississippi situation. Since 1968 there have been 18 such incidents involving poultry in 20 States. Livestock—cattle, swine, or lambs—have been involved in another six incidents in five States during the same period. Based on an assumed number of approximately 10 million birds either voluntarily destroyed or awaiting possible destruction by their owners, the losses to the poultry industry in Mississippi, including costs of disposition, could amount to \$7.5 to \$10 million.

While this Department is sympathetic to the plight of the industry and employees, it does not recommend full assumption by the Federal Government of the indemnity cost of this and future incidents. The Department believes that any indemnity legislation considered for the poultry contamination problem should be very carefully tailored to meet unique needs in the instant situation and should specify remedial conditions, and should remain in effect only until such remedial conditions are met, but in no event later than December 31, 1974.

Any new indemnity legislation should take into consideration the following factors:

We do not yet know all we would need to know about the Mississippi case to determine that Federal assumption of the losses is either required or justified.

Full Federal indemnification could lessen a feeling of responsibility on the part of the industry in regard to contaminated products. We want maximum encouragement for industry to assume responsibility for its products. The chief incentive is fear of financial loss if products are banned. When all losses are paid back by the Federal Government, the incentive is destroyed. Open ended indemnities provided at no cost to the businessman could work to reward those businessmen who ignore the risks.

Assistance may be available in the form of Federal loans at moderate rates of interest to assist operators and producers to get back into business.

Clearly, the States have an interest in assisting their citizens, and any Federal indemnity legislation should provide for States to share the costs. During a House debate recently on a bill to provide Federal indemnities to California landowners with diseased eucalyptus trees, many Members were quite insistent that such indemnities, if provided at all, were a State responsibility.

The industry could initiate programs whereby emergency problems would be financed all or in part through assessment upon animals and products sold in the United States. This approach would enable the industry to provide a share of the support for occurrences such as this, an opportunity to better self-regulate, and also pass on the associated costs to the consumer group.

An industry that has adequate protective procedures in place should be able to insure privately against failures in the system.

For those persons who wish to take precautions against loss resulting from occurrences such as those contemplated by the bills, testing procedures can be used to detect chemical contamination.

While the bills' subrogation provisions allow the Federal Government to seek recovery from negligent parties, the administrative cost of this recovery places an unnecessary and improper burden upon the taxpayer. This is really a business expense of the producer, grower, or processor who has suffered loss through no fault of his own and who may recover directly from any parties whose negligence may have caused the loss.

S. 3231 would provide compensation for wages lost by poultry industry employees as a result of incidents similar to the recent Mississippi situation. We would like to point out that unlike producers, growers, or processors, who suffer total loss if their products cannot be marketed, employees have other assistance available to them. State employment programs, unemployment compensation, food stamp programs, and other measures exist in most areas and are designed to assist employees during periods of unemployment. To our knowledge there has never been an agricultural statute which compensates workers directly.

Mr. Chairman, that concludes my statement. I will be glad to answer any questions you may have.

I would just like to make one comment about the remarks of Congressman Montgomery who spoke before me, reaffirming the excellent cooperation that we have received from the integrators and from the commissioner of agriculture and their staffs and from the Environmental Protection Agency and the Food and Drug Administration.

I want to emphasize that everyone who has been involved in this has been extra concerned and extra cautious to see that the products that were going out were wholesome and not contaminated. They were going to extremes to assure that. This was uppermost in everyone's mind. I think that the attitude of everyone who was dealing with the immediate problem, was that there would not be any contamination of product going to the markets, and all deserve great commendation.

Mr. JONES. Thank you very much, Dr. Mulhern. We appreciate those additional remarks that you made about cooperation. Let me say this here, that that is what we have had from the Members of Congress who are from Mississippi who have been concerned as well as interested in this serious situation that has developed in Mississippi.

If you can remain with us, we would like to have you back a little later.

Dr. MULHERN. We will be glad to do so, Mr. Chairman.

Mr. FINDLEY. Mr. Chairman, could I ask a question of the Chair?

Mr. JONES. Yes, sir.

Mr. FINDLEY. I notice we have four more witnesses. Will there be any problem in having adequate time to question Mr. Mulhern? If we run out of time this morning, will we continue this afternoon?

Mr. JONES. Yes, sir, we will.

Mr. FINDLEY. Will Mr. Mulhern be available at that time?

Dr. MULHERN. We will be available.

Mr. JONES. We are going to have some ground rules on time a little later, anyway.

The next witness is the commissioner of agriculture of the State of Mississippi.

Mr. Montgomery, are you going to present your commissioner of agriculture from Mississippi, or do you want David Bowen to do it?

Mr. MONTGOMERY. Since I am his Congressman, it is my pleasure to introduce Commissioner Jim Buck Ross, who has a great background in agriculture and also served in the Mississippi Legislature as a State senator. Most of the people in agriculture, especially the commissioner of agriculture of different States, are very familiar with Commissioner Ross. It is my pleasure and honor to present our very qualified commissioner of agriculture from Mississippi, Mr. Ross.

Mr. JONES. Thank you very much, Mr. Montgomery.

Commissioner Ross, we are indeed appreciative of your time and you coming here to discuss this very important situation in Mississippi.

I have known the commissioner for a long time. I have known his ability and his interest in agriculture, not only in Mississippi but throughout the country.

We are delighted that you are here, Jim Buck.

STATEMENT OF JIM BUCK ROSS, COMMISSIONER OF AGRICULTURE AND COMMERCE, STATE OF MISSISSIPPI

Mr. Ross. Mr. Chairman and other distinguished members of the committee, I am Jim Buck Ross, commissioner of agriculture for the State of Mississippi. As a farmer and attorney I have been closely associated with agriculture. Agriculture is the most important seg-

ment of the economy of my home State and I have been associated with it for all of my adult life.

I am appearing today on behalf of a group of men who personify to me private enterprise. Gentlemen, these are not big businessmen. These men started with nothing and to me, they have the qualities that made this a great country. They started with a will, with no money, but with character and capacity. They have used their own ingenuity, their own imagination, their own abilities, and a word that has gone out of our vocabulary, sweat, to build a business that today is in danger because of no fault of their own. We have heard speaking to the Federal Government cost in this matter. You have a rural development program, Mr. Chairman, to me, if Congress and the U.S. Department of Agriculture will keep the kind of environment that these men produce, they will develop rural America without any gifts, any emoluments, from the Federal Government.

Now, you ask about—every one of these businesses is a family-type business. The question has been brought up whether it can happen again. I do not know whether it can happen again or whether it will not happen again. Our Department of Agriculture and Commerce, through our feed and fertilizer law, is charged with the inspection of feed according to quality; that is, whether feed has the correct protein, carbohydrates, and fat. We send that to our Mississippi chemical laboratory and if it does come up to the different percentages, then it goes on sale; if not, it is taken off of sale. As I understand it, the Food and Drug Administration of the Federal Government inspects according to purity.

Now, I do not see how, under our present situation here in America, you can employ enough people to check all of the feed that is fed by the feed industry of this country. They do an admirable job. When they find a hot spot, they move in on it. They have qualified laboratories scattered all over this country.

My recommendation, Mr. Chairman, in this case is that in the future, people who buy be sure that the supply has adequate liability insurance. But in my free society, in any free economy, you have got to buy on faith and confidence.

Now, here you have a group of men who were doing that and they bought some feed that exceeded—and fed to their product—that exceeded an administrative tolerance. They did not hesitate. Without waiting, they move into this program. They have destroyed their merchandise. They have stopped their cash flow. Their employees are out of employment. But the thing that I think rests the responsibility squarely on the shoulders of the Federal Government is that this product was licensed to be sold in the trade channels of this country.

Now, that, to me, is the question. We have not used it in crops in Mississippi since the late 1950's. We have used it in termite eradication, but as far as crops are concerned, we have not used it.

I want to emphasize very firmly that the poultry industry is an innocent victim. The Federal Government authorizes and regulates the use of the pesticide chemical involved, but here are family sized industries faced with bankruptcy and ruin. I feel and I certainly hope you do, as fairminded men, that the producers, growers, and employees should not be made to pay for a situation over which they had no control. I urge the prompt enactment of this legislation.

Gentlemen, I filed with you a statement giving the impact economically of this disaster. We cite one county. It involves 10 counties. But more than anything else to me, there is a principle involved here. That principle goes back to, as I stated before, a man starting with nothing and building a business, supporting his Government by taxation, and his Government authorizing the sale of a certain chemical and with an administrative tolerance, where he innocently purchases that material and that tolerance is exceeded. He cooperates 1,000 percent and he faces financial ruin because of it.

Again may I express my sincere appreciation to the distinguished members of the committee for the chance to appear before you? Thank you very much.

Mr. JONES. Thank you very much, Commissioner Ross. Without objection, your statement will be filed with your oral comments there. We appreciate your time and interest in this very serious problem that you have in Mississippi.

[The prepared statement of Mr. Ross follows:]

PREPARED STATEMENT OF JIM BUCK ROSS, COMMISSIONER OF AGRICULTURE, STATE OF MISSISSIPPI

Mr. Chairman and Members of the Dairy and Poultry Subcommittee: I am Jim Buck Ross, Commissioner of Agriculture for the State of Mississippi. As a farmer and attorney I have been closely associated with agriculture. Agriculture is the most important segment of the economy of my home State, and I have been associated with it for all of my adult life.

I am appearing today on behalf of the broiler producers, growers, processors, their employees and thousands of rural and small town Mississippi families who have suffered great economic losses as a result of dieldrin contamination found in the flocks of five broiler producers.

Just as soon as the problem was discovered through USDA's continuous residue monitoring program, the broiler producers involved implemented a voluntary pretesting program for all live chickens to determine the extent of the problem and to prevent the processing of any unacceptable poultry. Complete protection for the consumer has been the first concern of the industry, the Federal Government and my office.

Having been directly involved from the day the problem was discovered until the present time, I can say without fear of contradiction that there has been complete cooperation between the producers and all government agencies involved. The broiler producers have sought and followed the advice of USDA, EPA, FDA and appropriate State agencies in pretesting, depopulating and disposing of their contaminated flocks.

The economic impact of this catastrophic disaster can not be fully measured. We know that 785 family farms are directly involved in the growout of the chickens and some 2,145 production and processing plant workers' jobs depend on the survival of the five producers involved. We also know that thousands of families provide goods and services to the broiler industry in Mississippi.

Approximately 8,000,000 birds were discovered to be contaminated in Mississippi in the nine counties involved. The heaviest loss occurred in three counties, Scott, Simpson and Smith. To emphasize the economic impact, I will use Scott County, the one suffering the heaviest loss.

Poultry and poultry products accounted for 80% of the total farm income in Scott County and most of this is from the broilers and breeder type hens.

According to the Employment Security Commission there were 8,550 people employed in Scott County in February of 1974. Data from the Bureau of Census indicates that approximately 35 percent of the total employment in Scott County is in agriculture and food and kindred products. A large percentage of this would be in broiler industry. This does not include trucking and other types of broiler related employment. This points out that when the broiler industry is affected, as in the recent crisis, approximately 3,000 employees are directly affected in the county. As a result, any adverse economic conditions existing in the broiler industries in this county will greatly affect the economic activity of the trade

area as a whole. It has often been said that as a result of \$1.00 of goods being produced in the agriculture sector, \$5.00 are turned over in the street. If this is true, the economic impact of this crisis will be multiplied.

The magnitude of the recent crisis in the broiler industry in Scott County cannot be accurately assessed at the present time because of the newness and future unforeseeable expense relative to the problem. However, estimates of the costs assigned to the general functionings of the industry and the added cost of destroying the birds are available.

The following are breakdowns of the cost of the destroyed birds and loss of income in the area:

Grower: Approximately 6,000,000 affected birds were destroyed which would normally be processed in Scott County although many of these birds are grown in Smith and Simpson Counties. Losses to the growers have been estimated at 7-10 cents per bird. This means that between \$420,000 and \$600,000 was lost by the *growers* as a direct cost of the destroyed birds. These are the small rural farmers who are almost totally dependent on this income.

The average length of time that the affected growers will have to wait until they can start a new flock is 4 to 6 weeks. This means that the fixed cost associated with the land, buildings, and equipment of the growers will have to be paid by the grower for this period even though he is not producing.

Employees: There are approximately 1,200 processing plant employees and feed mill employees that are presently out of work because of lack of production. The salary for these employees will average approximately \$2.25 per hour. This means that \$111,600 per week has been taken from the economy in Scott County and the surrounding area.

Add the loss of salaries of the sales and shipping staff, and the catching crews to this and the loss to the economy per week approximates \$125,000. The truckers receive about \$400 for transporting the broilers to the Midwest and \$800 for transporting them to the West Coast. Approximately 50% of the birds go to the Midwest and 25% to the West Coast per 10,000 birds. This means that the 6,000,000 birds destroyed will cause an additional \$240,000 to be taken from the economy.

Producer: It is estimated that the producer is losing about \$1.00 per bird in direct cost from the destroying of the birds. This means a direct loss of \$6,000,000 for the six million birds. This estimate was derived by taking the following costs into account:

Feed cost, 6.5 weeks.

Supplies (medicine) 6.5 weeks.

Lost efficiency.

Cost to destroy (\$25.00/1000 birds).

Fixed cost of nonoperating processing plants (2.5) (80,000).

In addition, there will be substantial costs to the individual producers and processors that cannot be measured *nor recovered* such as down-time in processing plants and loss of markets.

I should point out once again that I have used Scott County as an example of the economic impact on one particular area.

I want to emphasize that in this instance the poultry industry is an innocent victim. The Federal Government authorizes and regulates the use of the pesticide chemical involved but the poultry industry is the one faced with the heavy financial loss. I feel the producers, growers and employees should not be made to pay for a situation over which they had no control. I urge the prompt enactment of this legislation.

Mr. JONES. At this point, I would like to recognize a former Member of Congress, a former member of this committee. I am going to defer to Congressman Bowen for introduction.

Mr. BOWEN. We are very honored and privileged today to have my distinguished predecessor, the Honorable Thomas G. Abernathy, who served 30 years on the committee, was vice chairman, and was chairman of the Cotton Subcommittee. We are very pleased to have him with us.

Mr. JONES. Tom, I hope we can have you with us for a long time.

Mr. ABERNATHY. I just came up here to get paid for my chickens.

Mr. JONES. The next witness is Ms. Carole Cullum, representing the Movement for Economic Justice.

We are delighted to have you here. Do you have anyone else with you?

STATEMENT OF CAROLE CULLUM, MOVEMENT FOR ECONOMIC JUSTICE, REPRESENTING MISSISSIPPI POULTRY WORKERS UNION

Ms. CULLUM. No, I do not.

Mr. JONES. We are delighted that you are here. Will you proceed at this time?

Ms. CULLUM. My name is Carole Cullum. I am on the national staff of the Movement for Economic Justice. However, I am speaking here today on behalf of the Mississippi Poultry Workers Union.

After nearly 1 week of haggling with Mississippi poultrymen, the U.S. Environmental Protection Agency (EPA) ordered the disposal of up to 12 million broiler chickens contaminated by unacceptable levels of dieldrin, a harmful pesticide.

On Tuesday, March 26, Senator James Eastland and Representative David Bowen introduced bills in Congress to indemnify poultry and egg producers whose products were ordered off the market. The Mississippi Poultry Workers Union (MPWU), certified bargaining agents for workers in three of the four processing plants shut down by the crisis, immediately sought indemnity for wages lost due to layoffs.

