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WHEAT AND WHEAT FOODS RESEARCH AND NUTRITION EDUCATION ACT

GOVERNMENT

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HEARING

BEFORE THE

SUBCOMMITTEE ON LIVESTOCK AND GRAINS

OF THE

COMMITTEE ON AGRICULTURE

HOUSE OF REPRESENTATIVES

NINETY-FOURTH CONGRESS

SECOND SESSION

ON

H.R. 13099

JUNE 16, 1976

Serial No. GGG



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WHEAT AND WHEAT FOODS RESEARCH AND NUTRITION EDUCATION ACT

WEDNESDAY, JUNE 16, 1976

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

The committee met, pursuant to notice, in room 1301, Longworth House Office Building, at 2:05 p.m., Hon. Bob Bergland (acting chairman of the subcommittee) presiding.

Present: Representatives Nolan, Bedell, Sebelius, Thone, and Hagedorn.

Staff present: Fowler West, staff director; Robert Bor, counsel; William Imhof and John Hogan, associate counsels; David Wright, Anita Brown, and Christine Abram, staff assistants; Gene Moos, staff analyst; John Baize, staff consultant, Subcommittee on Livestock and Grains; James Culver, staff consultant, Subcommittee on Dairy and Poultry; Gerald Jorgensen, staff consultant, Subcommittee on Department Operations, Investigations and Oversight; Leon Geyer, staff consultant, Subcommittee on Domestic Marketing and Consumer Relations.

Mr. THONE (acting chairman). The subcommittee will come to order.

Pursuant to the notice previously disseminated, we call into session the Livestock and Grains Subcommittee for a public hearing on H.R. 13099, which has been introduced by Mr. Foley and others.

[The bill H.R. 13099 and the U.S. Department of Agriculture report follow:]

94TH CONGRESS
2D SESSION

H. R. 13099

IN THE HOUSE OF REPRESENTATIVES

APRIL 7, 1976

Mr. FOLEY (for himself, Mr. ABDNOR, Mr. ANDREWS of North Dakota, Mr. BERGLAND, Mr. BRECKINRIDGE, Mrs. HECKLER of Massachusetts, Mr. HIGHTOWER, Mr. JOHNSON of Colorado, Mr. JONES of North Carolina, Mr. JONES of Tennessee, Mr. KELLY, Mr. MATHIS, Mr. MCCORMACK, Mr. POAGE, Mr. SEBELIUS, Mr. SHRIVER, Mr. THONE, Mr. ULLMAN, Mr. WAMPLER, and Mr. WINN) introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To enable wheat producers, processors, end product manufacturers, and consumers of wheat foods to work together to establish, finance on an equitable basis, and administer a coordinated program of research and education to promote and improve human nutrition through the use of wheat and wheat products as human foods within the United States.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That this Act shall be known as the "Wheat and Wheat
- 4 Foods Research and Nutrition Education Act".

1 FINDINGS AND DECLARATION OF POLICY

2 SEC. 2. Wheat is basic to the American diet and the
3 American economy. It is grown by thousands of farmers and
4 consumed, in various forms, by two hundred and fifteen
5 million people in this country.

6 The size of the American wheat crop and how it is
7 marketed and ultimately consumed determines whether many
8 of our citizens will receive adequate nourishment. Wheat has
9 a strong impact on both the physical and economic health of
10 America. Additional research on the optimal use of wheat
11 products can improve the American diet. Consumer educa-
12 tion about the nutritional value and economic use of wheat
13 products can enhance our national welfare.

14 It has long been recognized that it is in the national
15 public interest to have a regular, adequate, and high quality
16 wheat supply. It would be extremely difficult, without an
17 effective coordinated research and nutrition education effort,
18 to fully accomplish this objective. Such a programed effort
19 of research and nutrition education is of great importance
20 to wheat producers, processors, end product manufacturers
21 and consumers alike.

22 It is therefore declared to be the policy of the Congress
23 and the purpose of this Act that it is essential in the public
24 interest through the exercise of the powers provided herein,
25 to authorize and enable the creation of an orderly procedure,

1 adequately financed through an assessment and voluntary
2 contributions, for the development and initiation of an effec-
3 tive and continuous coordinated program of research and
4 nutrition education designed to improve and enhance the
5 quality and make the most efficient use of American wheat,
6 processed wheat, and wheat end products to insure an ade-
7 quate diet for all Americans. The maximum rate of assess-
8 ment authorized hereunder would represent an infinitesimal
9 proportion of the overall cost of manufacturing wheat end
10 products. Therefore, it is not expected that such assessment
11 would significantly affect the retail prices of those products.
12 Furthermore, any such price effect is expected to be more
13 than offset by the increased efficiency in end product manu-
14 facture and increased consumer acceptance, due to nutri-
15 tional improvements in those products, which may be ex-
16 pected to follow from adoption of a plan under this Act.
17 Nothing in this Act shall be construed to provide for control
18 of production or otherwise limit the right of individual wheat
19 producers to produce wheat.

20 DEFINITIONS

21 SEC. 3. For the purposes of this Act:

22 (a) The term "wheat" means all classes of wheat grains
23 grown in the United States.

24 (b) The term "processed wheat" means the wheat-de-
25 rived content of any substance (such as cake mix or flour)

1 produced for use as an ingredient of an end product by
2 changing wheat grown within the United States in form or
3 character by any mechanical, chemical, or other means.

4 (c) The term "end product" means any product which
5 contains processed wheat as an ingredient and which is
6 intended, as produced, for consumption within the United
7 States as human food notwithstanding any additional in-
8 cidental preparation which may be necessary by the ulti-
9 mate consumer.

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

12 (e) The term "processor" means any person who com-
13 mercially produces processed wheat within the United States.

14 (f) The term "end product manufacturer" means any
15 person, who commercially produces an end product contain-
16 ing processed wheat within the United States, but such term
17 shall not include such persons to the extent that they produce
18 end products on the premises where such end products are to
19 be consumed by an ultimate consumer, including, but not
20 limited to, hotels, restaurants, and institutions, nor shall such
21 term include persons who produce end products for their
22 own personal, family, or household use.

23 (g) The term "research" means any type of research
24 to advance the nutritional quality, desirability, marketability,

1 production, or other qualities of wheat, processed wheat, and
2 end products.

3 (h) The term "nutrition education" means any action to
4 disseminate to the public information concerning the desir-
5 ability, economic value, or nutritional benefits of wheat,
6 processed wheat, and end products.

7 (i) The term "Council" means the Wheat Industry
8 Council established pursuant to section 6 of this Act.

9 (j) The term "Department" means the United States
10 Department of Agriculture.

11 (k) The term "Secretary" means the Secretary of Agri-
12 culture, or any officer or employee of the United States De-
13 partment of Agriculture who is authorized to exercise the
14 powers and perform the duties of the Secretary.

15 (l) The term "person" means any individual, partner-
16 ship, corporation, association, or other entity.

17 (m) The term "United States" means the several States
18 and the District of Columbia, including any territory or
19 possession.

20 ISSUANCE OF ORDERS

21 SEC. 4. (a) Whenever the Secretary has reason to be-
22 lieve that the issuance of an order will tend to effectuate the
23 declared policy of this Act, he shall give due notice and op-
24 portunity for hearing upon a proposed order. Such hearing

1 may be requested and proposal for an order submitted by an
2 organization certified pursuant to section 14 of this Act, or
3 by any interested person affected by the provisions of this
4 Act, including the Secretary.

5 (b) After notice and opportunity for hearing as provided
6 in section 4 (a) , the Secretary shall issue an order if he finds,
7 and sets forth in such order, upon the evidence introduced at
8 such hearing that the issuance of such order and all the terms
9 and conditions thereof will tend to effectuate the declared
10 policy of this Act.