As of the end of today, April 10, these workers have lost over \$200,000 in wages. As of this date the plants are:

	Days	Employees	Amount
Southeastern.....	17	375	\$94,350
Poultry Packers.....	12	200	35,520
Green Acres.....	11	350	56,980
Gaddis.....	10	175	25,900
Total.....			212,750

At the union's request, Scott County Representative Richard Livingston urged Mississippi Gov. William Waller to provide relief for the affected workers. Waller's response was a proposal for an emergency public works program to be funded by the Department of Labor. Although this program was announced on Friday, March 29, it was later learned that this program is "inoperative" in the case of poultry workers. This Federal program provides for manpower training monies which are specifically limited to those with no trade, to be trained in a "marketable trade." Since the poultry workers already have a trade, they are ineligible for these funds.

On April 1, MPWU officials met with Representatives Livingston and Clark to request full indemnification of the workers on an equal footing with the producers and processors. This request was carried to Mississippi Agriculture Commissioner Jim Buck Ross. All agreed with the justice of this request and indicated their willingness to intercede with the Mississippi congressional delegation.

On April 3, the MPWU representatives visited Washington and secured from the authors of the indemnification bills for producers—Senator Eastland and Representative Bowen—a commitment to include workers on the basis of their regular weekly wages.

At this time, the poultry workers—some 1,100 strong—have received no relief since their layoff. Only a few of the workers will be eligible this Friday, April 12, to even receive the \$30 to \$35 per week unemployment compensation. Many are heads of families with small children. Most of these workers earning an average of \$1.85 per hour were eligible for food stamps when they were working. Now that they are unemployed, the food stamp offices are still unable to coordinate information with the unemployment office and the plant officials to increase the amount of food stamps presently issued.

This bill must be supported, with the word change of Mr. Montgomery, because for the first time, it recognizes workers as equals with owners. Owners have been indemnified in the past on everything from bees to cows to Lockheed jets. We feel that this is important for all working people, not just the Mississippi, but throughout the country. And this, in itself, is a crucial breakthrough.

We know some might criticize this bill as subsidizing the increased cost of chicken. The reason for these cost hikes, however, lies not with the workers, nor even the small number of companies affected by this problem, but rather in a basic lack of competition in the United States today. As more and more small producers are forced out of the market—in everything from chickens to gasoline—the big corporations take over, reducing the amount of goods available to the consumer and raising the prices. This bill is not, nor could it be, designed to control inflation and rising costs. Even if these three or four poultry companies go out of business and their 1,100 workers remain unemployed, the price of chicken in Kansas City will still climb higher.

Unlike the so-called energy crisis, there is a specific need here. We are not Standard Oil asking for more tax loopholes while raising the prices of gasoline; these are people living in one of the poorest counties in the United States asking for the ability to sustain themselves and their families on a meager \$74 a week.

I address myself on behalf of the Mississippi Poultry Workers Union to both the witnesses at this hearing and the Congresspeople on the House Agriculture Committee in asking them to support this bill. The reason that the Mississippi Poultry Workers Union representatives could not be here is the great cost involved in getting from Mississippi to Washington.

[The following newspaper articles were submitted by Miss Cullum:]

WHAT A CHICKEN PLANT IS LIKE: MASS PRODUCTION ON HIGH-SPEED LINES

The following article, describing work in a poultry packing plant, is a composite, based on extensive taped interviews with Merle Barber, David Nicks, Estella Moore, and other employees of Poultry Packers, Inc., in Forest, Miss.

Most poultry workers make \$1.60 an hour, get no paid vacations, and during frequent machine breakdowns have to stay on the job but get no pay for it. These were the issues that caused them to go on strike last May and organize the Mississippi Poultry Workers Union.

All the workers I interviewed about their work have been employed in poultry plants for three to five years. Most have worked in other chicken factories besides PPI, and all have worked at several different jobs on the production line.

Their story clearly portrays the modern-assembly line methods used by the poultry industry. The experience at PPI is not unique. It is typical of the industry's practices throughout Southern Mississippi, Alabama, and Georgia.

The tasks which were once performed by butchers in neighborhood markets are now done in modern factories on high-speed production lines. These factories are located in out-of-the-way places, mostly in the rural areas of the Deep South.

The poultry industry's revolutionary innovations in production have resulted in a tremendous increase in the industry's productivity. Over the last 20 years, the prices of poultry products have fallen sharply at a time when most other protein-rich foods (beef, pork, etc.) were rapidly on the rise.

In the situation being described here, 175 to 200 workers process approximately 48,000 chickens during an average work day.

KEN LAWRENCE.

The chickens come in on a truck in coops. They may have about 360 coops on a small truck. There are a lot more than that on a trailer truck. After they throw the coops off the truck, there's a man who hangs the chickens. They hang by both legs.

Then there are the killers. They cut the necks to kill the chickens. Then the blood drains out of the chickens. All that happens next to the back dock of the factory.

Next the chickens go into the picking room. There they go through a scalding. You have to scald a chicken before you take the feathers off. After the scalding are about four or five pickers—little rubber things that go round and round, hitting the chickens and whipping the feathers off them.

THERE AIN'T NOTHING IN PLANT THAT'S EASY

After they check the chickens to see that all the feathers are off, someone cuts the feet off. Then the chickens leave the picking room and go to the straight line, where someone rehanges them.

The first thing after the chickens are on the straight line, they cut the oil bags off the chicken at the tail. Then they recheck for feathers. If there are any feathers, they take the chicken off the line.

Next there's the buttonhole cutter. That's the person who cuts the hole in the butt of the chicken so the people down below them can pull the guts out of the chicken.

The gut pullers get paid more money than the other workers. The company seems to think they have a more strenuous job than everybody else. But if you work in a chicken plant one time, you'll agree, ain't nothing in that chicken plant that's easy.

YOU'VE GOT TO RAISE SAND TO GET PAID

Sometimes they ask somebody to substitute for a gut puller. But if you don't ask for a gut puller's pay, you won't get it. You've got to raise sand to get that extra that gut pullers are supposed to get.

After the gut pullers there's the government inspectors, they inspect the chickens for broken wings, broken legs, bruises, and everything else. If they have anything like that, they throw them off. The people who work next to the government inspectors are called trimmers. They trim off the bad parts.

Behind the inspectors and trimmers there's the liver and heart cutters. They cut the liver and heart off the gut of the chicken and drop them into running water, where they go down through tanks from there to the packing lines.

Next are the gizzard splitters. They have to cut the guts and stem out of the chicken, and then split the gizzard. They wash the gizzard off and throw it into a trough.

Then the neck cutters have to cut the chickens twice up around the neck-up around the shoulders by the wings, and to cut the head off. After the neck cutters, the craw pullers have to reach up, pull down the neck and reach up around the wings, and pull the craws and windpipe out of the chicken.

After that there's the gun runners. They have to suck the lungs out of the chickens with the guns—they call them lung guns. That's like a vacuum cleaner, to suck everything out of the inside of the chicken—lungs and sex organs and such stuff as that.

NEXT COME THE INSPECTORS

After that they've got the house inspectors. If they find something wrong with the chickens, like if they still had some lungs left in them, they throw them in a tub to be rerun. Otherwise they let them go off to the chiller.

The chiller is a great big tank of water. It takes about 35 minutes for the chickens to go all the way around on it. It has two sections. The first part is about 60 degrees; the other part of it about 30 degrees.

After they come through the chiller, some more folks rehang them on the packing line. They go around to a person who cuts the neck all the way off (the other neck cutters leave the neck hanging by the skin. Here they cut it off.) Other folks stuff them with the giblets. They get wrapped on the giblet table, one neck, one heart, one liver, and one gizzard for each chicken.

ON THE CUT-UP LINE THEY BAG THE CHICKENS

The chickens get inspected one more time. If there are no marks on them they go all the way around to another part that weighs the chicken automatically. After it weighs the chicken it drops it into a little tub, where other workers box the chicken. They send them down to another scale to be weighed again, then they go all the way to the cooler. That's the holder for them until they're ready to go out on the truck.

The chickens that were pulled off the straight line because they had marks or bad parts trimmed off go to the cut-up line. On the cut-up line too, each person does a separate job. Some people cut legs off, some cut wings off, some split the breasts. Also on the cut-up line they bag the chickens, and they box the leftover livers and hearts each evening.

SOMETIMES NOT EVEN A FIVE-MINUTE BREAK

Usually workers on the cut-up line put in longer hours than the straight line or the packing line. The cut-up line works until everything they throw off on the other lines gets caught up, no matter how late they have to stay at night.

Often they will be short-handed, and the workers won't even get four-or-five minute breaks. The foreman will come looking for them in the bathrooms and break rooms. When they are short-handed the people at the end of the line get behind, and the boxes that need closing get stacked up. Then they have to stop the line and get some of the others to help.

These are some of our problems. Some of the other poultry plants do things a little different, like giving vacation pay or something, but almost every job is the same.

[From Jackson, Miss., Daily News, Mar. 25, 1974]

BROILER INDUSTRY HURT BY DECISION

(By Ron Harrist, Associated Press Writer)

Mississippi's multi-million dollar broiler industry may have lost a battle but industry representatives hope that they have won a war.

Their loss would be the destruction of millions of chickens reportedly containing excessive levels of a potentially harmful pesticide. Their hoped-for victory would be continued consumer confidence in Mississippi-produced broilers.

The battle-line was drawn Saturday when the Federal Environmental Protection Agency refused a request by the broiler operators to raise the federal standard limiting the amount of pesticide residue in the chickens' fatty tissues.

The pesticide, known as dieldrin, has been known to cause cancer upon prolonged exposure.

During a Sunday meeting in Jackson, the state's broiler industry leaders said that the source of the contamination had been found, and stopped.

They said none of the questioned chickens had been slaughtered or reached the consumer, and that an extensive federal and industry testing program was underway on all chicken flocks in the state.

They said they feared the consumer might misunderstand the problem, creating more problems for an industry already caught in a cost-price squeeze.

A four-man delegation headed by state Agriculture Commissioner Jim Buck Ross met with U.S. Department of Agriculture officials in Washington Sunday night.

Ross said additional meetings were planned today to discuss methods of disposing of the contaminated birds.

"The federal officials think they can help us," Ross said.

"Our first priority is the consumer and we will protect him at all cost," said broiler operator T. H. Etheridge of Jackson.

Etheridge, chairman of the board of the National Broiler Association, and other industry leaders said that only three of the state's broiler operations were found to have chickens contaminated by the pesticide.

While federal officials estimated that up to 22 million chickens might be involved, they said they thought the total would be less than eight million.

Poultry-raiser H. F. McCarty said that while the EPA said there may be other options than destroying the contaminated chickens, such as removing tissues found to contain pesticide residues, these were not economically feasible.

The industry representatives said they would cooperate with federal officials in destroying the birds.

The source of the pesticide was pinpointed as an ingredient in chicken feed.

He said the dieldrin was found in the blended fat—a mixture of vegetable and animal oils—which was purchased from a "common source" by two of the affected operations.

McCarty said that once the problem was found, chickens in all affected operations were placed on "clean feed" and the birds involved isolated.

The USDA said two possible sources of the pesticide were Mississippi Vegetable Oil Co., of Rankin County and Central Byproducts of Forest, both suppliers of the blended fat.

The industry representatives said however, that the plants were simply points where oils and other ingredients purchase from other sources were combined for use in chicken feed.

"The contamination could have been in a boxcar transporting the oil or anywhere along the line," McCarty said.

Officials said two processing plants in the state have been closed.

They were not closed because they were contaminated, McCarty said, but because the affected operators were supplying them with chickens. "They can open at any time," he said, "as long as chickens meeting the federal standards are slaughtered."

There are 16 poultry processing plants in the state.

[From Clarion Ledger, Mar. 29, 1974]

CHICK KILL AFFECTING ECONOMY

(By Erle Johnston)

Forest—Pioneer Forest poultryman Fred L. Gaddis, who served as mayor for twelve years and made constant studies of the city's business factors, estimated Tuesday that the poultry industry is responsible for 60 to 75 per cent of an economy that produces monthly city sales tax revenues averaging over \$20,000.

There are four processing plants in Forest, including his own Gaddis Packing Company which moved recently into a new building, one at Morton and one at Sebastopol.

Scott is the only county in the state with six plants and Forest is the only city with four. In addition, there is another plant in neighboring Rankin county.

"The four Forest plants have been paying 65 percent of the cost of the total city water and sewer bill," he said, "and our revenues are necessary to pay off the bond issues."

All of the plants are part of integrated operations that include breeder and broiler farms, hatcheries, feed mills, and processing plants.

Because of residues of a pesticide in supply flocks, the U.S. Department of Agriculture has ordered destruction of millions of birds resulting in the shutdown of three plants in Forest and the Green Acres plant in Sebastopol.

"Already hundreds of people will be without employment," Gaddis said. "And the situation is far from over."

Operating without fear of closure, because of USDA tests, are Forest Packing Company in Forest, the B. C. Rogers Processing Company, at Morton and Pelahatchie Poultry Company. Shut down are Gaddis packing company, Southeastern Poultry, and Poultry Pickers of Forest, and Green Acres of Sebastopol.

The USDA tested five flocks that supply Gaddis. Two of the flocks were "clean."

"You can take the first three digits in the broiler production capacity at each plant and determine how many people are involved directly or indirectly in the poultry business," Gaddis added. "According to my estimates, the total would be 1,140 from the four Forest operations alone."

Gaddis said the new crisis is occurring at a time when the growing operations are losing five cents per pound on each bird. Moreover, he recently moved into a new plant with modern new equipment and "because of inefficiencies and the learning processes for employees," the plant is being operated at a loss.

"We are still getting the bugs out," he said, "and it will take a long time." The new plant represents a total investment of about \$1,250,000.

He said the shutdown of three area plants has stopped a cash flow of \$825,000 a week, based on the production cost of about 900,000 broilers a week. It costs 90 cents to get a bird ready for market, he said. They weigh about $4\frac{3}{4}$ pounds at nine weeks of age.

Cost of producing other birds would be less in proportion to their age," he said.

The broiler catastrophe not only will reduce city water and sewer revenues and cause widespread unemployment, Gaddis said, but it will affect sales of suppliers, and even the financial institutions.

"A lot of us borrow money all the time to meet obligations of integrated operations," he explained. "If we don't have income, we can't even pay interest, much less on principal."

He said a long-range crisis might also affect ability to pay taxes.

"We slaughtered baby chicks last summer," he said, "but we only had about eight cents per chick invested. The birds being slaughtered now are grown and represent more investment than the current market."

Gaddis said his contract growers are furnished cash items necessary for a grow-out cycle "so they won't be under the strain of borrowers." He said he hoped there would be a way to reimburse them for part of their losses on birds that were slaughtered instead of sold.

UNION PRESIDENT SENDS THANKS

Merle Barber, president of the Mississippi Poultry Workers Union (MPWU) asked the Patriot to extend thanks to the many individuals who sent financial support and encouragement during their strike last May. It was this support, along with that of the Gulfcoast Pulpwood Association, SCEF, and the NAACP, she said, that enabled the workers of Poultry Packers, Inc., to win that strike and thus continue their organizing campaign.

WORKERS DESCRIBE COMPANY TACTICS

"Harassment really started after the Labor Board hearing on Wednesday, September 20. We lost three people by Friday. Two were fired and one quit."

"They fired one woman because she was late one morning. Her car had a flat tire on the way to work. Another woman was fired when she told them her hands were sore from pulling craws."

"One woman was a house inspector. They took her down from house inspector and put her in charge of throwing chickens over in the chiller. They took her from there and put her on the line pulling craws. Then they moved her to the giblet machine.

"From there they put her way up at the head of the line cutting oil bags. When they told her to run a lung gun, she quit. That was all on the same day. They thought she was the leader of the white people who walked out."

"The lead man's wife told one woman that if she joined the union, that she was going to whoop her. You know what the rest was she said? She said that the woman was a nigger-lover if she joined. That was the word she said."

"The foreman called me into the office and said, 'I'm working for the company, but I'm working on y'all's behalf too. I want to tell you, I once have belonged to a union. Sometimes you have to pay four or five dollars dues. If you ever want to get out, they can fine you as high as 500 dollars, and you can't get out of it. You didn't know that, did you?'"

"He's been talking to a good many others. I don't know what he's told them. Our dues are two dollars a month, and initiation is two dollars. It doesn't cost anything to get out."

Mr. JONES. We appreciate your being here and if you will step aside, we will call you back at a later time when we question all witnesses.

Ms. CULLUM. Thank you.

Mr. JONES. Thank you very much.

Our next witness is Mr. Tam Etheridge, who is president of the National Broiler Council.

Mr. Etheridge, we are delighted to have you. Do you have some witnesses you would like to bring with you to the witness table?

STATEMENT OF TAM ETHERIDGE, PRESIDENT, NATIONAL BROILER COUNCIL

Mr. ETHERIDGE. No, sir, Mr. Chairman. There are several members of our association and the other association, the Poultry and Egg Institute, that are here, but I am here to make a statement in their behalf.

Mr. JONES. We will be glad to hear you.

Mr. ETHERIDGE. Thank you.

Mr. Chairman and members of the Dairy and Poultry Subcommittee, I am Tam Etheridge, a broiler producer and processor from Mississippi, and chairman of the board of the National Broiler Council. I am appearing today on behalf of the Council and the Poultry and Egg Institute of America in support of pending legislation to provide compensation to poultry and egg producers, growers, processors, and their employees who have suffered product and other economic losses as a result of contamination by chemicals registered and approved for use by the Federal Government.

The National Broiler Council is a trade association, representing producers, processors, and distributors of more than 75 percent of the broiler fryer chickens in the United States.

The Poultry and Egg Institute of America is the national voluntary trade association representing all interests of the poultry and egg industry. Its members are breeders, hatcheries, growers, producers, and distributors of chickens, ducks, eggs, turkeys, and poultry and egg products. Its members include individual businessmen, cooperatives, and corporations from nearly every State.

In recent weeks, five broiler producers in the State of Mississippi have had to depopulate their flocks because of the discovery of unacceptable levels of the pesticide dieldrin in these birds. This has occurred through no fault of the producers. It should be pointed out that dieldrin is not used for any purpose by the poultry industry. The residues can be traced back to a common source of blended vegetable and animal oil, purchased by the five producers for use as a feed ingredient.

The affected broiler producers have moved rapidly to depopulate and dispose of contaminated birds under the direction and supervision of USDA, EPA, FDA, and appropriate State agencies. The producers who are now liquidating their flocks of poultry in which they have large investments, face staggering economic losses from which they cannot expect to recover without assistance. In addition, their growers, production workers, and processing plant employees have suffered a loss of jobs or reduction in income.

The poultry industry has carefully studied all pending indemnity bills and recommends the enactment of S. 3231 as amended in the Senate Agriculture Committee on April 3. The perfecting amendments added by the Senate committee, including one to compensate employees for lost wages, are strongly supported by our trade associations, as well as individual industry men.

There is, of course, precedent for this type of indemnification legislation. The 1973 Farm Act contains similar indemnification authority for dairy producers and manufacturers of dairy products, as well as beekeepers. In both of those cases, the Congress has already recognized the importance and fairness of indemnifying producers and processors for losses resulting from chemical residues through no fault of their own. It is only reasonable to provide similar indemnification authority for the relief of poultry and egg producers and processors.

S. 3231 would basically provide such relief in a manner consistent and concurrent with the beekeeper and dairy farmer indemnity bills enacted earlier and continued in the 1973 farm bill. The authority to indemnify poultry producers and processors and employees would expire on December 31, 1977, the same date that the other two agriculture indemnity programs expire.

This legislation would provide deserved indemnities to those who will otherwise suffer catastrophic losses through no willful failure on their part to follow provisions of law or procedure prescribed by the Federal Government. If these losses are not indemnified, jobs and businesses will be affected, and the economy will suffer.

The need for legislation to protect poultry and egg producers from such unforeseen, uncontrollable catastrophes is obvious, in light of their chronically marginal profit situations. With no anticipation of either sustained high market prices or sustained low feed ingredient costs, the potential for recouping extraordinary losses is virtually nonexistent.

Today, thousands of families in Mississippi face immediate economic devastation unless relief is provided without delay. But the legislation is not designed for the sole purpose of providing economic relief for one State or one incident. As long as pesticides continue to be regulated and approved for use by the Federal Government, and as long as chemical residues exist in our environment, the poultry and egg industry is faced with the possibility of accidental contamination through no fault of its own. This legislation is intended to provide the poultry and egg industry with the same type of protection against the unforeseen and unavoidable that has been given to other agricultural producers and processors.

We, therefore, strongly support this legislation and urge its prompt enactment.

Thank you very much, Mr. Chairman. I shall be available for questions later.

Mr. JONES. Thank you very much, Mr. Etheridge. We appreciate your being here and your statement.

Our final witness on the agenda here is Ms. Janet Miller, coordinator of Women United for Action, New York City.

Miss Miller, we will hear you at this time.

STATEMENT OF JANET MILLER, COORDINATOR, WOMEN UNITED FOR ACTION, NEW YORK, N.Y.; ACCOMPANIED BY CLAUDETTE FURLONGE, COORDINATOR

Ms. MILLER. My name is Janet Miller. I reside in New York City, and am a coordinator of Women for Action on whose behalf I now testify.

In late March, it was announced that some 8 million chickens in Mississippi would be destroyed as a result of contamination from the pesticide, dieldrin. Immediately, following this announcement, Congressmen from large broiler-producing States submitted bills designed to compensate producers for birds destroyed.

I address myself here to two aspects of this matter; first, the main objectives of the bills themselves, and second, the manner in which this legislation as well as investigations are being handled by the Government.

This proposed legislation is part of a long-term policy that has historically doled out millions of our tax dollars, not to small family farms, but to agribusiness monoliths which have come to control the bulk of food production in the United States.

The case under consideration today is a clear example of how the Government routinely hands over vast sums to the richest food producers. By no stretch of the imagination could the five poultry producers currently under consideration for Government indemnity be viewed as small farmers. On Friday, April 5 a representative of Women United for Action spoke with Mr. W. O. Thomas, Jr. from the National Farmers Organization in Cullman, Ala. At that time he stated:

It is definitely not the small poor farmers who are getting the compensation. This is what is being passed on to the public. The small farms involved merely fatten the birds who are owned by the vertical integrators. These small contract growers get 1½ to 2 cents a pound to fatten the chickens. It is highly unlikely that these poor farmers will get anything, and if they get something from the compensation, it will be a pittance. The large vertical integrators are the ones who will receive the indemnity.

This fact was further substantiated by Mr. Bob Norton of the Office of Animal and Plant Health Inspection Service of the U.S. Department of Agriculture in Washington, D.C., who named to us the five firms who would receive compensation in this case.

Of the five vertical integrators who together control one-third of the total broiler output in the State of Mississippi, the "smallest" is Fred Moore Farms, which has a \$10 million-a-year business. Fred Moore, a wealthy man, has said that he is confident that the Government will give him \$1 million. Another firm involved, Southeast Hatcheries, is so large that its annual production of 175 million chickens equals

three-fourths of the entire annual output of broilers in Mississippi. Southeast Hatcheries, headquartered in Atlanta, Ga., and owned by the Fechtel family, has operations stretching from both the Carolinas through Georgia and into Mississippi. With \$38 million a year in sales, Southeast Hatcheries is not about to go broke. Neither is Dr. E. C. Walsh, owner of Quad County Cooperatives, another poultry producer whose flocks were contaminated. As a matter of fact, Mr. Norton of the USDA stated to us that no farm is closing as a result of the contamination, contrary to what was said to representatives of Women United for Action by members of the Senate Agricultural Committee.

It is too much to take that these men who are already immensely wealthy should be the recipients of millions of dollars of tax money that come from people far poorer than themselves.

Southeast Hatcheries is asking for \$4.8 million. H. F. McCarty is asking for \$3.2 million. Dr. Walsh's Quad County operation wants \$2 million. We object. We protest. We demand. For behind the Dr. Walshs and the Fechtels stands towering giants like Swift, Pillsbury, Ralston Purina, and Armour, which ultimately control 90 percent of all U.S. poultry sales. These corporations view the bills under consideration as a wedge to further widen the unending stream of Government subsidies to which they have become accustomed.

Much of the enormous profit these companies have enjoyed has come about through the manipulation of production by both the poultry industry and the USDA itself in order to insure high prices.

Some examples of this manipulation are:

During phase 1, the USDA advised poultry producers to cut back on their flocks by 4 to 6 percent in order to create a shortage and drive prices up. After this was done, prices indeed zoomed.

During phase 1, 3½ million baby chicks were pulverized by poultry producers.

As late as January 1973, the USDA told the broiler industry to cut back production by 5 percent to avoid "depressed prices" when in fact wholesale broiler prices were 27 percent above the previous year's level.

The condition for poultry producers again to induce similar manipulation has been ripe for over a month. In fact, the last 2 months have seen both a hatch increase of 6 percent and a drop in retail prices. Retail broilers were selling for 36 to 59 cents a pound last month. Two months earlier, the retail price was as high as 99 cents a pound. Now the Wall Street Journal of March 28, 1974 states the following:

Oven ready broilers sold for delivery at 38 cents a pound up 1 cent from this week's delivery. Brokers said marketings were reduced because birds at some processing plants in Mississippi were contaminated with pesticides and had to be destroyed.

In this particular case involving dieldrin contamination it already looks like the payment to the farmers will be far above the "fair value" stipulated in the bill. Mr. Jim Buck Ross, Mississippi State Commissioner of Agriculture, said that payments could average \$1 per chicken. Yet according to the Statistical Reporting Service of the USDA, the farm price for broilers in Mississippi in February was 22.5 cents per pound. Since an average chicken weighs three pounds, the going farm price per bird would be 67.5 cents. According to other sources, the current farm price could be as low as 60 cents per bird. Both figures are far less than \$1.

And, according to Mr. Thomas of the NFO, not all of the birds involved were at maturity when they had to be destroyed. Many of them were as young as 2 weeks old, and therefore would not be worth the full amount in terms of feed and market price as mature birds.

I would like to raise another point. When I was in Washington, D.C., last week, there was some discussion relating to compensating poultry workers who will face unemployment because of plant shut-downs caused by the destruction of the chickens. Women United for Action totally supports any measure that would alleviate hardships endured by already impoverished poultry workers. Certainly, they are not responsible for this disaster. Compensation to poultry workers, however, has nothing in common with compensation to agribusiness. And as of this date, we have seen no real evidence that financial assistance to workers is being enacted and the sums we have heard mentioned were pitifully inadequate.

Rather than rushing to open the Federal Treasury to a few rich poultry integrators, the Government ought to be thoroughly investigating the use of dieldrin in this case as well as in general. Little has been said about who bears the responsibility for the contamination. Even less has been said about why a dangerous cancer-producing chemical like dieldrin is allowed into food in any amount.

From the bits of information that we could gather, we know that dieldrin is manufactured by the Shell Oil Co. and has been used for several years under the approval of the Environmental Protection Agency. The chemical is shipped from the manufacturer to the farmers where it is used to control root bore.

According to both Bob Norton of APHIS of the USDA, and Mr. Thomas of the NFO, the excess dieldrin residue found in Mississippi was caused by a spillage of the chemical into shippers where the oil fat used in chicken feed was also being transported. Both Mr. Norton and Mr. Thomas said that the names of the owners of the shipping vehicles were not being released. However, Mr. Thomas did say that it was very likely that those transport vehicles could be owned by the same poultry producers who will receive indemnities if this legislation is passed.

If this is the case, these producers should be fined under the provision of the law that applies to misuse of pesticides, instead of being given millions of dollars of tax money.

It is impossible to believe that the U.S. Department of Agriculture cannot determine the companies responsible for contaminating the feed in their shipping vehicles. This shows either the most incredible incompetence on the part of the USDA, or a blatant coverup.

If in fact the five poultry integrators in Mississippi are not the shippers, the USDA is shielding the guilty parties whose companies ought to be paying compensation through fines, not through the taxpayers. Contrary to what the staff of the Senate Agriculture Committee told us, those that are responsible for this disaster if it is not the chicken producers themselves, may well get off without paying 1 cent, since the poultry producers apparently waive their rights to sue once having accepted compensation from the Federal Government in this matter.

In the light of all these facts, it is outrageous and absolutely unjustifiable the way the Government is rushing legislation through with

less than 3 weeks' study. In a meeting between representatives of Women United for Action and staff members of the Senate Agriculture Committee, the committee staff urged us to simply trust the Government and all will be well. Yet throughout the discussion, while telling us that it was "impossible to assess" what actually happened in Mississippi, they constantly referred to the poultry as "we," and one admitted that his family had holdings in the chicken industry.

Certainly in this era of Watergate revelations, milk trust scandals, and ITT bribes, exhortations to "trust the Government" have become downright laughable.

Our reluctance to believe in the impartiality of the Government, particularly toward agribusiness, was underscored last week when it was revealed that Clayton Yeutter, Assistant Secretary of Agriculture, was instrumental in arranging a \$45 million Federal beef buying program to assist the cattle industry in driving prices up. It did not surprise us when it was further revealed that Mr. Yeutter himself is a large cattle producer whose Nebraska ranch nets him \$20,000 a year. Yeutter, like those representing the poultry interests in Government claims no conflict of interest.

We ask this question: Will Secretary of Agriculture Earl Butz find a conflict of interest when he decides on indemnity payments to poultry producers as stipulated in this legislation before us? Is it not true that Secretary Butz was a director of the Ralston Purina Co. which is heavily involved in poultry production? Conflict of interest? Merely to ask the question is to answer it.

To conclude, we of Women United for Action say that there can be no consideration of any indemnity legislation without first a firm, impartial, and thorough investigation. Consumers, especially the poorest who have come to rely heavily on chicken as a substitute for red meat, will have to pay in two ways if this bill is passed: first, through the millions of dollars in tax money that will be used to pay the indemnities; and second, through higher prices for chicken because there will be less on the market, thus driving prices up. Who will compensate us when prices go up beyond our reach?

Somewhere along the agribusiness line, be it the oil company which makes dieldrin, or the huge feed manufacturers, or the corporate farms, lies the responsibility for this catastrophe—a catastrophe whose price we consumers must pay in dollars and in health. We can least of all afford it.

A full investigation, not a mere 2-hour hearing as we are witnessing here today, is needed to probe every producer and user of the chemical dieldrin. This is of monumental importance to every person in the United States. There is a very good possibility that each one of us could be consuming contaminated chickens which will endanger our health, and for some of us, might even prove fatal.

If this chemical was intentionally misused, or if criminal negligence was involved, the guilty party must be made to pay compensation. We are not talking here about compensation to the large poultry producers and processors who make millions yearly, but about compensation to the poultry workers who may lose their jobs, to the consumers, especially the poor and working people in the United States who will have to pay higher prices and are subject to health hazards.

Mr. JONES. Thank you, Ms. Miller. If you will step aside or remain where you are, we will call the other witnesses to the witness table in just a moment for questioning.

Before I do that, however, I would like to insert for the record, if there are no objections, a telegram from the National Turkey Federation endorsing the provisions of the bill that we have here.

Also, I would like to insert for the record a letter from the American Farm Bureau Federation. I would just like to read the last paragraph of the letter.