11 PERMISSIVE TERMS IN ORDERS

12 SEC. 5. Orders issued pursuant to this Act shall con-
13 tain one or more of the following terms and conditions, and,
14 except as provided in section 6, no others:

15 (a) A provision for the establishment, issuance, effectua-
16 tion, and administration of appropriate plans or projects for
17 research and nutrition education, with respect to wheat,
18 processed wheat, and end products, and for the disburse-
19 ment of necessary funds for such purposes: *Provided*, That
20 in carrying out any such plan or project, no reference to a
21 private brand or trade name shall be made if the Secretary
22 determines that such reference will result in undue discrimi-
23 nation against wheat, processed wheat, and end products of
24 other persons: *And provided further*, That no such pro-
25 grams shall make use of unfair or deceptive acts or practices

1 in behalf of wheat, processed wheat, and end products or
2 unfair or deceptive acts or practices with respect to quality,
3 value, or use of any competing product;

4 (b) A provision for establishing and carrying on re-
5 search or studies with respect to sale, distribution, market-
6 ing, utilization, or production of wheat, processed wheat,
7 and end products and the creation of new products thereof
8 to the end that the marketing and utilization of wheat, proc-
9 essed wheat, and end products may be encouraged, ex-
10 panded, improved, or made more acceptable, and the data
11 collected by such activities may be disseminated, and for the
12 disbursement of necessary funds for such purposes;

13 (a) A provision that processors, distributors of proc-
14 essed wheat, and end product manufacturers shall main-
15 tain and make available for inspection by the Secretary
16 or the Council such books and records as may be required
17 by any order issued pursuant to this Act and for the filing of
18 reports by such persons at the time, in the manner, and hav-
19 ing content prescribed by the order, to the end that informa-
20 tion and data shall be made available to the Council and to
21 the Secretary which is appropriate or necessary to the effec-
22 tuation, administration, or enforcement of the Act, or of
23 any order or regulation issued pursuant to this Act: *Pro-*
24 *vided*, That all information so obtained shall be kept confi-
25 dential by all officers and employees of the Department of

1 Agriculture, the Council, and by all officers and employees
2 of contracting agencies having access to such information,
3 and only such information so furnished or acquired as the
4 Secretary deems relevant shall be disclosed by them, and
5 then only in a suit or administrative hearing brought at the
6 direction, or upon the request, of the Secretary, or to which
7 he or any officer of the United States is a party, and involv-
8 ing the order with reference to which the information so to
9 be disclosed was furnished or acquired. Nothing in this
10 section shall be deemed to prohibit (1) the issuance of
11 general statements based upon the reports of the number
12 of persons subject to an order or statistical data collected
13 therefrom, which statements do not identify the information
14 furnished by any person, (2) the publication, by direction
15 of the Secretary, of general statements relating to refunds
16 made by the Council during any specific period, or (3) the
17 publication by direction of the Secretary of the name of any
18 person who has been adjudged to have violated any order,
19 together with a statement of the particular provisions of the
20 order violated by such person. Any such officer or employee
21 of the Department, the Council, or a contracting agency
22 violating the provisions of this subsection shall, upon con-
23 viction, be subjected to a fine of not more than \$1,000 or to
24 imprisonment for not more than one year, or to both, and

1 if an officer or employee of the Council or Department of
2 Agriculture shall be removed from office;

3 (d) Terms and conditions incidental to and not incon-
4 sistent with the terms and conditions specified in this Act
5 and necessary to effectuate the other provisions of such
6 order.

7 REQUIRED TERMS IN ORDERS

8 SEC. 6. Orders issued pursuant to this Act shall contain
9 such terms and conditions as to provide—

10 (a) for the establishment and appointment by the
11 Secretary of a Wheat Industry Council which shall con-
12 sist of not more than twenty members and alternates
13 therefor, and to define its powers and duties which shall
14 include only the powers enumerated in this section, and
15 shall specifically include the powers (1) to administer
16 such order in accordance with its terms and provisions,
17 (2) to make rules and regulations to effectuate the terms
18 and provisions of such order, (3) to receive, investigate,
19 and report to the Secretary complaints of violations of
20 such order, and (4) to recommend to the Secretary
21 amendments to such order. The term of an appointment
22 to the Council shall be for two years with no member
23 serving more than three consecutive terms, except that

1 initial appointments shall be proportionately for two-
2 year and three-year terms;

3 (b) that the Council and alternates therefor shall
4 be composed of wheat producers or representatives of
5 wheat producers, processors or representatives of proc-
6 essors, end product manufacturers or representatives of
7 end product manufacturers, and consumers or representa-
8 tives of consumers appointed by the Secretary from
9 nominations submitted by eligible organizations or asso-
10 ciations certified pursuant to section 14, or, if the Secre-
11 tary determines that a substantial number of wheat
12 producers, processors, end product manufacturers, or con-
13 sumers are not members of, or their interests are not
14 represented by any such eligible organizations or associa-
15 tions then from nominations made by such wheat pro-
16 ducers, processors, end product manufacturers, and con-
17 sumers in the manner authorized by the Secretary, so
18 that the representation of wheat producers, processors,
19 end product manufacturers, and consumers on the Council
20 shall be equal: *Provided*, That in making such appoint-
21 ments, the Secretary shall take into account, to the extent
22 practicable, the geographical distribution of wheat pro-
23 ducers, processors, end product manufacturers, and con-
24 sumers throughout the United States;

25 (c) that the Council shall, subject to the provisions

1 of subsection (g) of this section, develop and submit to
2 the Secretary for his approval any research and nutrition
3 education plans or projects, and that any such plan or
4 project must be approved by the Secretary before becoming effective;
5

6 (d) that the Council shall, subject to the provisions
7 of subsection (g) of this section, submit to the Secretary
8 for his approval budgets on a fiscal period basis of its
9 anticipated expenses and disbursements in the administration of the order, including probable costs of research
10 and nutrition education projects;
11

12 (e) that, except as provided in section 7, each end
13 product manufacturer shall pay to the Council, pursuant
14 to regulations issued under the order, an assessment based
15 on the number of hundredweights of processed wheat
16 purchased, including intra-company transfers of processed wheat, for use in the manufacture of end products,
17 from processors, distributors, or (in the case of intra-company transfers) related companies or divisions of
18 the same company. Such assessment is to be used for
19 such expenses and expenditures defined above, including
20 provisions for a reasonable reserve, and any referendum
21 and administrative costs incurred by the Secretary and
22 the Council under this Act, as the Secretary finds are
23 reasonable and likely to be incurred under the order
24
25

1 during any period specified by him. The circumstances
2 under which such a purchase or intra-company transfer
3 will be deemed to have occurred will be prescribed by
4 the Secretary in the order. Such assessment shall be
5 calculated and set aside on the books and records of
6 the end product manufacturer at the time of each pur-
7 chase or intra-company transfer of processed wheat, and
8 shall be remitted to the Council in the manner as pre-
9 scribed by the order. In order to enable end product man-
10 ufacturers to calculate the amount of processed wheat
11 they have purchased, persons selling or transferring
12 processed wheat in combination with other ingredients
13 to such end product manufacturers for use in the manu-
14 facture of end products, shall disclose to such end product
15 manufacturers, as prescribed by the Secretary in the
16 order, the amount or proportion of processed wheat con-
17 tained in such products. The rate of assessment shall not
18 exceed five cents per hundredweight of processed wheat
19 purchased or transferred. The Secretary may maintain
20 a suit against any person subject to such assessment for
21 the collection of such assessment, and the several district
22 courts of the United States are hereby vested with juris-
23 diction to entertain such suits regardless of the amount
24 in controversy;

25 (f) that the Council shall maintain such books and

1 records, which shall be open to the Secretary for inspec-
2 tion and audit, and prepare and submit such reports
3 from time to time, to the Secretary as he may prescribe,
4 and for appropriate accounting by the Council with
5 respect to the receipt and disbursement of all funds en-
6 trusted to it;

7 (g) that the Council, with the approval of the
8 Secretary, may enter into contracts or agreements for
9 development and carrying out of the activities authorized
10 under the order pursuant to section 5 (a) and (b) and
11 for the payment of the cost thereof with funds collected
12 through the assessments pursuant to the order. Any such
13 contract or agreement shall provide that such contrac-
14 tors shall develop and submit to the Council a plan or
15 project together with a budget or budgets which shall
16 show estimated costs to be incurred for such plan or
17 project, and that any such plan or project shall become
18 effective upon the approval of the Secretary, and further,
19 shall provide that the contracting party shall keep ac-
20 curate records of all of its transactions and make periodic
21 reports to the Council of activities carried out and an
22 accounting for funds received and expended, and such
23 other reports as the Secretary may require;

24 (h) that the Council, with the approval of the
25 Secretary, may invest, pending disbursement pursuant

1 to a plan or project, funds collected through assessments
2 or contributions authorized under this Act in, and only
3 in, obligations of the United States or any agency there-
4 of, in general obligations of any state or any political
5 subdivision thereof, in any interest-bearing account or
6 certificate of deposit of a bank which is a member of
7 the Federal Reserve System, or in obligations fully
8 guaranteed as to principal and interest by the United
9 States;

10 (i) that no funds collected by the Council under the
11 order shall in any manner be used for the purpose of
12 influencing governmental policy or action, except as
13 provided by subsection (a) (4) of this section; and,

14 (j) that the Council members, and alternates there-
15 for, shall serve without compensation, but shall be reim-
16 bursed for their reasonable expenses incurred in per-
17 forming their duties as members of the Council.