We respectfully recommend that this legislation be approved by the committee and that it be passed promptly by the House. It should, however, be made clear in the committee report that the term "producers" includes contract growers and that contract growers are to share in any indemnity payments that may be made to contractors.

This is signed by John Datt, the Director of Congressional Relations for the American Farm Bureau Federation.

[The above referred to telegram and letter follow:]

April 9, 1974.

Hon. Ed JONES,
House of Representatives,
Washington, D.C.

The NTF representing 2,500 turkey producers and marketers unanimously supports H.R. 13747. Urge your favorable consideration of this measure to provide indemnification to poultry producers.

LEW WALTS,
National Turkey Federation.

AMERICAN FARM BUREAU FEDERATION,
Washington, D.C., April 10, 1974.

Re H.R. 13747, H.R. 13906 and S. 3231, legislation to provide indemnity payments to poultry and egg producers and processors.

Hon. Ed JONES,
Chairman, Subcommittee on Dairy and Poultry, Committee on Agriculture, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: The American Farm Bureau Federation supports proposed legislation which provides for indemnity payments to poultry and egg producers who have sustained disastrous financial losses as a result of causes not of their making or under their control.

As a result of the discovery of chemical residues, a number of Mississippi poultry producers and processors must remove their products from market channels. The insecticide dieldrin, residues of which were found, is registered by the federal government and is approved for specified uses in agriculture. The individuals who would be eligible for indemnity payments are those who conducted their operations in accordance with approved practices and procedures.

Indemnifying producers who sustain losses of their products as a result of the use of approved chemicals and through no fault of their own represents a continuation of past practices of the federal government. Dairymen have been paid for milk declared unsuitable for use because of insecticide residues and beekeepers have been paid for colonies lost or depleted as a result of contact with insecticides.

We respectfully recommend that this legislation be approved by the Committee and that it be passed promptly by the House. It should, however, be made clear in the Committee Report that the term "producers" includes contract growers and that contract growers are to share in any indemnity payments that may be made to contractors.

Sincerely,

JOHN C. DATT,
Director, Congressional Relations.

Mr. JONES. One other item. The Environmental Protection Agency was invited to testify if they chose to. Of course, they are in charge of the chemical that is involved in this proposed indemnity payment.

Now, if the other witnesses will return to the witness table—Mr. Montgomery, Dr. Mulhern, Jim Buck Ross, Ms. Carole Cullum, Tam Etheridge, and Ms. Miller are already here—we will give the members of the subcommittee an opportunity to question these witnesses.

I am going to limit each member of the committee to 5 minutes for questions in order to conserve time. As I have said, if we are not finished, we will reconvene this afternoon.

I would like to recognize our colleague, David Bowen, from Mississippi, because he must leave to catch a plane in a very few minutes. David?

Mr. BOWEN. Thank you, Mr. Chairman. I wish I had more time to go into detail on this, but I have a meeting in my district this afternoon that I have to attend.

I would just like to ask a couple of questions of Dr. Mulhern of APHIS on a point that relates to a statement that you made that I think probably some of the broiler growers would want to comment upon later. That is the comment about full compensation.

I have the impression that the language of the bill does not really completely compensate the growers for every item of loss, that the fair market value concept spoken to there refers to the value of the chicken at the time of slaughter and that there are a number of dislocations and financial costs involved in this which would not be fully met. So I am sure that some of the growers would want to comment upon that subject, but the one item that particularly concerns me, Dr. Mulhern, in your testimony is that you seem to refer to this almost as though it were a natural disaster, where you mentioned, say, the eucalyptus problem in California, which was a natural disaster. The thing that distinguishes this from some of the other mishaps that occur in this country is that this was directly caused by the Environmental Protection Agency. They were directly responsible for ordering the product off the market without any negligence on the part of the growers. That is why I personally feel that the Federal Government has a far more direct responsibility for providing compensation to these growers than if, say, a hurricane came along or a drought or something for which the Government is not itself directly responsible. I wonder if you might comment on that.

Dr. MULHERN. I definitely see the distinction between the two. Your point is well made about the difference between a natural disaster and this is a situation in which we have a chemical contamination. I guess the precedents are somewhat related when you look at this and compare it with the point that has been narrowly made about pesticides found in the milk and the compensation to the dairy farmer.

Mr. BOWEN. You do, then, feel that that would obviously strengthen the case for Government compensation if, in fact, a Federal agency were responsible for a ruling which would disallow sale of the product in the marketplace on the part of producers who were in no way themselves responsible for the mishap that occurred to them?

Dr. MULHERN. I am not in a position to answer that specifically. I will just say that there is precedent established in the area of milk contaminated by a pesticide.

Mr. BOWEN. Thank you.

Mr. JONES. Thank you, Mr. Bowen, for those questions, and you, Dr. Mulhern, for the answers.

Now I refer to the ranking minority member of the committee, Mr. John Zwach.

Mr. ZWACH. Thank you, Mr. Chairman.

Let me say first that I am also a producer in the State of Minnesota and have experienced some of these same types of losses, not in poultry but in other areas. I think the Government has a long history of helping in time of need, going clear back to tuberculosis eradication, Bangs eradication, the bee indemnity, and the milk contamination. I would like some further answers to various questions that I have and I wish you would make note of these.

First, I would like to know whether the affected producers are getting back into production. Are the producers already starting to get back into production? I think maybe you could answer that, Commissioner of Agriculture Jim Buck Ross. What is happening? Are the producers getting back in production? Are eggs again being hatched? Is the production process starting again?

Mr. Ross. Here is the way this thing works, Congressman. These men have breeder flocks and it is worse than a dairy. These chickens are going to lay every day and these chickens are being hatched.

Mr. ZWACH. So you are breeding to hatch?

Mr. Ross. Yes, as they come from the breeder flocks, they go to the hatcher. Now, these baby chicks will be put back into the houses. But as the baby chicks get larger and larger, a cash flow is going to have to come back into that business that has been cut off in order for that business to survive, sir.

Mr. ZWACH. Now, another question that I would certainly like answered is the extent to which these producers are covered by insurance.

Mr. Ross. No sir, not in this case.

Mr. ZWACH. None of these producers carries insurance to cover this kind of loss?

Mr. Ross. None that I know of, no, sir. Not in this case.

Mr. ZWACH. Will you check that and be sure?

Mr. Ross. I will check it and supply it to you.

Could I answer another question for you? Could I comment for just a second?

Mr. ZWACH. My time is limited, but briefly, yes.

Mr. Ross. Sir, when the producer goes out, this contract grower goes out. They are one and the same.

The other thing, Ralston Purina has been brought up here. Ralston Purina is not even in the chicken business anymore. They are out of it completely.

Mr. ZWACH. They are out of it.

Mr. Ross. Yes sir.

Then on these workers, this grant from the Labor Department did not work as the young lady brought out. Just let me give you quickly about the food stamps.

The workers went down to the food stamp office. They did not have the people to process them. I called to Washington and all around and they were going to try to get workers in there to process them. I sent

secretaries from the Mississippi Department of Agriculture and Commerce down to the food stamp office to process them.

Mr. ZWACH. Were these grower contractors the little people? Were they compensated for the chickens that were killed?

Mr. ROSS. Not yet.

Mr. ZWACH. They have not been compensated yet?

Mr. ROSS. No sir. And the man has a mortgage on his place. It costs about \$2 a bird. If you have 10,000 birds in a chicken house, it will cost you \$25,000 to build this—

Mr. ZWACH. Will he share in this indemnification?

Mr. ROSS. He will share, yes sir.

Mr. ZWACH. He will share.

Mr. ROSS. Yes, sir, and it is possible from the excretion of the birds to get his chickenhouse contaminated.

Mr. ZWACH. Can we get accurately the various ages of how many chickens were 2 weeks old, how many chickens were a week old, et cetera?

Mr. ROSS. Yes sir, we can get you that.

Let me clear up another thing. I was quoted as saying \$1 a bird. A live bird today is worth about 23 cents. At 8 weeks and 3 days old, we do a good job, that bird will weigh close to 4 pounds. You multiply that out, 23 by 4, and that is 92 cents. You have to put some criteria on it and naturally, anybody knows that the value of the bird is less as the bird gets smaller.

Now, I would like to say just one other thing. It seems to me you have two philosophies at variance here. One, you have a group of men who are taxpayers, who built communities, who are paying our salaries. Then you have another philosophy here of people who have never met a payroll, never ate an apple with a worm in it, that do not seem to understand that when we sold this wheat to Russia and others that the cost of doing business went up, up, up, up, and you have to get a price for your product or you are going out of business and that the profit element still exists if you are to pay all of these bills.

Mr. ZWACH. Now, I would like to ask Mr. Mulhern a question. Are you proceeding to find out exactly what happened? I am sure this subcommittee wants to know exactly what took place and see where the fault lies and what might be assessed with regard to liability. That would be your job?

Dr. MULHERN. Mr. Zwach, I dislike giving you a bureaucratic answer, but that would be the job of the Food and Drug Administration. I am informed that they are actively involved in carrying out this investigation. I can just say that we have intense interest in it also and are in contact with the Food and Drug Administration.

Mr. ZWACH. Does the State of Mississippi OK this pesticide for proper use? The U.S. Government has. Does your State? States also, you know, must also approve.

Mr. ROSS. Under our plant protection division, we have certain uses and I mentioned a while ago that the only use that we have been using it for since the late 1950's has been in termite eradication.

But let me tell you one point that we are making, Congressman. We are activating in our meat inspection laboratory, which is a cooperative program with Dr. Mulhern's office, equipment there to assist these

people in monitoring from here on, even though we are not obligated by law to do so. That is one precaution that we are going to take on our own to help.

Mr. ZWACH. If I have a moment left, I would just like to say to the young lady from New York that we are certainly glad to have you present. We are certainly glad because we see the tremendous gulf that exists between producers and consumers. You know, Americans have the finest food at the cheapest price anywhere in the world. The rest of the world, at one-half and one-third of the income of American consumers, want to buy our food.

There is nowhere else in the world that any people can produce broilers as cheaply as our producers; that produce beef as cheaply; that produce soybeans as cheaply. American consumers have been blessed with very low-priced food, requiring a very small part of their income; smaller than anywhere else in the world has gone toward food.

So now, we have got some real problems because of various situations, but really to make producer-oriented accusations with regard to the high price of food, is just not correct. We have the finest food, the cheapest food, and the rest of the people of the world, with their low incomes, are more than glad to buy it. So we are in a wonderful position and we can keep America this way.

I think my time is up, Mr. Chairman.

Ms. MILLER. I would like to make a comment in respect to that. That is that within the last few years, Americans, especially the poor and the working people, have found it harder and harder to buy nutritious meat and food to put on their families' tables. In fact, within the last 2 years, with the prices of food rising to outrageous levels, many of the people are faced with the prospect of seeing food priced off their table. In fact, they are unable to meet the prices that they have to see in the supermarkets.

Mr. ZWACH. Well, anyone who is working in America, who has a job, at these fine prices and high wages, certainly ought to realize that they are spending less for food than any other people in the world. They work fewer hours of their day for the food, and the best food, so that while the working people's wages have gone up every year since 1951, these poor producers have had no increase until the last 2 years. So we, meaning the consumer and the producer, need to visit with each other. We need to communicate. We need to understand each other. Because I can see the gulf that involves us here, and I believe we can and must close that gulf.

I guess I do not have enough time. I will listen to you afterward.

Mr. JONES. Thank you, Mr. Zwach. Your time has been used.

Now I would like to recognize Bob Bergland, a member of our subcommittee.

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

Dr. Mulhern, did I understand you correctly when you stated an investigation is underway to determine liability in this instance?

Dr. MULHERN. I said, Mr. Congressman, that the Food and Drug Administration is investigating—not the liability, but how this contamination occurred, what the source of it was, and to what extent it developed. You see, they have control over the feeds, and so it is their responsibility. Our responsibility is in dealing with the meat product.

The Environmental Protection Agency tells us what level is permissible in the meat. We test for that. When it is above that, we say you cannot process that meat. The Food and Drug investigation looks into where is the contamination coming from?

We have the responsibility of going to the farms and pretesting the birds before they come to market and then, if they are carrying these residues, the next question is how is it getting into the birds? First, you look at the feed, and this is done by the Food and Drug Administration. They carry out the investigation as to how the actual contamination took place and the extent and what the possibilities are of it occurring elsewhere.

Mr. BERGLAND. Mr. Etheridge, you said the source in this particular instance was a blended vegetable and animal oil. Has that been definitely established?

Mr. ETHERIDGE. Yes, sir, Congressman. That has through these five producers and through their lab tests, it has been definitely established that it came from one blender. This is not the original source, however. This is only a blender in Mississippi.

Mr. BERGLAND. Do those producers intend to find out at what point the contamination did occur?

Mr. ETHERIDGE. They will have to probably defer that to FDA. These people know the company in Mississippi that is responsible for the blending will be, as far as I know, pressed in time as far as these producers will be able to carry it, but they are awaiting further action from FDA, Congressman, I think as far as the original source of contamination process, how it is contaminated.

Mr. BERGLAND. Commissioner Ross, under the laws of your State, if the cause of this contamination is finally determined and negligence is disclosed, do these growers and the contract producers and the employees have any remedies.

Mr. ROSS. Yes, there will be redress in the courts.

Mr. BERGLAND. Do you know if such an effort is being organized?

Mr. ROSS. Why, certainly, when the investigation is completed, Mr. Bergland, but there is going to be this point, now, Congressman, as to whether this man had any—you remember, if you heard me a while ago, one of my recommendations in the future was to be sure that the man had adequate liability insurance and whether this man has anything to pay off or not, is going to be the typical question. You know the old axiom or cliché of getting blood out of a turnip.

Mr. BERGLAND. If the Congress does act to pass this indemnification bill and it is signed into law, will the producers then sever or discontinue any investigation of establishing liability?

Mr. ROSS. No sir. If it is signed into law, then that right subrogates to the Federal Government.

Mr. BERGLAND. So the Federal Government will proceed to recover any damages?

Mr. ROSS. Right, will proceed to recover any damages. So this could conceivably not cost the Government anything.

Mr. BERGLAND. Except the cost of determining the cause or establishing liability?

Mr. ROSS. Well, you have those attorneys on the payroll anyway.

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

Ms. CULLUM. Could I speak to that also, Mr. Bergland?

Mr. BERGLAND. Yes, ma'am.

Ms. CULLUM. It was our understanding that when we talked to the Senators and the Congress people about this bill, part of the wording within the bill would make it necessary for the Department of Agriculture to sue or to bring suit against whoever was at fault in order that the taxpayers will not have to bear the burden and that the amount in the suit would not be anymore than what the entire indemnification plan was—the amount of money. If this is wrong, I would like to be corrected. That is what I understand.

Mr. MONTGOMERY. It is section 3 of the bill, right of subrogation. It is in the bill.

Mr. BERGLAND. Section 3 of the House bill?

Mr. MONTGOMERY. Yes sir.

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

Mr. JONES. Thank you, Mr. Bergland.

Mr. Findley?

Mr. FINDLEY. Dr. Mulhern, does the Department of Agriculture recommend the enactment of H.R. 13747?

Dr. MULHERN. I can only refer to my statement.

Mr. FINDLEY. It is not clear there. That is why I ask the question.

Dr. MULHERN. Yes sir. It is intentionally not clear. I hate to say that but that is exactly the way it is.

Mr. FINDLEY. If the bill were restricted just to liabilities now apparent or to losses now apparent, would the Department then support the bill?

Dr. MULHERN. If the bill is evaluated and there are specific restrictions as to the conditions under which compensation would be paid, then the Department would want to reevaluate at that particular time and restate its position.

Mr. FINDLEY. Well, it can be accurately said that as of this moment, the Department does not recommend the enactment of the bill?

Dr. MULHERN. As it is stated, yes.

Mr. FINDLEY. I am impressed with the items you list indicating a lack of information about the circumstances. Are you aware of any evidence that negligence or error on the part of the Federal Government is responsible for the losses?

Dr. MULHERN. No, sir.

Mr. FINDLEY. Are you aware of any allegation that negligence or error on the part of the Federal Government is responsible for the losses?

Dr. MULHERN. No, sir.

Mr. FINDLEY. Then I would be curious to know by what rationale anyone could possibly establish the responsibility for meeting these losses on the shoulders of the Federal Government?

Dr. MULHERN. I believe that we tried to convey in our statement that we also feel that there are a lot of unknowns in this area that need to be studied before we should be in a position of committing ourselves one way or the other.

Mr. FINDLEY. Let me explain this way. Several years ago, the Federal Government declared the use of cyclamates was against the public interest. Canners had tremendous supplies of vegetables and fruits

in which cyclamates had been used which they wrote off as an inventory loss. They have been trying to get indemnity payment, but they have not succeeded. The payments have not been made. The Federal Government has not accepted responsibility for inventory losses even in a very exceptional circumstance like that, where the product contained an item that the Government had outlawed.

Now, here dieldrin is lawful within prescribed use. No blame has been established or even alleged against the Federal Government. So I am puzzled that there would be any question on the part of the executive branch of Federal responsibility to cover losses.

Dr. MULHERN. Well, our position is that the executive branch feels that there is much more study and investigation that has to be made before it should take a position.

Mr. FINDLEY. Much has been made of the dairy indemnity payments. I have always felt this is a very bad precedent for the Federal Government to establish, but in that case, the indemnity payments were justified because the ASCS organization had recommended that dairy farmers use DDT on alfalfa fields, which later caused the contamination. So there could be found some degree of responsibility. I do not know of any parallel to the indemnity that is contemplated by this bill.

Let me ask you, too, is the young lady correct, Ms. Miller, in suggesting that if this bill is enacted and funded, certain hatcheries and firms would be eligible for payments in excess of a million dollars each?

Dr. MULHERN. We have no data to substantiate that or deny it, really. If this bill is passed, there will have to be procedures set up and regulations established setting up criteria for compensation. We are a long way from anything like that.

Mr. FINDLEY. A lot has been said about the plight of the low-income worker and the small struggling farmer. I would like to ask the witnesses if they would object to an amendment to this bill which would limit the benefits to people in such categories.

Does any of you care to respond?

Mr. ROSS. I would object to it. I think the producer-processor is just as eligible as any of the other people in the other categories, sir.

Mr. FINDLEY. Mr. ROSS, would you say that the estimate of Ms. Miller is approximately correct that Southeast Hatcheries would get in excess of \$4 million, H. F. McCarty in excess of \$3 million, and Dr. Walsh's Quad County operation about \$2 million?

Mr. ROSS. I would say I have no way of knowing, sir, but I would say those were excessive.

Could I say this?

Mr. FINDLEY. Surely.

Mr. ROSS. Here is my contention, that here is a pesticide that is authorized to be used. Now, in the bird itself, it is 0.3 part per million—you see, parts per million. Like a million miles to the Moon, that is 1 foot. Here a man is doing business and without any knowledge whatsoever, some way, this pesticide gets into his feed.

Mr. FINDLEY. Would it not be logical to find out who is responsible for the introduction of the—

Mr. ROSS. That is being done, Congressman.

Mr. FINDLEY. Then why shift the burden to the Federal Government when there is no indication whatever that the Federal Government is responsible?

Mr. MONTGOMERY. Excuse me.

Mr. McCarty is here. He would like to state that his loss would be, Congressman Findley, between \$1.34 million and \$2 million and Ms. Miller's statement is excessive. She says \$3.2 million. So it is excessive.

Mr. FINDLEY. Well, I am glad to have that corrected.

Mr. MONTGOMERY. And we have them all right here, too, Mr. Findley. The producers are here.

I would like to make just one other comment, your question to the doctor about do they have responsibility, was the Government at fault? Naturally, I would expect him to say that they were not at fault and I would like the record to reflect my views on that point.

But also, you could ask the producers, and I wish you would ask the question, are they in any way responsible for the presence of dieldrin in the vegetable oil—

Mr. FINDLEY. But the fundamental question that comes up is the extent of public responsibility for business losses. Now, the Farm Bureau sent up a letter that I must say surprised me, because it suggested, and this is not an unreasonable interpretation of the Farm Bureau letter, that suggests that the Government has a responsibility to reimburse "losses as a result of causes not of their making or under this control." I quote that directly. That is a pretty sweeping proposition for Federal responsibility, and I hope that those who are in this room will ponder seriously whether they want the Federal Government to undertake a responsibility of that degree. That is what we really get down to in this bill.

I know I have exceeded by time, Mr. Chairman. I have some more questions. Maybe I will have a chance later on.

Mr. JONES. Thank you, Mr. Findley. We will come back to you if we have some extra time. Now, to Mr. Brown of California.

Mr. BROWN. Mr. Chairman, I have no specific questions, but I do have a couple of comments.

I am troubled, as Mr. Findley is, by the degree of Federal responsibility in this area. I think I can, however, visualize a justification for indemnification under the general welfare clause of the Constitution and on the basis of precedents involving catastrophes of various kinds in which the Federal Government has accepted certain responsibilities. I am not sure this situation meets those criteria, but I am looking for more information.

Just as a second matter, I would like to ask Ms. Cullum and Ms. Miller in a general way if they have any further comments they would like to offer in response to any of the testimony they have heard from any of the gentlemen?

Ms. MILLER. Well, obviously, from some of the remarks that have been made in this questioning, such as the EPA is "supposed to be involved in carrying out investigations" and "well, perhaps, we could refer to the FDA to investigate where contamination did occur"—obviously, these questions have not been given the consideration that they really deserve. We are talking about giving millions of taxpayers' money, taking money from the people who can least afford it and

giving it to people, producers who make in the millions every year, who do millions of dollars of business a year. Contrast this then to a poultry worker in Mississippi who is making \$74 a week and who, if they go on welfare, would get \$30 to \$34 a week—that is unemployment. Now, you are putting the burden of this on the people who are least able to afford it, the poor and the working people in this country. This is before any investigation is done as to where the contamination occurred. Just who is responsible? Just who should be paying these indemnities? It is not us. We did not contaminate these chickens, we did not destroy them. We want a full investigation, and before any kind of legislation of this type should be rammed through, we should know just where the money would be going, who would be allotted this money. Certainly, given most priorities, it should be the working people who are now out of jobs, the poultry workers who were struggling on \$74 a week and are now faced with even less.

Mr. Zwach had talked before about Americans being most able to get cheap food. If we look at a family trying to survive on \$74 a week, probably many of these poultry workers cannot even afford the chicken that they help to produce. This is what we are talking about. We demand a full investigation.

Mr. MIZELL. Mr. Chairman, are witnesses under the 5-minute rule also?

Mr. JONES. That is a good point.

Mr. BROWN. Ms. Miller, I was not asking you to make another presentation, but just to make any response to any allegations in other responses.

Ms. CULLUM. I would like to make a brief comment. I feel it is difficult from our perspective of the poultry workers themselves. There are people down there who do not have money and in that aspect, I would like to see it passed as soon as possible. But on the other hand, I am aware, as not only the poultry workers themselves who are taxpayers, but other people in the United States, that there really needs to be an investigation of this. It seems quite clear that no one really knows who is at fault or if there is someone at fault, if they have liability insurance or not. It seems like we are running into this without really knowing the facts.

Mr. BROWN. I think your testimony on this point, of course, merely corroborates the views of the Department of Agriculture. They would agree with you that additional investigation is necessary and I think that all of the members of this committee would agree with that.

Just as a general point, I think that public policy and elementary justice would be concerned with the welfare of the workers in this area, but we have not yet gotten to the point where if public policy and elementary justice require indemnification, we would preclude people from that merely because they are large scale operators. If they are otherwise entitled, I think they would be eligible, whatever legislation the Congress passes.

I have nothing further, Mr. Chairman.

Mr. JONES. Thank you very much, Mr. Brown.

Mr. Mizell.

Mr. MIZELL. Thank you, Mr. Chairman.

Of course, it has been alluded to this morning that these producers who would be compensated under this are somehow extremely wealthy men and just rolling in profits. We have some of these producers here.

Mr. McCarty is one who is here. I just wonder if he would like to respond to this since he might be one that will recoup some of his losses.

**STATEMENT OF H. F. McCARTY, JR., McCARTY POULTRY FARMS,
MAGEE, MISS.**

Mr. McCARTY. I would be happy to speak, sir.

The young lady charged I was asking for \$3.2 million. I have a total of birds on feed at any time of 3.2 million birds. I know that we have destroyed 2,235,000 to date. We rather carefully calculated our loss to date as between \$1¾ and \$2 million. That is total losses, including payments to the growers, that to which they are entitled, and payments to the processing plants, that to which they are entitled—processing plant workers, I should say.

The charge that we are asking for \$4-something million, \$3 million is utterly false, if I can put it in that frame.

Mr. MIZELL. Thank you, Mr. McCarty.

And of course, the question here is who is responsible. I think this is a very important point. But I think the Secretary of Agriculture, for myself, made a good point a few moments ago if I understood him correctly in response to questions by Mr. Bergland. It is while in this case, if the legislation is enacted, the Government would reimburse the men who have experienced the loss—that is, the producer as well as the man who contracts to produce those chickens—and then, of course, it would be incumbent on the Federal Government to find out who was responsible and then the Government would recoup the loss.

Is that correct?

Mr. Ross. That is right, yes, sir.

Mr. MIZELL. And in the meantime, if we could not enact the legislation and there is not some compensation for these men, what do we do in the meantime? We need to get some more chickens back in the pipeline, do we not?

Mr. Ross. Right.

Mr. MIZELL. If you will recall, it was not the producers that were responsible for the shortage of poultry and increase in the price of poultry that we experienced this past fall, but it was the way that price controls were implemented to where they had to take the chicken out of the pipeline or else force themselves into multimillion dollar losses. Therefore, it took a while to put this food back into the pipeline. This is what increased the cost and this was an action by the Federal Government.

So all of the responsibility does not rest on these producers.

I do think it is important that we take some action to get some chickens back into the pipeline and therefore, try to avoid the increased cost of the chicken in the market and to the consumer. My interest is in that. I have producers and I have consumers and I have taxpayers as well. So I think it is time we do take responsible action here for this situation.

Mr. MONTGOMERY. I certainly agree with what the gentleman has said. It has certainly been pointed out that there has been a terrific economic depression in this area; 2,100 people, as the doctor said, are out of work down in Mississippi now.

To Mr. Findley's point, there has already been a precedent set. It was done by this committee with the milk producers, with the beekeepers, and with cranberries. So if you do not help some of these producers out, they are not going to make it. People are going to be out of jobs, the prices of chickens are going up. It just seems logical. We are not trying to rush anything through. They are entitled to some compensation and also the employees are entitled to some help.

Mr. MIZELL. Mr. Mulhern, in response to Mr. Findley's question, you said the administration did not agree to this legislation as it is drafted. Would it be more acceptable to you if there were a time limit on the legislation? In other words, trying to direct it toward this specific disaster?

Dr. MULHERN. Yes, sir, Mr. Congressman. We said that if there were compensation to be paid, it should not continue longer than the end of this calendar year.

Mr. MIZELL. By the end of this calendar year?

Dr. MULHERN. Yes, sir. Our feeling is that surely the investigation should be completed and whatever is responsible for the contamination should be taken care of by that time.

One thing more while I am speaking. I hope that I am conveying to you that it is my understanding the Food and Drug Administration is actively investigating this problem.

Mr. MIZELL. In that case, then, even though we would enact the legislation, it is possible that there would be no cost to the Federal Government if they were able to recoup these losses from those who are responsible, is that correct?

Ms. CULLUM. That was my understanding of the bill.

Dr. MULHERN. If this bill is passed, the only cost would be the cost of administration that would be involved in recouping from the responsible persons, assuming we are able to recoup.

Mr. MIZELL. That would be very minimal at the most in comparison to the economic loss we are talking about, would it not?

Dr. MULHERN. Yes, sir.

Mr. MIZELL. Am I to understand you correctly that the average poultry processor just makes \$1.85 an hour?

Ms. CULLUM. The average poultry worker, yes.

Mr. MIZELL. That is the average?

Ms. CULLUM. That is the average.

Mr. MIZELL. Of course, you might as well get ready for the price of chicken to go up, as the minimum wage will soon increase. This will be an increase in salary, and of course, it has to be an increase in cost on to the consumer along with that.

I am not opposed to it. I supported the wages and hours bill. But of course, these are cost factors that we are talking about.

Ms. Miller, I want to ask you one question.

Ms. MILLER. Before you ask that question, I would like to answer.

Mr. MIZELL. No, I want to ask the question first and then I am going to let you answer.

My question is this: I assume that you—is your headquarters here in Washington or in New York, as it is noted on the letter?

Ms. MILLER. The national headquarters for Women United for Action is in New York City.

Mr. MIZELL. I assume you are down here quite often, is that correct?

Ms. MILLER. No, it is incorrect. As a matter of fact, it is very difficult for women who have jobs to get off from work and come down to Washington, D.C., for what is supposed to be a public hearing for something that affects consumers across the country.

Mr. MIZELL. Were you or was it your group that was in the House Gallery when we were considering the dairy legislation that was escorted from—

Ms. MILLER. When you were ramming through legislation that was going to raise the base price of milk, yes, we were.

Mr. MIZELL. When we were trying to insure that we were going to have milk for the consumer in this country. I think that is a better terminology to place on it.

How do you finance your organization?

Ms. MILLER. Excuse me?

Mr. MIZELL. Who finances your organization?

Ms. MILLER. We are a self-supporting organization.

Mr. MIZELL. Then on the bottom here, it says: "Union labor donated." Is this just that labor donated to the preparation of the statement? Or is this—

Ms. MILLER. The donation is for the printing of the stationery, the letterhead.

Mr. MIZELL. I see. Not in the preparation of the statement.

Ms. MILLER. No.

Mr. MIZELL. You did that for yourself.

Ms. MILLER. That is right, it is hard to believe, is it not.

Mr. MIZELL. And you are a working girl?

Ms. MILLER. That is right, I am.

Mr. MIZELL. Where are you employed?

Ms. MILLER. I do not understand what this kind of questioning has to do with anything.

Mr. MIZELL. My point is you have alluded many times to taxpayers and of course, I am just wanting to know if you are a taxpayer like the rest of us.

Ms. MILLER. Well, I am, as a matter of fact.

Mr. MIZELL. Well, good. Then I think you have a right to defend the taxpayer. That was the point I was getting ready to make. Because we have many who champion for the poor taxpayer who do not know what it is like to pay taxes. So I am glad that we have that cleared up.

I can assure you that I am one of those who would defend your right to come down and present your testimony before this committee. We just like to try and eliminate as much rhetoric as we can and get down to the facts when and if we can. So this was a point of my line of questioning.

Now, you wanted a few moments ago to address yourself, if I still have some time.

Mr. JONES. Your time long ago expired, Mr. Mizell.

Mr. MIZELL. Thank you, Mr. Chairman.

Mr. JONES. Let me go to Mr. Stubblefield and if we have some more time, we will come back.

The ranking member of the subcommittee is here and he is a former chairman of this committee, Mr. Frank Stubblefield.

Frank, I would like to give you an opportunity to ask any questions that you would like.