18 EXEMPTION

19 SEC. 7. Any end product manufacturer who does not
20 purchase more than two thousand hundredweight of pro-
21 cessed wheat per year for use in the manufacture of end
22 products shall be exempted from specific provisions of this
23 Act under such conditions and procedures as may be pre-
24 scribed in the order or rules and regulations issued there-
25 under.

1 REQUIREMENT OF REFERENDUM

2 SEC. 8. The Secretary shall conduct a referendum as
3 soon as practicable among end product manufacturers not
4 exempt hereunder who, during a representative period pre-
5 ceding the date of the referendum, as determined by the
6 Secretary, have been engaged in the manufacture of end
7 products, for the purpose of ascertaining whether the issu-
8 ance of an order is approved or favored by such manufac-
9 turers. Qualified end product manufacturers may register
10 with the Secretary by mail to vote in such referendum dur-
11 ing a period ending not less than thirty days prior to the
12 date of the referendum. Within ten days thereafter, the
13 Secretary shall determine which end product manufacturers
14 are eligible to vote in such referendum and cause to be
15 published the list of such eligible voters. The Secretary shall
16 issue ballots to all such persons who have so registered and
17 been declared eligible to vote. No order issued pursuant to
18 this Act shall be effective unless the Secretary determines
19 (1) that votes were cast by at least 50 per centum of such
20 registered end product manufacturers, and (2) that the issu-
21 ance of such order is approved or favored by not less than
22 two-thirds of the end product manufacturers voting in such
23 referendum or by a majority of the end product manufac-
24 turers voting in such referendum if such majority manufac-
25 tured end products containing not less than two-thirds of the

1 total processed wheat contained in all end products manu-
2 factured by those voting in the referendum, during the repre-
3 sentative period defined by the Secretary: *Provided*, That at
4 the time of the registration provided under this section each
5 end product manufacturer so registering shall certify to the
6 Secretary the amount of processed wheat contained in the
7 end products manufactured by such end product manufac-
8 turer during such representative period. The Secretary shall
9 be reimbursed from assessments collected by the Council
10 for any expenses incurred for the conduct of the referendum.
11 Eligible voter lists and ballots cast in the referendum shall be
12 retained by the Secretary for a period of not less than twelve
13 months after they are cast for audit and recount in the event
14 the results of the referendum are challenged and either the
15 Secretary or the courts determine a recount and retabulation
16 of results is appropriate.

17 REFUND

18 SEC. 9. (a) Prior to the approval by the Secretary and
19 implementation of a plan or project submitted by the Council
20 hereunder, any proposed plan shall be published in the
21 Federal Register. All end product manufacturers not exempt
22 hereunder shall have sixty days from the date of such pub-
23 lication within which to elect, under such conditions as the
24 Secretary may prescribe, by so indicating to the Council in
25 writing, by registered mail, to reserve the right to seek re-

1 funds under subsection (b) of this section. Only those end
2 product manufacturers who make such an election, under
3 the described procedure, shall be eligible for refunds of assess-
4 ments, if any, paid prior to the expiration of such period and
5 of the assessments paid during the one-year period imme-
6 diately following the expiration of such period. Subsequently,
7 such end product manufacturers shall make, each year there-
8 after, a similar election as a prerequisite to the seeking of
9 refunds for such subsequent year, under such conditions as
10 the Secretary may prescribe.

11 (b) Notwithstanding any other provisions of this Act,
12 any end product manufacturer who has been subject to and
13 has paid an assessment, but who has reserved the right,
14 under subsection (a) of this section, to seek a refund, and
15 who is not in favor of supporting the programs as provided
16 for herein shall have the right to demand and receive from
17 the Council a refund of such assessment: *Provided*, That
18 such demand shall be made by such end product manufac-
19 turer in accordance with regulations and on a form and
20 within a time period prescribed by the Council and approved
21 by the Secretary, but in no event more than ninety days
22 after the end of the election period described in subsection
23 (a) of this section or any other period in which the assess-
24 ments are due and collectable, and upon submission of proof
25 satisfactory to the Council that the end product manufacturer

1 paid the assessment for which refund is sought, and any
 2 such refund shall be made within sixty days after demand
 3 is received therefor.

4 PETITION AND REVIEW

5 SEC. 10. (a) Any person subject to any order may file
 6 a written petition with the Secretary, stating that any such
 7 order or any provision of such order or any obligation im-
 8 posed in connection therewith is not in accordance with law
 9 and praying for a modification thereof or to be exempted
 10 therefrom. He shall thereupon be given an opportunity for a
 11 hearing upon such petition, in accordance with regulations
 12 made by the Secretary. After such hearing, the Secretary
 13 shall make a ruling upon the prayer of such petition which
 14 shall be final, if in accordance with law.

15 (b) The district courts of the United States in any dis-
 16 trict in which such person is an inhabitant, or has his principal
 17 place of business, are hereby vested with jurisdiction to re-
 18 view such ruling, provided a complaint for that purpose is
 19 filed within twenty days from the date of the entry of such
 20 ruling. Service of process in such proceedings may be had
 21 upon the Secretary by delivering to him a copy of the com-
 22 plaint. If the court determines that such ruling is not in
 23 accordance with law, it shall remand such proceedings to the
 24 Secretary with directions either (1) to make such ruling
 25 as the court shall determine to be in accordance with law,

1 or (2) to make such further proceedings as, in its opinion,
2 the law requires.

3

ENFORCEMENT

4 SEC. 11. (a) The several district courts of the United
5 States are vested with jurisdiction specifically to enforce,
6 and to prevent and restrain any person from violating any
7 order or regulation made or issued pursuant to this Act.
8 Any civil action authorized to be brought under this Act
9 shall be referred to the Attorney General for appropriate
10 action: *Provided*, That nothing in this Act shall be construed
11 as requiring the Secretary to refer to the Attorney General
12 minor violations of this Act whenever he believes that the
13 administration and enforcement of the program would be
14 adequately served by suitable written notice or warning to
15 any person committing such violation.

16 (b) Any end product manufacturer or other person who
17 willfully violates any provision of any order issued by the
18 Secretary under this Act, or who willfully fails or refuses
19 to remit any assessment or fee duly required of him there-
20 under, shall be liable to a penalty of not more than \$1,000
21 for each such offense which shall accrue to the United States
22 and may be recovered in a civil suit brought by the United
23 States: *Provided*, That (a) and (b) of this section shall be
24 in addition to, and not exclusive of, the remedies provided
25 now or hereafter existing at law or in equity.

1 SUSPENSION AND TERMINATION OF ORDERS

2 SEC. 12. (a) The Secretary shall, whenever he finds
3 that any order issued under this Act, or any provisions
4 thereof, obstructs or does not tend to effectuate the declared
5 policy of this Act, terminate or suspend the operation of
6 such order or such provisions thereof.