Mr. STUBBLEFIELD. Well, Mr. Chairman, I do not have any questions. I am just interested in seeing this work out to the benefit of all concerned. Certainly, as this subcommittee will recall, we went through this with the cranberry people, with the bee people, and on several occasions, the milk people. Now we are into tornadoes in my State. I think whatever responsibility should be borne here, certainly, we want to be part of it and try to work it out to the best interest of everybody concerned.

I do not think this is the place to get into any controversy about the price of milk. After all, milk is like everything else; it has a cost of production attached to it and if the dairy farmer cannot make a profit, he is going out of business. The same way with the chicken people and everything and everybody else. You have a profit motive that has to be there or you are not going to have it. I hope this is worked out to everybody's satisfaction—consumers, producers, everybody else.

Thank you.

Mr. JONES. Now, counsel has a question they would like to ask.

Mr. MURRAY. Dr. Mulhern, as you know, one of the requirements the committee has is to have a 5-year cost estimate of any legislation that it reports. You mentioned that there may be minimal cost to the Government if the subrogation provision is enacted and there is a successful suit. But that assumes, does it not, that the person or persons who are responsible for this wrongdoing have the millions of dollars that are involved in the claims?

Dr. MULHERN. Absolutely.

Mr. MURRAY. And it could well be that an individual that is responsible for this particular malady was a person who did not have much money. He might have been a railroad worker who worked dieldrin in with feed accidentally or in some other way there may not be a viable defendant in terms of the Government suit. Is that correct?

Dr. MULHERN. This is certainly true.

Mr. MURRAY. Then following that rationale, the legislation, of course, is prospective and picks up this particular bad circumstance that occurred in Mississippi, but it would go through the life of the farm bill up through 1977 and would include contaminations that would occur in poultry from this date on forward, would it not?

Dr. MULHERN. Yes.

Mr. MURRAY. In your experience with APHIS, what is the annual loss to the poultry industry for contamination because of pesticide residues?

Dr. MULHERN. Since 1969, the cost would be \$20 million.

Mr. MURRAY. Annually?

Dr. MULHERN. No, that is the total. And it would vary from less than \$100,000 in a year to as high as \$4 million in a year.

Mr. MURRAY. Could you furnish to the committee a projection for the period of life of this legislation as to what the anticipated claims could be contemplated?

Dr. MULHERN. Yes.

It is not possible to project indemnity costs with any accuracy, since we cannot predict what future incidents of contamination may occur,

nor how severe they might be. We estimate that the cost of the poultry involved in the recent Mississippi situation could reach \$10 million. We know that other similar incidents since 1969, not limited to poultry, have cost a minimum of \$20 million, although we consider this to be a very conservative estimate. These two figures taken together could be used as a projection, but we would have little confidence in it as a basis for judging future costs.

Mr. MURRAY. And in that, if it would be proper, could you include a projection on what it would cost to indemnify workers that are involved in the poultry industry. As you know, the Senate committee in their version of this bill have included indemnities to the workers as well as to the chicken farmers and processors. Would you do that?

Dr. MULHERN. We will do everything we can to provide that, too, sir. The Department of Agriculture has no experience on which to project the cost of compensating workers. It would depend on the number and severity of incidents and the extent to which workers are able to make up loss in pay through unemployment compensation, food stamps, substitute employment, and other means.

Mr. MURRAY. Thank you, Mr. Chairman.

Thank you very much, Mr. Mulhern.

Mr. JONES. Now, we have a little more time here. Congressman Montgomery has a producer in the audience who would like to make a statement.

Mr. Gaddis of Mississippi.

STATEMENT OF FRED GADDIS, GADDIS BREEDER FARM, MISSISSIPPI

Mr. GADDIS. Mr. Chairman, fellow members of the committee, I appreciate to come here to talk in behalf of this bill because I am one of the grower-producers directly involved. I come here pleading for the ability to stay in business because my inventory has been destroyed. I come here pleading today for the right to pay the grower that works on contract for the small business that I run as a family business. I have in my hand here a copy of a note that I had to give my grower because I knew that I buried his chickens according to USDA, EPA, FDA, Mississippi Health Department, and all the other government agencies that were there to supervise the destruction of his chickens that I had my money in, that he had his investment in and his labor. I gave him a cash payment of \$40 per thousand. I gave him a note for the balance of my moral and contractual obligation to this grower. I gave him a note for the difference if I am ever able to pay it.

Sir, I do not feel any guilt in my mind about the fact that I know that we have to do business in volume in order to get our costs of production down in order to compete in today's food world. I would like to tell you frankly that I have recently built, my family and I—our small family corporation—a new modern poultry production plant. It is mortgaged to the hilt. I do not know whether I am going to be able to sustain the ability to stay in business or not.

You do not see my company having been attacked for bigness, because my company is a small company and I think that in that light,

I have the right to come before a committee such as you and plead for the mere existence, to be reimbursed for something that I had no control over whatever, plus the fact that I feel the same degree of loyalty to these growers that have worked for me over the years who have their life's estate involved. I plead for the right to have the ability to pay them what I legally and morally owe them.

I have also served, sir, as mayor of a city of 4,000 people, the county seat where the major part of the problem has existed, Forest, Miss. During my tenure of office there, we floated many bond issues there for the support of the very poultry industry that supports the economy of our community. Our community's economy is based principally, about 60 percent, on the poultry income.

I am also a member of a small church there whose budget is based on that and they are taking a new look at their budget, for example, because of the catastrophe that this thing has caused this small community of Forest. I know that the bond issue at stake in the city of Forest will not be paid off on schedule unless the poultrymen such as I and the others here have the ability to stay in business.

Thank you, gentlemen.

Mr. JONES. Thank you very much, Mr. Gaddis.

There are two or three other members of the committee here who would like to ask another question.

Mr. Findley, I believe you had one.

Mr. FINDLEY. Yes. I would like to ask the Department witness if he is aware of any indemnity program, past or present, which reimburses lost wages of workers?

Dr. MULHERN. No, I am not aware of any.

Mr. FINDLEY. Is there any indemnity program which reimburses downtime for equipment or other facilities?

Dr. MULHERN. None within my agency, none that I am aware of.

Mr. FINDLEY. I would like to ask the growers if insurance is available to cover hazards such as has occurred here.

Mr. McCARTY. Sir, I carry product liability insurance which will protect my firm against a consumer who purchased poultry that made them sick. This is the extent of the liability insurance or protection insurance that is available. I carry business interruption insurance in case of natural perils, and you are familiar with that. There is no insurance available, so far as I know, which would protect in a situation like this.

In fact, I visited with my insurance agent in the last 2 weeks about this sort of coverage and he says, "Mike, I know of nothing."

Mr. FINDLEY. The young lady said that the average wage of poultry workers is \$1.85. What is the lowest wage paid?

Ms. CULLUM. I think, from what I understand, that the lowest is \$1.55 or \$1.65. I am not really sure.

Mr. FINDLEY. Finally, I want to urge the young ladies to come back again. I know that one of you bristled a bit at some of the exchanges you had, but you have a viewpoint that ought to be expressed in the Committee on Agriculture and expressed on many bills that come forward. So I hope your experience here will give you an incentive to come back and try again.

Thank you, Mr. Chairman.

Mr. JONES. Mr. Etheridge, did you have something to add?

Mr. ETHERIDGE. Yes sir, Congressman.

To the insurance question, I, along with Mr. McCarty, checked into this insurance coverage for this contaminated product. The insurance is not available, to their knowledge, and this is one of the major insurance companies in the United States. There was not, to their knowledge. One of the main reasons is that the administrative action level of any pesticide could be changed at any time and they would not, to that specific point, they would not be interested, and the cost, also, would be astronomical if it could be available. Therefore, the price of the product would move up in accordance with this.

Thank you.

Mr. JONES. Mr. Mizell, did you have some more questions?

Mr. MIZELL. No more questions, Mr. Chairman.

Mr. JONES. Dr. Mulhern, I have one question I would like to ask Mr. Weir. I believe he will be handling the indemnity payments in case the bill becomes law. Is this not correct?

Dr. MULHERN. Yes sir, that is true, sir.

Mr. JONES. Would you have any difficulty down at ASCS in being able to make these payments to the proper people who are entitled to them? Would this give you any sort of problem at all?

Mr. WEIR. We could administer this program as the bill is written in the very same manner in which we administered the milk indemnity payments and the bee indemnity payments. No, it would not cause us any problems.

It would cause problems if Congressman Montgomery's proposed amendment were introduced on the labor side. We have no expertise and no background or experience in making those kinds of payments.

Mr. JONES. As far as getting the money to the right people, you could do this with no difficulty whatsoever?

Mr. WEIR. Yes, sir.

Mr. JONES. Do you have any other comments you would like to make while you are here?

Mr. WEIR. I believe not, Mr. Congressman. Any questions that might be from other members, I would be glad to try to answer them on the administrative payments that we would make.

Mr. JONES. Do you have an estimate of what the first-year cost on this proposed legislation would be?

Mr. WEIR. No, I do not have. We have not really gone into this proposed cost on this particular proposal.

Mr. JONES. Does anyone else have a question of Mr. Weir?

Mr. MIZELL. Mr. Chairman, just a thought in connection with indemnity payments to workers. And of course, we do not know what Congress is going to do. But if you pass indemnity for workers, I assume that any unemployment they have drawn or food stamps that they have received or compensation of this type that has gone to the worker in the processing plant, I assume that would be taken into account for any compensation that would go for the workers?

Mr. WEIR. That is true, Congressman Mizell. I think that that could be administratively worked the same as any income from the indemnity payments in the bees and the dairy, in which we do make a deduction from the payment.

Ms. CULLUM. Could I speak to that point?

Mr. MIZELL. Yes.

Ms. CULLUM. Just briefly. I think it is my understanding, just to correct things if it is not true, that these payments that would be covered under this bill to workers would be the amount that is left over after the unemployment compensation and the additional amount of food stamps that are available now to workers, not the total amount, since most of the workers were eligible for amounts of food stamps prior when they were working.

Mr. MIZELL. Thank you.

Thank you, Mr. Chairman.

Mr. JONES. Mr. Moore, since we have a little time yet, we would be glad to hear from you. You are a producer, I believe.

STATEMENT OF FRED MOORE, MOORE FARMING CO., MORTON, MISS.

Mr. MOORE. That is correct.

I am Fred Moore from Morton, Miss., one of the five producers involved. Since I was mentioned in the report of Ms. Miller, I would like to make a response to her report.

First, I was alluded to as being wealthy. I think wealth is perhaps a relative thing. To a person who has one cow, a man with two would perhaps be wealthy and the man with one flock or two flocks, he would assume a man with three or four more to be wealthy.

I would be happy to submit to the committee, at your request, a financial statement prepared by a certified accountant if you so desire. I believe such a report would readily show to you that I am not wealthy by most standards of today. It would also reveal, I believe, that we produce perhaps more food in relation to our net worth than most of the producers in the country.

Also to the statement that was made or the allusion to the statement I made concerning the fact I expect to get a million dollars given to me from the Federal Government, I have not made such a statement. I have not felt that any payment would be a gift, but I have not speculated on the fact that such would be done by the Government. I have simply said that we anticipate losses in the area of \$800,000 to \$1 million and that hopefully, the Government would see fit to indemnify so that we, like Mr. Gaddis has mentioned, could pay our obligations and liabilities to our growers and our workers and our creditors.

One other comment about our financial position. Approximately two-thirds of our net worth at the time of this catastrophe was represented by poultry in production. If we lose as much of it as it appears today that we will, it is very doubtful that we will be able to get the credit to continue operating at our present level.

Thank you, sir.

Mr. JONES. Thank you very much, sir.

Mr. MONTGOMERY. Mr. Chairman, one other gentleman would like to speak if he could. He is also a producer. Before he speaks, I would just like to say again, by no fault of their own and as a result of Government rulings, these gentlemen have had to destroy their flocks at great economic loss to our State.

Dr. Walsh would like to make a comment if he could.

Mr. JONES. Dr. Walsh, we will be glad to hear you until the bells ring.

STATEMENT OF DR. E. C. WALSH, QUAD COUNTY FARMS,
SEBASTOPOL, MISS.

Dr. WALSH. Thank you, sir. Since I was mentioned by the young lady, I wish I was as optimistic as she about my bankruptcy.

I would like to go back just a little bit and give you a little history of my participation in the poultry business. I am probably the youngest in the poultry business, we having opened the business in April 1970, in which we went for 13 consecutive months in the red. We have just, by the grace of God, been able to stay in business. So with this, we anticipate that our loss would be in the vicinity of \$1¼ million. So I will leave it to your own judgment as to whether I can sustain such a loss and stay in business.

I have participated in the poultry business in trying to promote the welfare of the poultry business for the past 20 years. I have done most of this in my spare time while carrying on a full-time practice in the dental profession. I have done it for the betterment of my community, not for any personal gain. I wanted to set that record straight, that I, too, as these other gentlemen, are here trying to stay in business. We have promoted our business purely on the basis of trying to upgrade the community in which we are employed.

Our business is in a rural area where the little town which we are 2 miles from has a population of about 350 people. So we are strictly rural. This is where our poultry is processed and it is grown in that local vicinity.

Thank you.

Mr. BERGLAND. Mr. Chairman, may I ask Dr. Walsh a question?

Doctor, what is your connection with the cooperative?

Dr. WALSH. I am not connected with the cooperative. This is purely a family corporation. We are not a cooperative.

Mr. BERGLAND. Ms. Miller alluded to you as the owner of the Quad County Cooperative. I was curious about that.

Dr. WALSH. It is not a cooperative. It is a family owned corporation.

Mr. BERGLAND. And you contract with producers to raise the birds that will be processed in your facility?

Dr. WALSH. Yes, sir.

Mr. BERGLAND. Thank you very much.

Dr. WALSH. Well, not in my facility, no sir. The processing plant is a company that is owned by 10 stockholders, each with a 10th interest. I do not own the processing facility. I do own the producing facility.

Mr. BERGLAND. Thank you, Doctor.

That is all, Mr. Chairman.

Mr. MIZELL. Mr. Chairman, I just want to make one comment. Of course, this gets to the thing that was bothering me a while ago.

I appreciate the statements from these men because this clearly indicates that when you begin to deal in rhetoric and not fact when you are considering legislation, how far off base can you get. And you know, when you get off base, you can get tagged out awful easy.

So I appreciate comments of these men so that we might get things back in the right perspective.

Mr. JONES. Thank you very much, Mr. Mizell. I think you are speaking for the entire committee when you say this.

I know that I personally appreciate more than you know your presence here with your problem. I think you have presented it well. We have had some excellent testimony this morning.

I would like to announce that we will adjourn the meeting until 10 o'clock tomorrow, when we will be meeting in room 1302, just around the corner here, for consideration of the egg check-off bill and also the indemnity bill.

Thank you very much, gentlemen.

[Whereupon, at 12:20 p.m., the subcommittee recessed to reconvene on Thursday, April 11, 1974, at 10 a.m. for a business meeting.]

[The following statements were submitted to the subcommittee:]

STATEMENT OF HON. TOM BEVILL, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF ALABAMA

Mr. Chairman, distinguished Members of the Committee, thank you for this opportunity to speak on behalf of an important piece of legislation which I am proud to co-sponsor. H.R. 13747, the measure which we are considering today, would provide necessary indemnity payments to poultry and egg producers and processors to cover losses suffered as a result of the Environmental Protection Agency's order to destroy millions of broiler chickens determined to contain high levels of Dieldrin—a pesticide used on some food crops.

There are several questions as yet unanswered. We still do not know with certainty how the contamination of feed and chickens occurred. And we are not sure yet what the total losses will be—in terms of numbers of birds, or in dollar figures.