7 (b) The Secretary may conduct a referendum at any
8 time, and shall hold a referendum on request of 10 per
9 centum or more of the number of end product manufacturers
10 subject to the order to determine whether such manufacturers
11 favor the termination or suspension of the order, and he
12 shall suspend or terminate such order within six months
13 after he determines that suspension or termination of the
14 order is approved or favored by a majority of the end
15 product manufacturers voting in such referendum who, dur-
16 ing a representative period determined by the Secretary, have
17 been engaged in the manufacture of end products, or by end
18 product manufacturers who produced end products contain-
19 ing more than 50 per centum of the total processed wheat
20 contained in all end products manufactured during such
21 period by the end product manufacturers voting in the
22 referendum.

23 (c) The termination or suspension of any order, or any
24 provision thereof, shall not be considered an order within
25 the meaning of this Act.

1 INVESTIGATIONS: POWER TO SUBPENA AND TAKE OATHS

2 AND AFFIRMATIONS: AID OF COURTS

3 SEC. 13. The Secretary may make such investigations as
4 he deems necessary for the effective carrying out of his
5 responsibilities under this Act or to determine whether any
6 person subject to the provisions of this Act has engaged or
7 is about to engage in any acts or practices which constitute
8 or will constitute a violation of any provisions of this Act,
9 or of any order, or rule or regulation issued under this Act.
10 For the purpose of such investigation, the Secretary is em-
11 powered to administer oaths and affirmations, subpoena wit-
12 nesses, compel their attendance, take evidence and require
13 the production of any books, papers, and documents which
14 are relevant to the inquiry. Such attendance of witnesses and
15 the production of any such records may be required from any
16 place in the United States. In case of contumacy by, or
17 refusal to obey a subpoena to, any person, the Secretary may
18 invoke the aid of any court of the United States within the
19 jurisdiction of which such investigation or proceeding is
20 carried on, or where such person resides or carries on busi-
21 ness, in requiring the attendance and testimony of witnesses
22 and the production of books, papers, and documents; and
23 such court may issue an order requiring such person to appear
24 before the Secretary, there to produce records, if so ordered,
25 or to give testimony touching the matter under investiga-

1 tion. Any failure to obey such order of the court may be
2 punished by such court as a contempt thereof. All process in
3 any such case may be served in the judicial district whereof
4 such person is an inhabitant or wherever he may be found.

5 CERTIFICATION OF ORGANIZATIONS

6 SEC. 14. The eligibility of any organization to repre-
7 sent wheat producers, processors, end product manufacturers,
8 or consumers to request the issuance of an order under sec-
9 tion 4 (a) and to participate in the making of nominations
10 under section 6 (b), shall be certified by the Secretary. The
11 Secretary shall certify any organization which he finds to
12 be eligible under this section and his determination as to
13 eligibility shall be final. Certification shall be based, in ad-
14 dition to other available information, upon a factual report
15 submitted by the organization which shall contain information
16 deemed relevant and specified by the Secretary for the mak-
17 ing of such determination, including, but not limited to, the
18 following:

19 (a) Geographic territory covered by the organization's
20 active membership.

21 (b) Nature and size of the organization's active mem-
22 bership, including, in the case of an organization other than
23 a consumer organization, the proportion of the total number
24 of active wheat producers, processors or end product manu-
25 facturers represented by the organization.

1 (c) Evidence of stability and permanency of the or-
2 ganization.

3 (d) Sources from which the organization's operating
4 funds are derived.

5 (e) Functions of the organization.

6 (f) The organization's ability and willingness to further
7 the aims and objectives of this Act: *Provided*, That the pri-
8 mary consideration in determining the eligibility of an orga-
9 nization, other than a consumer organization, shall be whether
10 its membership consists primarily of wheat producers, proc-
11 essors, or end product manufacturers who produce a substan-
12 tial volume of wheat, processed wheat, or end products,
13 respectively, and whether the organization is based on a
14 primary or overriding interest in the production, processing,
15 or end manufacture of wheat or wheat products, and the
16 nutritional attributes thereof: *And provided further*, That the
17 primary consideration in determining the eligibility of a con-
18 sumer organization shall be whether (i) a principal purpose
19 of the organization is to promote consumer interests, con-
20 sumer research, or consumer education, (ii) such organiza-
21 tion has a broadly representative constituency of consumers,
22 with active membership participation on a regular basis, and
23 (iii) the organization has demonstrated in such report, to the
24 Secretary's satisfaction, its commitment to the achievement
25 of the objectives of this Act.

1 EFFECT ON OTHER PROGRAMS

2 SEC. 15. Nothing in this Act shall be construed to pre-
3 empt or interfere with the workings of any other pro-
4 gram relating to wheat or wheat foods research or nutrition
5 education organized and operating under the laws of the
6 United States or any State.

7 REGULATIONS

8 SEC. 16. The Secretary is authorized to make such regu-
9 lations with the force and effect of law, as may be necessary
10 to carry out the provisions of this Act and the powers vested
11 in him by this Act.

12 PROVISIONS APPLICABLE TO AMENDMENTS

13 SEC. 17. The provisions of this Act applicable to orders
14 shall be applicable to amendments to orders.

15 SEPARABILITY

16 SEC. 18. If any provision of this Act or the application
17 thereof to any person or circumstances is held invalid, the
18 validity of the remainder of the Act and of the application
19 of such provision to other persons and circumstances shall
20 not be affected thereby.

21 AUTHORIZATION

22 SEC. 19. There is hereby authorized to be appropriated
23 out of any money in the Treasury not otherwise appropriated
24 such funds as are necessary to carry out the provisions of
25 this Act. The funds so appropriated shall not be available

- 1 for payment of the expenses or expenditures of the Council
- 2 in administering any provisions of any order issued pursuant
- 3 to the terms of this Act.

4 **EFFECTIVE DATE**

5 **SEC. 20.** This Act shall take effect upon enactment.



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

June 16, 1978

Honorable Thomas S. Foley
Chairman, Committee on Agriculture
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

We appreciate this opportunity to respond to your request to provide the Department's comments on H.R. 13099, a bill "To enable wheat producers, processors, end-product manufacturers, and consumers of wheat foods to work together to establish, finance on an equitable basis, and administer a coordinated program of research and education to promote and improve human nutrition through the use of wheat and wheat products as human foods within the United States."

The Department recommends against the enactment of H.R. 13099. Our objection is based on the fact that we currently administer a wheat research and promotion program under authority of the Wheat Research and Promotion Act of 1970 (P.L. 91-430, 7 U.S.C. 1292 note). Project activity under the 1970 Act will continue through June 1978. In our view, enactment of H.R. 13099, at this time, would result in a duplication of efforts, due to program content similarities between the 1970 Act and H.R. 13099. Also, the Department is now in the process of evaluating the effects of farm commodity research and promotion programs administered by this Department's Agricultural Marketing Service. Preliminary data from this analysis will be available early this fall, and the Department will re-evaluate its role and, hopefully, be able to assess the impact these programs have on the marketplace. We would urge the Congress to delay any legislative action on H.R. 13099 pending the results of this study.

H.R. 13099 would authorize the Secretary to hold hearings and conduct a referendum among eligible end-product manufacturers on a proposed order to establish a Wheat and Wheat Foods Research and Nutrition Education program. The program would be administered by a Wheat Industry Council comprised of not more than 20 members equally represented from eligible producer, processor, end-product manufacturer, and consumer organizations. The council's budget program and projects would require the approval of the Secretary before implementation, with the source of funding coming from assessments, in an amount not to exceed 5 cents per hundredweight of processed wheat purchased or transferred, from eligible end-product manufacturers.

Honorable Thomas S. Foley

The bill also provides for a refund procedure for those eligible end-product manufacturers who do not wish to participate in the program, authorizes the council to invest funds that are collected and pending disbursement, and provides for the reimbursement from assessment funds of Department expenses incurred in carrying out the responsibilities under the bill, including the cost of the referendum.

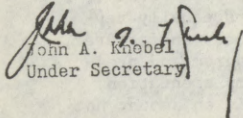
H.R. 13099 and the Wheat Research and Promotion Act of 1970, currently administered by this Department, possess certain similarities in program content but differ in organizational structure, source and level of funding, emphasis upon nutrition education, and reimbursement of the Department's expenses from assessment funds. As a result of the 1970 Act, the National Wheat Institute (NWI) was established to administer a wheat research and promotion program having a one-time funding amount of \$2.045 million. To date, the National Wheat Institute has approved, with the Department's concurrence, 17 projects, 2 of which have been completed. The remaining 15 projects will be completed by the end of June 1978. The seven-member NWI Board of Directors is composed of wheat producers. It is our hope that at a later date, when the current research project activities have been completed, results evaluated, and the benefits of present efforts, not only for wheat but also for other commodity research and promotion type programs, have been measured against costs, the Department will be in a better position to assess the impact, the effectiveness, and the need for such programs.

It is estimated that H.R. 13099 would cost the Department about \$60,000 to develop the order, hold hearings, conduct a referendum, and issue the order. In addition, it is estimated that the Department's cost will be about \$45,000 each year for the next 5 years.

In accordance with the provisions of P.L. 91-190, Section 102(2)(C), this legislation would have no significant impact on the quality of the environment.

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

Sincerely,


John A. Knobel
Under Secretary

Mr. THONE. Our first witness this afternoon is Mr. William Manley, Deputy Administrator of the Agricultural Marketing Service for the USDA.

Mr. Manley?

STATEMENT OF WILLIAM T. MANLEY, DEPUTY ADMINISTRATOR FOR PROGRAM OPERATIONS, AGRICULTURAL MARKETING SERVICE, U.S. DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY JOHN CHERNAUSKAS, DIRECTOR, MARKETING DIVISION, OFFICE OF THE GENERAL COUNSEL; AND ROBERT LAUBIS, CHIEF, PROGRAM ANALYSIS GROUP, GRAIN DIVISION, AMS

Mr. MANLEY. Mr. Chairman and members of the committee, we appreciate this opportunity to appear before your committee today to present the Department's views on H.R. 13099—a proposed “Wheat and Wheat Foods Research and Nutrition Education Act”—a bill “to enable wheat producers, processors, end-product manufacturers, and consumers of wheat foods to work together to establish, finance on an equitable basis, and administer a coordinated program of research and education to promote and improve human nutrition through the use of wheat and wheat products as human foods within the United States.”

The Department recommends against enactment of H.R. 13099.

This is based on the fact that the bill would result in a duplication of effort to the wheat research and promotion program currently being administered by the Department, which does not expire until June 1978.

The Department is now in the process of evaluating the effects of the current program as well as other farm commodity research and promotion programs administered by the USDA's Agricultural Marketing Service.

I will elaborate on this point later.

H.R. 13099 would authorize the Secretary to hold hearings, conduct a referendum among eligible end-product manufacturers, and issue an order for the establishment of a wheat and wheat foods research and nutrition education program. The program would be administered by a Wheat Industry Council comprised of not more than 20 members equally represented from eligible producer, processor, end-product manufacturer, and consumer organizations.

The Council's budget, program, and projects would require the approval of the Secretary before implementation, with the source of funding coming from assessment levied on end-product manufacturers. These assessments would be levied in an amount not to exceed 5 cents per hundredweight of processed wheat utilized or whether purchased or transferred from eligible end-product manufacturers.

Also, the Secretary may conduct a referendum to determine if end-product manufacturers favor termination of orders.

The bill also provides for a refund procedure for those eligible end-product manufacturers who do not wish to participate in the program, authorizes the council to invest funds that are collected and pending disbursement, and provides for the reimbursement from assessment

funds of Department expenses incurred in carrying out the responsibilities under the bill, including the cost of the referendum.

Under H.R. 13099, the Department would be reimbursed by the council for the development of the order, hearings, conduct of a referendum, issuing the order, and monitoring responsibilities.

The Department estimates it would cost about \$60,000 to develop an order, hold hearings, conduct a referendum, and issue the order. In addition, it is estimated that the Department's monitoring cost would approximate \$45,000 a year thereafter.

Our cost estimates are based, in part, upon our experience in monitoring the 1970 act and, in part, upon our estimates of the increased complexity of developing and monitoring the proposed bill. The cost of the Department's monitoring responsibilities of the 1970 act is absorbed as a part of overhead costs.

The wheat research and promotion program currently being administered by the Department—Public Law 91-430—was designed to expand domestic and foreign markets for wheat and increase utilization for U.S. wheat.

The program, which is financed from proceeds of the 1968-69 wheat export certificate pool not claimed by eligible farmers, has a total funding availability of \$2.045 million. This compares with a potential magnitude of funding under H.R. 13099 of \$6 million to \$12 million annually to be collected from end-product manufacturers who use processed wheat. The level of funding under H.R. 13099 would be significantly higher.

The Department feels that the National Wheat Institute has done a commendable job in developing and executing a well-balanced wheat research and promotion program with minimal funds.

Considerable thought and effort have gone into the development of this program. To date, the Institute has approved, with the Department's concurrence, 17 projects of which only 2 have been completed.

The remaining 15 projects will be completed by the end of June 1978.

An addendum to my testimony gives a brief outline of the 17 projects engaged in by the National Wheat Institute and a time frame for the completion of those projects. Because of the array and balance between research and promotion project activities developed under the 1970 act, the Department feels that there is little urgency to pass the proposed legislation at this time.

When the current research project activities have been completed, their results evaluated, and the benefits and incidence of present promotional efforts identified and measured against their costs, and their relationship to the demand for other agricultural commodities, the Department will be in a better position to assess the impact of expanded research and promotion activities as contemplated under H.R. 13099 upon the consumption of a commodity such as wheat.

The legislation being sought for wheat is similar in scope to other research and promotion-type programs administered by the Department for cotton, potatoes, wool, lamb, mohair, eggs, and most recently enacted for beef. Research and promotion programs are a relatively new vehicle for use by the industry groups.

The first program—for cotton—was enacted in 1966. For those programs that have been enacted thus far, little data have been available to the Department so that we could adequately assess their effectiveness and answer the questions: What have been the benefits and costs of this program and what has been the incidence of each? Has this program improved the producer's competitive position in the marketplace? Has this program improved the producer's competitive position in the marketplace? Has this program resulted in increased costs to the consumer?

Until now, the Department has not been in a position to respond to these questions. However, we believe reasonable answers are necessary before there is further consideration of establishing such programs for other commodity groups.

Recently, however, we organized a USDA study group to review the research and promotion programs which have already been enacted. Through their findings—preliminary data will be available early this fall—the Department will reevaluate its role and, hopefully, be able to assess the impact these programs have on the marketplace.

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

[The addendum referred to follows:]

ADDENDUM

Of the 17 NWI projects, 2 are completed. All projects are scheduled for completion before June 30, 1978. A review of all individual projects follows:

- NWI-01 - Battelle Columbus Laboratories - A research project entitled "A Review of the State of the Art." This project started on April 18, 1972, and was completed in October 1972. It served as a guide in developing other NWI projects. Total payments were \$45,825.
- NWI-03 - Concept Films, Inc. - A promotion project film entitled "Wheat Marketing -- The Producer Has a Choice." This project started in March 1973 and was completed in March 1974. Total payments were \$83,125 (included 125 prints of the film). This film received the Golden Eagle Award and has been shown to many, many thousands of wheat producers, farmer association groups, vocational agriculture students, 4-H Club members, extension workers, and others.
- NWI-04 - National Day of Bread. A promotion project to stimulate consumer interest in, and consumption of, wheat and wheat products through educational programs, media contact and releases, and store promotion materials. This project was started in March 1973 and was amended to include the years 1974, 1975, and 1976. Total payments have been \$24,000. We expect to have requests for yearly amendments through 1978.
- NWI has determined that it is worthwhile to budget \$6,000 yearly to the work done by the National Day of Bread Committee of the Wheat and Wheat Foods Foundation.
- NWI-05 - National Sandwich & Contest. A promotion project sponsored by the Wheat Flour Institute (division of Millers National Federation) to stimulate consumer interest in the consumption of wheat products through educational programs. Coordinated efforts by the several groups conducting promotions of wheat products will provide maximum efficiency in the use of Institute funds. This project was started in March 1973 and was amended to include the years 1974, 1975, and 1976. Total payments have been \$24,000. We expect to have requests for yearly amendments through 1978.
- NWI-06 - Agriculture Council of America - A promotion project to promote a better image for agriculture and wheat producers through a national agricultural information service. The Council provides an authoritative reference and information source capable of

broad day-to-day dissemination of information about agriculture and its economic impact upon America's general public. Total payments have been \$20,000. We expect to have requests for yearly amendments through 1978.