Laboratory studies of the effects of Dieldrin have showed a cancer-causing potential at certain levels, and in some cases development of cancer after prolonged exposure. Because it is difficult to make direct comparisons between animal and human reactions, we are not sure, at this point, what the actual danger to humans might be. Specialists say that we can presume a hazard. In fact, the Environmental Protection Agency is still conducting an investigation, begun last summer, on the advisability of the continued use of Dieldrin on Food crops.

The American public has been protected from the threat of contaminated poultry products by the recent sweeping EPA order to destroy all affected flocks. Officials of the meat and poultry inspection division at the U.S.D.A. have assured us that the contamination was discovered early enough to prevent marketing any birds containing intolerably high levels of the chemical.

I would like to express my appreciation to the U.S.D.A. for the efficient work of the inspectors in uncovering the problems before the hazardous products reached the commercial markets.

However, the chicken producers and processors involved have not been spared. We have not received a final dollar total to show the extent of their losses, but the estimates reach into the millions. At one point, the EPA estimated that ultimately up to 20 million birds would be destroyed.

The producers have been fully cooperative with the Federal Government. But they cannot be expected to shoulder all of this economic burden. If we do not act at once to indemnify those who have conscientiously abided by U.S.D.A. regulations, income will be lost, jobs will be affected, and the poultry economy will suffer. Many poultry producers will have difficulty continuing their farms, and some will be afraid to reinvest, in the face of possible market price instability and a recurrence of this kind of event. This is more than we can ask of these farmers.

Over the years, the Federal Government has built a good reputation for indemnifying agricultural producers who have had to remove their products from the market or who have been ordered to destroy the fruits of their labors. I am thinking particularly of the dairy and beekeeper indemnity programs under which the Department of Agriculture makes payments to dairy farmers, manufacturers of dairy products, and beekeepers who have been unable to sell their products because they contained residues of chemicals registered and approved for use by the Federal Government. The dairy indemnification program, you will recall, began in 1934, and beekeepers have been indemnified for their losses suffered since 1967. Through the end of June 1973, payments totaled \$11 million

This latest crisis facing the poultry farmers is a freak accident. The producers cannot be held to blame for the contamination of their flocks. But if we fail to award them the indemnity payments proposed under H.R. 13747 we would be punishing them, and we would run the risk of undermining the broiler industry in Mississippi, Alabama, and many other states. The eventual effects on the national broiler market would be devastating.

I hope this committee will act favorably and promptly on this bill, and keep the economic burden of this accident off the backs of the producers.

STATEMENT OF HON. TRENT LOTT, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF MISSISSIPPI

Mr. Chairman, I first want to thank you for the opportunity to present my views in support of H.R. 13747, a bill to provide indemnity payments to poultry and egg producers and processors.

As you well know, the action which precipitated this legislation was the Environmental Protection Agency's March 23 refusal to allow Mississippi poultry raisers to market some 22 million chickens, which represent about half of the total being raised at any time in the State and about 7 percent of the total in production in the Nation. The Agency's decision was based on a regulation which places a contamination danger level at 0.3 parts per million for the presence of certain pesticide residues in animals processed for human consumption.

Mr. Chairman, I am not protesting this regulation, nor am I debating EPA's decision. I am voicing, however, my concern for the livelihoods of 2,800 of my fellow Mississippians who are affected directly or indirectly because of the discovery of the chemical, Dieldrin, by Agriculture Department inspectors in amounts exceeding the permissible level. The resulting economic loss for the poultry producers will range anywhere from \$7.5 million to \$10 million. This is an agonizing figure for the chicken industry in Mississippi, one of the largest industries in the entire state.

This discussion naturally brings to mind the question of fault and responsibility for the problem. I can say unequivocally that the liability for the excessive presence of the pesticide does not lie with the poultry producer or processor. The chemical was innocently transferred to the chickens through the feed which they consumed. The pesticide, of course, had been applied to the food crops before being processed into chicken feed. From this realization it is obvious that the chicken industry in Mississippi is an innocent victim of an extremely unfortunate and untimely occurrence rendering it a devastating economic setback.

Therefore, I respectfully urge the committee to favorably consider directing the Secretary of Agriculture to make indemnity payments for poultry and egg products, at a fair market value, to poultry and egg producers who have been directed to remove their products from commercial markets, through no fault of their own, resulting from the March 23 decision of the Environmental Protection Agency.

STATEMENT OF JAMES F. FLEMING, DIRECTOR OF GOVERNMENTAL RELATIONS,
UNITED EGG PRODUCERS

Mr. Chairman and Members of the Committee:

On behalf of the members of United Egg Producers, I would like to thank you for this opportunity to state our full support of H.R. 13747, The Poultry Indemnity Bill, under consideration here today.

United Egg Producers is a federation of egg marketing cooperatives representing commercial shell egg producers in every state of the United States except Alaska and Hawaii. There are five regional egg marketing cooperatives affiliated with United Egg Producers. Our purpose is to work on problems of our shell egg producer members as they relate to improved efficiencies in production, distribution, and marketing of shell eggs in every state of the United States except Alaska and Hawaii. Our headquarters offices are located in Atlanta, Georgia, and we maintain a governmental liaison office in Washington, D.C. Our member offices are located in Norcross, Georgia; Durham, New Hampshire; Davenport, Iowa; Tacoma, Washington; and Sacramento, California.

H.R. 13747 was discussed by United Egg Producers Board of Directors on March 30, 1974, and received unanimous endorsement by the Board. We under-

stand this legislation will provide egg producers, and other poultrymen, similar protection as that already in effect for other segments of agriculture. We believe this legislation would provide the necessary relief egg producers, and other poultrymen, would need in time of catastrophic loss due to circumstances beyond his control that would insure the producer an opportunity to stay in business and provide consumers with the necessary food products of his production. Therefore, we believe this legislation is in the interest of both the producers and the consumers of poultry products.

Again, Mr. Chairman, on behalf of our members, we encourage passage of H.R. 13747. We would also like to commend you and your colleagues for giving this legislation your special consideration.

STATEMENT OF RUTH G. DESMOND, PRESIDENT, FEDERATION OF HOMEMAKERS, INC.,
ARLINGTON, VA.

Mr. Chairman and members of the subcommittee, I am pleased to have this opportunity to submit the Federation's statement in opposition to the bills for indemnifying the chicken raisers who were obliged to kill millions of their chickens due to illegal residues of Dieldrin.

Ever since its incorporation as a non-profit organization—this Federation has been concerned with the safety of foods, drugs and cosmetics. Its first statement was given at the FDA public hearing on the aminotriazole-contaminated cranberries FDA was forced to seize in November 1959. Through the years this grass-roots, nationwide group has been vitally concerned with the problems of FDA—especially its inspection problems. Its officers recall that FDA proposed the banning of both Dieldrin and Aldrin—as well as Chlordane—on agricultural crops at least three times. Always loopholes gave the manufacturers the privilege of asking for a ruling by the National Academy of Science. Its expert committees routinely recommended a lowering of the permitted tolerances on agricultural crops for humans and urged more testing (usually for two or more years) on laboratory animals. Only now is the Environmental Protection Agency holding a hearing on Dieldrin—apparently the result of a Petition of the Environmental Defense Fund to ban this dangerous and persistent chemical.

This Federation is thankful that alert USDA inspectors took action when they detected the illegal residues of Dieldrin in the chicken tissues. The public has to trust that not many chickens contaminated by suspect chemicals are overlooked through spot testing. As you are aware neither FDA nor USDA can guarantee that all contaminated chickens are discovered before marketing. There are knowledgeable consumers who do not believe the benefits of using these particular pesticides (Dieldrin, Aldrin and Chlordane) are worth the risks. (Attached herewith is a copy of the May 15, 1962 Statement this Federation presented before Chairman Lister Hill on behalf of an adequate budget for FDA—which outlines the hazards the public had to take because of the use in agriculture of many then very new but now recognized as excessively dangerous chemicals.)

It seems appropriate here to point out that when millions of broilers died on the East Coast as a consequence of highly heated fat being added to their feed—those who suffered the financial losses did not ask the taxpayers for compensation. This was about 1960 and FDA detective work isolated the cause of the deaths. It was a pure, white powder created from the black, tarry fats left over from soap manufacturing. This white powder was blended with the feed and caused fatalities—especially among the youngest chickens. This was labeled the "chick edema factor". Very recently the papers carried an account of dog food contaminated with lead arsenate. Many tons of this dog food had to be recalled by the innocent manufacturer. Some dogs who ate this meal became very ill and some died. It was determined the cause was a contaminated railroad car which had carried corn meal after its load of lead arsenate—without adequate cleansing. So far this manufacturer of dog food has not asked for tax monies for his losses and unfortunate publicity. It is to be assumed he has recourse in law.

As of this writing, FDA reports that the culprit in the residue problem is Dieldrin from industrial-type soy bean oil. The FDA reports that the processing

of soy bean oil for food and feed use eliminates unsafe residues of Dieldrin—which is used in cultivating soy beans. FDA reports that industrial-type soy bean oil with high residues of Dieldrin has been blended with the feed-type oil—either intentionally or accidentally. At this writing FDA is not certain if this blending was accidental. However it is apparent that the chicken growers have grounds for legal redress and to sue the manufacturers of the Dieldrin-contaminated oils which were blended with the feed-type oils. For this compensation to come from the taxpayers could create a precedent which might be costly to the public in several ways—not just financially. Other businesses would call on the Federal Agencies for reimbursement whenever they suffered losses in protecting the public's health from suspect chemicals. It could lead to carelessness rather than greater caution in protecting the health of the public. It could also have a restraining effect on Federal inspectors—who would realize their efforts to protect the public's health could lead to stormy and unpleasant consequences as well as to unfortunate publicity. Federal Agencies might fear punitive cuts in their budgets if they conscientiously seized dangerously contaminated foods with resulting publicity. Ultimately it would be the U.S. consumer who paid the costs—health and financial.

This Federation went on record three separate times against the cyclamate compensation bills introduced in the Congress, testifying against such legislation before both House and Senate subcommittees. In that matter a suspect chemical which FDA had already decided should be placed on the additive list was widely used with no limitations in foods and beverages consumed by the general public, including children's beverages and desserts. If compensation is called for, this group believes it should come from the manufacturers of cyclamates—not the taxpayers. In the Senate debate on S. 3231, Senator Eastland assured Senator Inouye that when S. 3231 passes the Congress he will aid in getting compensation for the commercial users of cyclamates (Congressional Record, April 23, 1974, Page S 6145).

Sadly, it may be necessary to have an unhappy incident such as the killing of the millions of illegally contaminated chickens with no compensation from the taxpayers to emphasize the need for greater caution when food is being produced for human consumption that it is free from unnecessary and illegal residues of dangerous chemicals. So many potent chemicals are permitted in raising crops and in producing foods (presumed to be safe in amounts used)—this type of hazardous-to-humans accident could occur again and again; especially if it is known the taxpayers will cover the costs.

The House Agriculture Committee meetings on S. 3231 seem to indicate that the employees of the large chicken raisers will receive State unemployment insurance. It would be unfair to penalize those who work for the large poultry raisers. However the large poultry raisers who were forced to kill the Dieldrin contaminated chickens have recourse to the law for their compensation. It would appear to create a unique precedent if the Department of Agriculture is elected to pursue the court actions instead of the prosperous chicken raisers.

Mr. Chairman, it seems timely for the Subcommittee on Dairy and Poultry to consider the plight of the average taxpayer who faces continuing inflationary prices with all of his purchases; takes involuntary health risks from misuse, careless use, and even abuse of dangerous chemicals used in the raising and processing of foods; then is asked to cover business losses resulting from circumstance of which he is not even innocently involved. In view of the foregoing this Federation strongly opposes favorable action on S. 3231 and similar bills.

STATEMENT OF RUTH G. DESMOND, PRESIDENT, FEDERATION OF HOMEMAKERS, INC.,
TO SUBCOMMITTEE ON LABOR AND PUBLIC WELFARE, SENATE APPROPRIATIONS
COMMITTEE, MAY 15, 1962

Mr. Chairman and members of the subcommittee. I am Ruth Desmond, Secretary of the Federation of Homemakers, a nationwide organization of public-spirited housewives. The Federation's officers welcome this opportunity to present the views of a representative group of housewives on behalf of an adequate appropriation for the consumers' Agency—the Food and Drug Administration.

This Federation was incorporated under the laws of the District of Columbia as a nonprofit organization by concerned homemakers who previously had

attended hearings on both the Food Additives and the Chemical Preservatives Acts. These founders were convinced housewives must be informed of the chemical treatment virtually all foods now receive and of the potentially harmful cumulative and synergistic effects which might result from ingesting residues of economic poisons, preservatives, additives, dyes and other synthetic substances in and on food. These informed housewives could then communicate their views on the need for better food legislation and its *enforcement* to their Congressional representatives.

It is the finding of our members that housewives have the right to knowledge of the risks their families may be taking because of modern developments in farming and processing foods since it is the responsibility of homemakers to make decisions and selections when marketing. Without knowledge of treatment and without accurate, specific, and informative labeling of processed food items—housewives are unable to make intelligent selections at the grocery stores.

Therefore it seems necessary that housewives have information about the responsibilities and financial needs of FDA in enforcing food, drug and cosmetic legislation. Federation members are aware that although budget appropriations for this Agency have increased greatly these past five years—so that the recommendations of the 1955 Citizens Advisory Committee have been substantially fulfilled—these increases have not been substantial enough to carry out effectively the new duties placed upon it by recently passed food legislation.

The passage of the Miller Pesticide Act in 1954 placed a heavy burden upon FDA. This Agency has to decide, as a result, whether tolerances are to be permitted or denied newly developed farm poisons certified by the Department of Agriculture. Then FDA must develop methods of detecting said residues on farm produce and fruits. It is a matter of record that FDA has not always a means of detecting residues of new economic poisons. The cranberry case is an excellent illustration of this strange situation which presently *still* exists. Federation officers attended and participated in the public hearing on the cranberry crisis where it was brought out by representatives of the cranberry industry that Aminotriazole had been used on many other crops—such as apples and pears. Testimony disclosed that until a month before the public hearing FDA scientists had no way of detecting residues of this weedkiller so extensively used. Testimony also revealed that research by its manufacturers proved 10 ppm could cause thyroid cancers in rats fed Aminotriazole. At the time of this public hearing Aminotriazole had been used at least two years by farmers. A frightening realization. It is our understanding that subsequent research by Russian scientists has shown that Aminotriazole is also capable of causing liver cancers in test animals.

At the cranberry hearing, Federation officers urged that the Department of Agriculture exercise greater caution in the future in certifying farm poisons. It was evident to Federation members that the thousands of combinations of certified poisons places an impossible inspection burden upon FDA.

A study of the records of the Aramite case was not reassuring to Federation officers. This miticide was given a Zero tolerance by FDA scientists. The developer protested and a scientific committee was appointed to study the controversy. Although this first Committee to study Aramite realized that long-term animal tests of this miticide must be carried out and recommended same—it nevertheless established a tolerance of 1 ppm for Aramite over the continued protests of FDA. Two years later, a second scientific panel decided that there should be no tolerance at all for Aramite—since animal tests proved it caused cancers of the bile duct in dogs and liver tumors in rats. Aramite, the *only* effective miticide at that time, had been used extensively on a wide variety of fruits and vegetables. This is not a comforting reflection for consumers—that a miticide capable of causing cancers in dogs and liver tumors in rats was permitted to be used on a wide variety of farm products for more than two years! We ask did the first scientific committee exercise judgment and responsibility when it permitted a tolerance for this miticide over the protests of FDA and before the required long-term animal tests had been made?