- NWI-07A - FAR-MAR-CO - A research project to develop improved processes to separate components of the whole kernels of wheat and demonstration of commercially feasible markets. This project was started in March 1973 and was completed in March 1976. OGC has filed patent P. C. 6099 with the Commissioner of Patents - Proposed patent application of Ganta V. Rao et al for "Gluten Washing and Watering Device." This project is for \$382,223, and USDA's advances to date total \$265,426.20.

- NWI-07C - FAR-MAR-CO - A research project entitled "A Study of Product and Market Opportunities for Wheat Components." This project was started in August 1975 and is scheduled for completion before October 31, 1977. This project is for \$100,000. The USDA has advanced a total of \$20,000 to date.

- NWI-08 - North Dakota State University - A research project entitled "Study of the Use of Unique Functional Characteristics of Wheat in Product Development." Completion date is June 31, 1976. This project was amended for \$2,000 to prepare and print a research bulletin giving the results of the studies conducted and including the formulas recommended for high protein pasta products and snack foods. This project is now for \$182,000, and USDA's advances to date total \$162,000.

- NWI-09 - Washington-Idaho-Oregon Universities - A research project entitled "Pacific Northwest Wheat Variety Study - Nutritional Education of Varieties and Classes." This project was started in March 1974 and is scheduled for completion in May 1977. Progress on this project was behind schedule in the past; however, it is now on schedule and timely completion of this project is expected. This project is for \$298,642.54, and USDA's advances to date total \$178,341.

- NWI-10 - David Evans, Inc. - A promotion project entitled "Wheat Nutrition Education Film." This project was started in May 1975 and was to be completed in May 1976. To date, USDA has approved the Teachers' Guide Layout. The title is now "Wandering Waldo and the World of Wheat" with television star Ms. Shari Lewis as narrator. The "answer-print" will be reviewed at the NWI Board of Directors meeting in June 1976 at Denver, Colorado. This project is for \$96,713, and USDA's advances to date total \$13,540.

- NWI-11 - Colorado State University - A research project entitled "Biological Analyses of Sprouted Wheat." This project was started on August 1, 1975, and is scheduled to be completed in August 1977. Phase one will be completed in July 1976. They have overcome the mold problem now. Preliminary findings show that sprouting produces sugars and results in added feed values. This project is for \$28,958, and USDA's advances to date total \$3,620. Also supporting this project are the Colorado State University for \$35,358 and the Colorado Wheat Commission for \$4,000.

- NWI-12 - Wheat Promotion Contract. The Farm Film Foundation is distributing the NWI film "Wheat Marketing -- The Producer Has a Choice," in addition to three films now in production under contracts NWI-10, NWI-16, and NWI-17. This contract is for \$18,450, and USDA's advances to date total \$7,687. Duration of the contract is until June 1978.

- NWI-15 - American Institute of Baking - A research project entitled "Effect of Complex Polysaccharides on Lipid Metabolism." Rat feeding trials show that when fed patent flour (Versus a high sucrose formula), it resulted in a definite lowering of body cholesterol. Further analytical work is in progress. The contract is for \$30,000, and USDA's advances to date total \$8,200.

- NWI-16 - Scott Anderson Productions - Concept Films - A promotion project entitled "Wheat - Making the World Grow" film. This contract is for \$137,750, and USDA's advances to date total \$121,500.

- NWI-17 - Scott Anderson Productions - A promotion project entitled "Wheat - Stretching the Food Dollar" film. We have approved the answer-print stage, and the release print is targeted for the end of May. This contract is for \$92,750, and USDA's advances to date total \$80,000.

- NWI-18 - Michigan State University - A research project entitled "Effect of Wheat Foods on Blood Urea." Preliminary findings show that students eating 10 to 12 slices of bread per day resulted in weight losses and a decline in blood urea. Further studies are underway to corroborate these findings. This contract is for \$36,010, and USDA's advances to date total \$18,000.

- NWI-19 - Wheat Promotion Contract. Modern Talking Picture Service, Inc., along with the Farm Film Foundation (NWI-12), will distribute three NWI films under contracts NWI-10, NWI-16, and NWI-17. This contract is for \$45,000, and USDA has yet to advance funds.

Mr. BERGLAND. The tradition and practice of this committee has been to hear from all of the witnesses scheduled to testify during the course of an afternoon, and then call them back to be questioned en bloc. We find this more productive and time saving.

My question to you is this: Could you wait until later to return for questioning?

Should you not be able to we could break the rule in your case.

If there is no objection to that practice, we will ask you and your colleagues to stand aside temporarily and we will call you back after the other speakers have been heard.

Our next witness is Mr. Langdon Flowers.

STATEMENT OF LANGDON FLOWERS, CHAIRMAN OF THE BOARD OF GOVERNORS, AMERICAN BAKERS ASSOCIATION, AND PRESIDENT, FLOWERS INDUSTRIES, THOMASVILLE, GA.; ACCOMPANIED BY ROBERT J. WAGER, PRESIDENT, AND JOHN F. O'NEAL, COUNSEL, ABA

Mr. FLOWERS. The ABA is a nonprofit trade association representing the Nation's wholesale baking industry. It is composed of about 325 firms operating over 1,000 plants which annually produce over 80 percent of the breadstuffs sold in the United States.

First, I want to commend the members of this committee and the other congressmen who sponsored this legislation. ABA is proud to give its unqualified support to a bill that has attracted such strong bipartisan congressional support. We are pleased that we are joined in this support by the National Association of Wheat Growers and the Millers' National Federation.

In general, this bill authorizes creation of an orderly procedure, financed through an assessment on end-product manufacturers, for development of a coordinated program of research and nutrition education designed to improve and enhance the quality and make the most efficient use of American wheat, processed wheat, and wheat end products, to help insure an adequate diet for all Americans. We fully support this concept.

Without further addressing the general concepts of this bill, I would like to focus on several specific sections—some modeled after previous checkoff bills and others unique to this bill. We feel that this amalgam of new concepts with the best features of previous similar measures makes this bill an exceptionally well-balanced and equitable piece of legislation.

This bill gives top priority to improving human nutrition and increasing the nutritional quality of wheat products for all Americans. In its definition of research, the first objective set out is "to advance the nutritional quality * * *" of wheat, processed wheat, and end products. This is in sharp contrast to many of the previous checkoff bills which were criticized for stressing promotion and ignoring nutrition. We wholeheartedly support this bill's nutritional objective.

Naturally, our members wish to increase the market for their products. However, we feel the best way to increase markets is to produce a better product, and that goal can be best achieved through the nutrition research and education this bill authorizes. Another unique fea-

ture of this bill is that it provides for balanced representation on the Wheat Industry Council to be established hereunder.

Producers, processors, end-product manufacturers, and—for the first time under a bill of this type—consumers will all be given equal membership on the council. I feel that this balanced membership will insure a balanced program of nutrition research and nutrition education benefiting both consumers and all segments of the wheat industry.

ABA is proud to support legislation that envisions industry and consumers as teammates, working for the benefit of all Americans rather than as antagonists.

H.R. 13099 contains an exemption for small end-product manufacturers, that is, those who purchase less than 2,000 hundredweight of processed wheat per year for use in the manufacture of end products. The 2,000-hundredweight level is such that the thousands of small local retail bakeries, which might find the recordkeeping provisions of this bill an inconvenience, are exempted from its provisions.

However, these small bakers would receive the benefits of any nutrition research and education programs undertaken. Furthermore, any organization representing them would be eligible to submit nominations for membership on the council.

ABA is well aware of the financial crunch many of the smaller members of the baking industry have experienced in recent years and is happy to support a bill that will benefit small bakers without imposing any financial or administrative burdens on them.