Because of the foregoing, Federation members are hopeful that Congress will re-study the Miller Pesticide Act in the light of its record. We think it appropriate to point out that eight years after passage of this Pesticide Act certain District offices of FDA are still without the delicate equipment required to detect residues of pesticides. Why? Eight years after passage of this Pesticide Act, FDA is able to check only 1/3 of 1% of interstate shipments of produce and

fruits for excess residues of pesticides—even when most pesticides are regarded as dangerous and some are known to be lethal! This Federation has recently inquired of the Director of the State Department of Agriculture for California, Mr. Paul, what percentage of produce and fruits California checks for excess pesticide residues and learned that no such records are made. Too bad, when California employs thousands of tons annually of economic poisons on its commercial farms. Mr. Ward Ross, Managing Director, Wisconsin Alumni Research Foundation of Madison, Wisconsin, when testifying before Chairman Fogarty and his Committee this year reported that the State of Wisconsin has no facilities for testing for pesticide residues. It is to be presumed that many states still do not have this expensive but necessary equipment and the facilities and trained men to determine if pesticide residues are present in food stuffs in excess amounts (and in many instances in unpermitted and decidedly dangerous amounts). This is not a reassuring situation for the captive consumer to ponder.

Many Federation members are conscientious wives, mothers, and grandmothers. They wonder if it is possible to *guarantee* (because of unpredictable weather conditions, application problems and the human element) that insecticide sprays and powders will spread evenly and remain only in the permitted tolerance levels on harvested crops—even if directions are followed exactly? Such a guarantee that tolerances have not been exceeded would be most reassuring to anxious housewives. Should not baby foods, canned goods, frozen vegetables and fruits, milk, cream and butter, and no doubt many other food items not listed here, carry guarantees that pesticide tolerances for these products have not been exceeded? If this guarantee is impracticable—perhaps impossible to carry out—then it seems wise to drastically reduce the number or types of farm poisons certified by the Department of Agriculture—in the best interests of consumers! Despite the lack of FDA inspectors and scarcity of equipment and facilities for carrying out detection—the practice seems to be to *increase* the amounts and varieties of economic poisons used in farming. (Who ultimately profits?)

If FDA's 1962 Budget had not received an Administrative cut of more than \$1 Million in the interests of governmental economy, this Agency had expected to check 1% of the annual 2,500,000 interstate shipments of farm goods by mid-1962. This specific budget slash meant that 58 new men were not hired and trained by FDA for this critically needed inspection of farm goods! If this proposed budget request for FDA is approved by the Congress then the Agency hopes to realize its goal of inspecting 1% of our Nation's interstate shipments of farm produce by mid-1963! Such dangerous poisons are now being used in farming that one would expect the Congress to demand that FDA check at least 10% of these interstate shipments. Most Congressmen have families taking these risks too!

We wish to praise FDA for a magnificent job of seizing and destroying filthy, decomposed, unfit foods annually—and also foods processed under unsanitary conditions. Many individuals are spared serious illnesses because of this alertness by FDA. The March 1962 Report on Enforcement and Compliance noted 1½ tons of California lettuce were found to bear residues of DDT and toxaphene in amounts exceeding the safe "tolerance" set by Federal regulation. This makes consumers wonder if additional contaminated shipments of this commodity escaped detection? FDA reports seizures of celery with residues of DDT. Once tons of frozen spinach, also contaminated with DDT, were seized by alert FDA inspectors before it reached the retail markets. We feel much like Representative Fogarty who is quoted as saying "When I eat vegetables and fruits, I wonder if I am lucky in getting a bite of that one-fifth of 1 per cent the FDA had money and manpower to inspect?"

It is appropriate here to remind this Committee that the Chemical Preservatives Act of 1959 placed an additional burden upon FDA inspectors since it permits the post-harvest treatment of farm produce and fruits with pesticides, fungicides, fungistats, etc. to increase shelf life. If the crates containing such farm products are not labeled as to such post-harvest chemical preservative treatment—FDA inspectors face an almost impossible task in discovering the chemicals used. This was brought out at the public hearing on this bill through questions by Representative Dingell of Michigan.

In 1958 Congress passed the Food Additives Act which added to the responsibilities of FDA. Although certain responsible scientists, among them Dr. William Smith of Englewood, N.J., a cancer researcher, advised limiting to a

minimum the additives needed for processing foods and then giving these few permitted additives and preservatives exhaustive scrutiny to determine their safety for use in foods for human—this advice was not heeded. The result of this Food Additives Act is that several thousand additives are now used in and on foods—and Congress has generously extended the time of many manufacturers to prove these frequently unnecessary additives are “Safe” in the amounts used. Some of these new additives appear to be used solely to replace nutritious food items in processed foods. This type of substitution increases our surpluses of certain food products—especially dairy goods.

The late Sir Edward Mellanby, who proved Agene, at that time used to mature and bleach flour, caused convulsive fits which killed when fed to dogs in bread, pointed out in his Sanderson Well Lecture “On the Chemical Manipulation of Food,” appearing in the *British Medical Journal* of October 13, 1951, that it is relatively simple for chemists to develop processed foods but that possibly there were only 12 persons in the World with the background and experience to evaluate the effect of such food fabrication upon humans when ingested over a period of years. He therefore urged great caution in adding newly invented chemicals to food supplies.

No doubt many more housewives would be disturbed and protest at the risks we are presently taking as a result of our Food Additives Act of 1958 which permits so many additives not yet proved “safe” to be used in processed foods and would not have embraced so wholeheartedly convenience food items were it not for the assurances in women's magazines that all is fine in the areas dealing with this Nation's food supplies. Sometimes physicians and government officials reply to questions addressed to these magazines—that all is well—no need for concern because an adequately equipped and staffed FDA is watching out for consumers' safety. These trusting readers have no idea of the cramped quarters and lack of modern equipment some FDA scientists endure. One eminent physician and nutritionist in an article appearing in *The Farm Journal*, February 1961, stated the poisons are not in the food or water but in the pens and tongues of food faddists. The record of FDA seizures certainly discredits this particular article.

When Federation officers appeared at the Color Additives Hearing before Chairman Oren Harris of House Interstate and Foreign Commerce Committee, their statement pointed out customary animal tests for chemicals and dyes used healthy, mature animals who were fed a bland diet in which the chemical was usually incorporated. This did not appear to be a satisfactory way of determining the safety of a substance to be eaten by people young and old, sick, well and pregnant—some taking medication. We felt this manner of testing inconclusive since the total impact upon living creatures, or potentialism, was not considered! Later at a hearing before this same House Committee on the merits of the Delaney Anti-Cancer Clause, Doctor Harold L. Stewart of the National Cancer Institute raised this same issue—the need to test additives and dyes upon animals using the conditions humans cope with.

The need to test chemicals with pregnant animals was brought out when *Time*, February 23, 1962, carried a harrowing account of grotesquely malformed newborn babies—the result of use of a supposedly “Harmless” sleeping pill by women in their early stage of pregnancy. KEVADON previously had been regarded as being completely innocuous and in many countries was sold over the counter. Fortunately here FDA scientists permitted this sleeping pill-tranquilizer to be used only experimentally. This sleeping pill tragedy is an excellent corroboration of the theory of the late Sir Edward Mellanby and we quote from his previously mentioned lecture:

“Even when such chemical substances have passed through a battery of tests from the point of view of toxicology, unexpected harmful results have often ultimately been demonstrated.”

Less than two years ago nearly a hundred thousand people in the Netherlands were stricken and many hospitalized as the result of eating margarine containing a new additive. Federation officers read the full account in a report by the Migros Co-Op of Switzerland. This illness was also mentioned in our local Co-Op Newsletter. Strangely, local newspapers never even mentioned this remarkable news story.

During the Eisenhower Administration great concern was expressed at the lack of muscular coordination of many American children. Youngsters were encouraged to participate in games and sports events. President Kennedy has encouraged greatly accelerated physical fitness programs in the public schools. Now

all citizens are exhorted to be more active physically. Some of us wonder if it is also hoped that strenuous exercise will help burn up the toxins caused by eating so many food chemicals?

When the U.S. Senate administered a punitive cut in FDA's meager 1962 Budget, it was impossible for this Agency to hire and train additional personnel to ascertain if food processors were using only the specified amounts permitted for the various new additives. This was a great loss healthwise, we believe, for the public. We ask—Was FDA injured by this punishment or were consumers the ultimate victims?

Federation officers and members attended and participated in the public hearings conducted by FDA to establish label regulations for Hazardous Household Products. Early in the hearings it became evident that certain segments of this industry were unwilling to comply with a strict interpretation of this new Act. Federation members were shocked at the uncooperative, defiant and finally threatening attitude of certain representatives. Even when the Report of the Suburban Hospital Poison Control Center of Bethesda, Maryland was read to these industry representatives they disputed the figures and refused to regard turpentine or kerosene as lethal substances when swallowed by children. The Washington Post in covering this rebellion in its Sunday Edition, August 6, 1961, by Warren Kornberg, said this: "Turpentine, in doses down to half an ounce, have been known to be fatal. * * * Once it gets into the blood stream, it does its deadliest work through damaging the brain, causing coma and convulsions, entering the lungs—causing chemical pneumonia, entering the kidneys where it can produce blood in the urine. * * *

Only last October the Washington Post carried an account of the tragic and unnecessary death of a fifteen-month-old girl from drinking liquid floor wax. Later FDA issued two releases of deaths of small children. The first, a girl of six, died in awful agony from drinking soldering compound—the second from drinking Thinzet. Grief stricken parents state none of these products carried warning labels of "Danger—Keep Out of the Reach of Children"—otherwise they would have exercised greater caution and probably avoided these dreadful deaths. A Federation member mailed in a clipping from the Monticello, Ind. weekly newspaper about the death of a sixteen-month-old boy from drinking furniture polish. He swallowed the polish on Monday and died in a hospital on Thursday.

At the public hearing on labeling regulations for dangerous household products—this Federation went on record that the first objective of FDA should be consumer protection. This should be its paramount concern. If this Consumer Agency is to fulfill its role as protector of consumers—it seems obvious that Church organizations, Veterans' groups, women's clubs and housewives must be informed of its vital duties, financial needs and obstacles to carrying out its responsibilities in order to give it moral support.

An editorial in *Chemical Week*, December 2, 1961, exhorts businessmen and captains of industry to start at the grass-roots to educate political candidates to the needs of industry. Business executives were encouraged to make at least one annual trip to consult their congressmen. It seems only fair that members of Congress should also hear the side of wives and mothers—the housewives of this Country. This is why we are here today to express our concern about the *ultimate* effect of recently passed food legislation and to plead for a substantial increase in the 1963 Budget for FDA.

Before concluding—this Federation wishes to state that it hopes the plans for the proposed new Institute of Environmental Research progresses smoothly. Even with smooth sailing financially—it will be many years before the building is completed and functioning at top efficiency. In the meantime, consumers and especially small children are being subjected to grave risks from environmental cancer hazards due to a great extent to our modern way of life. It seems sensible to us that the Congress earmark a substantial increase *now* for environmental cancer research. We also suggest that an acknowledged authority of the causes of environmental cancers, Doctor Wilhelm C. Hueper, Chief, Environmental Cancer Section, National Institute of Cancer, head this vastly expanded program. Doctor Hueper's superior education and remarkable experience admirably suit him to capably fill such a responsible position. Further, Doctor Hueper is on record that people should be shielded from the effects of carcinogens whenever it is humanly possible to do so. It was Doctor Hueper who proved through tests on dogs that beta-naphthylamine causes bladder cancer. For this humanity owes

him gratitude. Many lives have been spared as a result of such proof. In the opinion of this Federation, Doctor Hueper is worthy of being included in the exclusive list of twelve scientists able to evaluate and appraise the effects of residues of additives, pesticides, dyes and industrial wastes and pollutions on humans.

Thank you, Mr. Chairman, for giving us this opportunity to be heard.

STATEMENT OF THE NATIONAL TURKEY FEDERATION

The National Turkey Federation appreciates the opportunity to present its views on H.R. 13747 and H.R. 13906 and on S. 3231 as reported by the Senate Committee on Agriculture and Forestry.

The National Turkey Federation is the trade association representing the turkey industry in the United States. Included in its membership of approximately 2,500 are turkey producers, breeders, hatcherymen and marketers. The members of the National Turkey Federation produce the bulk of the nation's turkey crop.

The bills under discussion would establish a program extending through 1977, for the compensation or indemnification of poultry and egg producers and processors whose products have become unmarketable because of chemical contamination through no fault of their own.

The National Turkey Federation unequivocally supports this legislation.

The recent federally ordered destruction of millions of chicken broilers in the state of Mississippi points to the urgent need for this legislation. There is no question that the chicken broiler industry in Mississippi has suffered irreparable financial injury to all its various segments . . . integrators, contract growers, processing plant employees, breeder flock owners and others depending upon commerce generated by a viable broiler industry in the various communities in the state.

A situation akin to the Dieldrin problem in Mississippi occurred several years ago in the turkey industry. The point in case concerns the destruction of millions of pounds of turkey found to contain residues of polychlorinated biphenyls (PCB's) in excess of federally established tolerance. Polychlorinated biphenyls is a broad-spectrum industrial chemical. As in the case of the broiler producers in Mississippi, Turkey growers were not aware they were feeding rations containing high levels of PCB's. The contamination source was eventually traced to a fishmeal processor, where it was determined a leak had developed in the heat exchanger during processing. Many tons of fishmeal became contaminated. This product moved into commercial channels and subsequently was mixed with other feed ingredients and fed to turkeys. Turkey producers were absolutely without knowledge of the contamination and suffered severe financial losses due to birds being destroyed. The losses subsequently proved non-recoverable from the fishmeal processor.

The legislation calls for indemnity payments at a fair market value of any product destroyed. It is suggested the indemnification aspect be broadened to encompass all other related costs, including payment for very expensive laboratory fees needed to determine the level of residues in all affected flocks. The high cost of these laboratory fees can be accurately demonstrated. Another point related to this is the variability of the results obtained from the several testing laboratories. In the case of the PCB problem in the turkey industry, it became standard operating procedure for the grower to submit birds from the same flock to different laboratories for analysis. Seldom did the results from the different laboratories coincide. Many times there was widespread difference in the amount of chemical residue reported . . . far more than could be attributed to a bird-by-bird difference in physiology. Consequently, the necessity to duplicate these tests placed an additional financial burden on turkey producers.

Turkey growers and processors are vitally concerned with the production of the most wholesome turkey meat possible for the American consumer and at the most economical price. However, it is unfair that poultry growers and processors should have to assume personal financial liability for the adulteration of products over which they have no control. The U.S. Department of Agriculture is doing an excellent job of monitoring poultry products for possible adulteration. However, it seems illogical for the Department to monitor only

the finished product and not have some type of similar monitoring program officials reply to questions addressed to these magazines—that all is well—no at the beginning of the meat production chain to insure that feed and feed ingredients purchased by growers and consumed by all types of poultry are free, or within federally prescribed tolerance levels for the various chemical residues.

It is suggested the Committee may want to explore the possibility of establishing a feed ingredient monitoring program within the Department of Agriculture.

When poultry and egg producers and processors alone are subject to monitoring of the finished product for residues of federally approved chemicals and subject to personal financial liability, then the Congress must take the necessary action to provide indemnification to protect the financial integrity of these producers.

It should be noted there already is precedent established by the Congress for the indemnification of producers in other segments of agriculture. Dairymen, for example, receive indemnity payments for milk contaminated by chemical residues over which they have no control. The same is true for beekeepers whose colonies are lost or damaged. It seems only fair and equitable that the Congress provide the same consideration to poultry and egg producers and processors.

The National Turkey Federation urges the swift enactment of this legislation.



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