This bill also follows the precedent of predecessor bills conditioning the issuance of an order thereunder upon approval, through a referendum process, by those who will be subject to the assessment.

The referendum envisions a voter registration procedure, requiring votes to be cast in the referendum by at least 50 percent of those registered and requiring approval of the order by two-thirds of those voting or a majority representing two-thirds of the end-product production for an order to become effective.

The bill differs, of course, from prior bills in that those subject to the assessment and, therefore, those who will vote in the referendum, are end-product manufacturers rather than producers.

However, as a representative of those end-product manufacturers, let me assure you now that our members feel the good this bill will do is well worth the cost of the assessment and they stand ready to assume the responsibilities placed upon us under the legislation.

At this point, I would like to make a suggestion as to one amendment to the bill to be inserted in the referendum section.

As you know, the new Budget Act imposes a May 15 deadline for the reporting of bills authorizing the enactment of new budget authority. This bill does authorize the appropriation of funds. However, it also requires reimbursement of those funds from assessments collected under the act.

We feel that any bill which provides for complete reimbursement of the appropriated funds is clearly not within the intent of the May 15 deadline, inasmuch as its net effect will be zero expenditures, and would not be subject to a point of order under that deadline.

There is, however, one potential problem in that under the present language of the bill, if the referendum fails, there will be no assess-

ments paid; hence, there will be no way for the Secretary to get reimbursement.

To cure this problem we suggest an amendment to the bill to provide for posting of a bond or other security to insure the Secretary will be reimbursed for referendum costs even if the referendum fails.

The text of this suggested amendment is attached to my prepared statement and will be submitted to the committee. We feel that adoption of this amendment will allow this bill to become effective upon a timely basis while protecting the Treasury and achieving compliance with the Budget Act.

On behalf of the American Bakers Association, I want to assure the committee that our association will take whatever action is necessary to see that a sufficient bond or security will be posted when required, if this amendment is adopted.

Again, this bill follows predecessor checkoff bills in that it is a completely voluntary program.

End-product manufacturers who disagree with the concept of a self-help program are given the right to obtain refunds of any assessments they have paid.

Because of the relatively small number of persons subject to the assessment, as compared to earlier producer checkoff bills, it is important for the council for project planning purposes to have advance notice of whether such persons might seek a refund. Therefore, end-product manufacturers are given 60 days after publication of a proposed plan to elect to reserve the right to seek refunds.

Those not making such election are ineligible to apply for refunds for 1 year and the council can plan its budget accordingly.

Similar elections will be made annually thereafter. We support this qualified refund procedure as the only way a checkoff program depending on a relatively small number of relatively large contributors can be rationally administered.

Finally, since the assessment authorized under this bill will be borne primarily by the members of our association, I would like to discuss the costs of the nutrition research and nutrition education program it authorizes.

At the maximum authorized assessment of 5 cents per hundred-weight, and using the generally accepted figure of 150 1-pound loaves of bread per hundredweight of processed wheat, for instance, flour, the cost of the program would amount to only three-hundredths of a cent per loaf.

While it is true that in the American free enterprise system the costs of any business must ultimately be passed on to consumers in order for that business to survive, this particular cost is so minuscule that it could not be directly added to the cost of end-products.

Therefore, as a practical matter, this cost will likely be absorbed by the industry. If added at all, it might be included only as a very small part of an increase caused by unrelated factors.

However, I consider even this minor impact unlikely. I feel that the potential minute impact on end-product prices of the cost of this program will, in all likelihood, be more than offset by savings to end-product manufacturers stemming from research done under the authority of this bill.

Advances in such areas as development of new products, more efficient manufacturing processes, better utilization of byproducts, et cetera, could very well result in savings to end-product manufacturers that would more than offset the costs of the assessment and, in fact, result in savings to consumers.

In conclusion, I would like to reaffirm my strong personal support and the support of the American Bakers Association for this excellent piece of legislation.

Thank you for the opportunity to appear before you here today. I shall be happy to answer any questions you might have.

I have prepared some suggested amendments to H.R. 13099 and would like to have that inserted in the record, Mr. Chairman.

Mr. BERGLAND. Without objection, the suggested amendments of Mr. Flowers will be inserted in the record at this point.

[The above referred to material follows:]

SUGGESTED AMENDMENTS TO H.R. 13099

Page 16, line 10—delete the period at the end of the line and insert the following:

“Provided, that no referendum shall be conducted until a bond or other security, acceptable to the Secretary, in an amount which the Secretary shall determine to be sufficient to pay the costs of the referendum should the order fail to gain the approval of the end product manufacturers, has been posted.”

Page 25, line 3—after the period at the end of the line, insert the following: “Funds required to be paid in reimbursement of the appropriations authorized hereunder, whether paid pursuant to the requirements of section 8 for reimbursement of referendum costs from assessments or through a bond or other security, or paid pursuant to the requirements of section 6(e) for reimbursement of referendum and administrative costs from assessments, shall be paid into and become general receipts of the Treasury of the United States.”

Mr. FLOWERS. I would also like to ask unanimous consent that a statement from the American Institute of Baking in support of this legislation be included in the record.

Mr. BERGLAND. Without objection, the statement will be included in the record at this point.

[The above referred to statement follows:]

AMERICAN INSTITUTE OF BAKING,
Chicago, Ill., June 9, 1976.

Mr. ROBERT J. WAGER,
President, American Bakers Association,
Washington, D.C.

DEAR ROBERT WAGER: This is to thank you for sending along a copy of a Bill before the Committee of Agriculture in the House of Representatives, H.R. 13099, and a Section-by-Section Analysis and a Summary of Main Features of “Wheat and Wheat Foods Research and Nutrition Act.”

From one who has been a professional in the field of nutrition education for more than 25 years and, as one who has been well acquainted with nutritional research endeavors in the area of wheat and wheat-based foods, this Bill offers the first real opportunity for funding much needed research and education. As President of the American Institute of Baking, a research and educational organization, I endorse the goals of the Bill, H.R. 13099, the proposed enabling legislation to implement the goals and authorizing a cooperative program of research and nutrition education among wheat producers, processors, end product manufacturers, and consumers.

With the cooperation of our Director of Research, Frank N. Hepburn, our Director of Sanitation Education, Kenneth V. Nyberg, and their Assistant Directors, Karel Kulp and Richard Makowski, respectively, we are submitting research needs in nutrition and quality assurance. These needs could become research projects if funds were made available.

I also am submitting suggestions for research in nutrition education and for the implementing of nutrition education.

I also am very concerned, as are others in the field of foods and nutrition, about the serious dollar need for work in the area of food-toxicology. Because the costs in carrying forward toxicological studies are of such a magnitude that no one industry can afford to carry on such studies on the food additives used by and/or proposed for use and on naturally occurring toxicants, I endorse the recommendation of Dr. John C. Kirschman of the General Foods Corporation. A recognized toxicologist, Dr. Kirschman recommends that the consumer product industries—food, drugs, cosmetics, and their ingredient suppliers—form a Consumer Product Institute of Toxicology. Through such a joint venture the costs for necessary testing and safety evaluations could be financed. Such a move will enable the food industries to help develop their own cadre of scientists with the knowledge and experience to be recognized as experts in the eyes of the public and the international scientific community. I commend for your reading the enclosed paper authored by Dr. John Kirschman on the subject of food toxicology.

Cordially yours,

ELLEN H. SEMBROW (Mrs.), *President.*

[The exhibits referred to are held in the subcommittee file.]

Mr. O'NEAL. May I also ask permission at this point in the record to insert the statement of Howard Lampman who is president of the Wheat and Wheat Foods Foundation regarding this bill. He could not be present today.

Mr. BERGLAND. Without objection, the statement of Mr. Lampman will be inserted in the record at this point.

[The above referred to statement follows:]

WHEAT
and

WHEAT FOODS FOUNDATION
INCORPORATED

STATEMENT OF H. HOWARD LAMPMAN, PRESIDENT,
WHEAT AND WHEAT FOODS FOUNDATION, CONCERNING THE
"WHEAT AND WHEAT FOODS RESEARCH AND NUTRITION
EDUCATION ACT," H.R. 13099
SUBMITTED TO THE SUBCOMMITTEE ON LIVESTOCK AND GRAINS OF
THE HOUSE AGRICULTURE COMMITTEE
JUNE 16, 1976

The Wheat and Wheat Foods Foundation is a voluntary organization of individuals, groups and associations involved in all segments of the wheat industry, primarily producers, processors, and end product manufacturers. A list of the present membership of the Foundation is attached to this statement.

The declared objectives of the Foundation include enhancing the benefits of wheat food products in popular diet and increasing public and professional knowledge and appreciation of such products. These Foundation goals closely parallel the objectives of the legislation under consideration by your Committee. Therefore, the Foundation, as a representative of the wheat industry groups who will be most affected by this legislation, wishes to express its unqualified approval of H.R. 13099 and urges that the Committee act favorably on it.

The Foundation was launched in 1965 when, with the cooperation and encouragement of the Secretary of Agriculture, representatives of various industries associated with wheat met at the offices of the Department of Agriculture in Washington. Representatives of producers, processors, and end product manufacturers agreed that formation of such an industry-wide organization was the best way to further their mutual goal of establishment of a method for financing and conducting a program of research and education on behalf of wheat products.

Two methods of establishing such a program were examined: (1) a totally private system of financing through voluntary contributions, and (2) the establishment of a program under the aegis of legislation. Although the concept of a privately-financed program was unanimously preferred, experience had shown that such privately-financed programs, in wheat and other commodities, have historically never been successful. Termination of the Bakers of America Program serves as an example. Thus, it was felt that a private program could not provide a stable basis for financing ongoing research and education projects. Therefore, the Foundation chose working for adoption of a check-off bill for wheat.

In 1972 such a bill was considered by the Congress, and the Foundation supported it. The bill was defeated, due, we feel, to several perceived "shortcomings" (e.g., lack of a referendum or refund procedure, lack of consumer representation). It should be noted that all of these "shortcomings" are remedied in the bill now before the Committee.

Since 1972, the Foundation has continued to support the concept of legislative action to authorize establishment and financing of a coordinated program of research and education to promote and improve human nutrition through the use of wheat and wheat products as human foods. The Foundation feels that H.R. 13099 is the only practicable way of accomplishing that worthwhile objective. Furthermore, we feel that the new measure is designed to accomplish its goals in a more equitable and well-balanced manner than any previous bill of this type. We are confident that the projects that will flow from the founding of a Wheat Industry Council under this legislation will be of benefit to all Americans, consumers of wheat, as well as all segments of the wheat industry.

In conclusion, the Foundation wishes to reiterate its unqualified support of this bill.

MEMBERS OF WHEAT AND WHEAT FOODS FOUNDATIONGROWERS:

National Association of Wheat Growers
Western Wheat Associates, Incorporated
Great Plains Wheat, Incorporated
U. S. Durum Growers Association
Kansas Association of Wheat Growers
Montana Grain Growers Association
Nebraska Wheat Growers Association
South Dakota Wheat Producers, Incorporated
Texas Association of Wheat Growers
Wyoming Wheat Growers Association
Oregon Wheat Growers League
Washington Association of Wheat Growers
Idaho State Wheat Growers Association
Kansas Wheat Commission
Nebraska Wheat Commission
North Dakota State Wheat Commission
South Dakota Wheat Commission
Colorado Association of Wheat Growers
Colorado Wheat Administrative Committee
Oregon Wheat Commission
Washington Wheat Commission
Idaho Wheat Commission

PROCESSORS:

Protein Grain Products International
Millers' National Federation
National Association of Flour Distributors

END-PRODUCT MANUFACTURERS:

American Bakers Association
National Macaroni Manufacturers Association

Mr. BERGLAND. Thank you gentlemen.
Our next witness is Mr. Joseph Creed.
Mr. Creed?

**STATEMENT OF JOSEPH M. CREED, EXECUTIVE VICE PRESIDENT
AND GENERAL COUNSEL, THE BISCUIT AND CRACKER MANUFACTURERS' ASSOCIATION, WASHINGTON, D.C.**

Mr. CREED. The Biscuit and Cracker Manufacturers' Association is the national trade association of the cookie and cracker industry.

We appreciate this opportunity to appear before the Livestock and Grains Subcommittee to express our views with respect to H.R. 13099—the proposed “Wheat and Wheat Foods Research and Nutrition Education Act.”

This bill, in its preamble, expresses the laudable objective of encouraging wheat producers, processors, end-product manufacturers, and consumers of wheat foods to work together to establish financing on an equitable basis and administer a coordinated program of research and education to promote and improve human nutrition through the use of wheat and wheat products as human foods within the United States.

The cookie and cracker industry is a major user of wheat flour, requiring approximately 30 million hundredweight annually, equivalent to approximately 70 million bushels of wheat. Thus, our industry has a substantial interest in any program involving wheat and wheat flour. We are extremely concerned over many of the expressed and implied provisions of H.R. 13099. Our first concern is the mandatory assessment, which would be levied on all users of processed wheat.

As this committee will recall, we strenuously opposed the wheat processing tax which was imposed on bakery products in 1962 and the subsequent attempt in 1966 to increase it. Happily, the Congress repealed this unfortunate and onerous tax in 1973. We are, therefore, genuinely distressed to see such a tax again advanced in another guise in H.R. 13099. Admittedly, the rate is much less and the cause presumably meritorious. Nonetheless, the principle of the processing tax on users of processed wheat remains. We believe it would be a serious mistake for the Congress to again impose another user tax on our products to finance the programs contemplated by H.R. 13099.

We cannot with consistency support the kind of tax mandated by H.R. 13099 when we so strenuously fought and objected to the similar wheat processing tax. It is our view that if any group wishes to take concerted action to carry out the programs envisioned in the preamble of this bill, it should also be willing to finance it on a voluntary basis without relying on the taxing power of the Federal Government to achieve its goals.

By definition in the bill—section 3(b)—the term “processed wheat” means “the wheat-derived content of any substance, such as cake mix or flour, produced for use as an ingredient of an end-product by changing wheat grown within the United States in form or character by any mechanical, chemical, or other means.”

Thus, no food product, whether bakery products, cereals, or whatever, made from or containing wheat or flour is immune or exempted

from coverage of this act. How, we ask, can a levy or tax on all products made from such a basic commodity as wheat be justified? Our answer is that it cannot be justified.

We would also direct the attention of the committee to other objectionable features of this bill. We find extremely repugnant the extensive control features which this bill would give to the Department of Agriculture over our industry for the sake of the money which this legislation would raise. On the basis of our industry's annual usage of some 30 million hundredweight of flour, the maximum levy of 5 cents per hundredweight of flour would tax our industry \$1,500,000 annually. We do not see the rationale for imposing all the control features of this bill on the cookie and cracker industry with annual sales of close to \$3 billion to raise the relatively small amount which would result under this proposed legislation.

We are aware, of course, that the bill—section 9—provides for a refund of the assessment previously paid by end-product manufacturers. We find this small consolation for the regulatory burden we would bear.

First, the bill requires that the assessment be paid in any event. This is compulsory.

Second, the procedures and paperwork spelled out in the bill to preserve a firm's right to refund are far too extensive and can be made even more onerous because the Secretary is authorized to proscribe further the conditions under which the right to a refund is preserved.

For instance, the bill would require the firm seeking a refund to indicate to the council which the bill creates, by registered mail, prior to making its payment, that it intends to reserve this right. Only by doing this in advance can the firm establish its eligibility for eventual refund. It is further required to establish through this same procedure its election for refund each year thereafter as a prerequisite to eligibility for a refund. Only by complying with these requirements may it demand and receive from the council a refund of the assessment.

But there is also a catch here in that this demand must be made within 90 days after the end of the election period in accordance with regulations and on a form and within a time period prescribed by the council and approved by the Secretary. The firm must also submit proof satisfactory to the council that it paid the assessment for which it seeks a refund. Thus, instead of having freedom of choice as to whether a firm will participate in this program, an objecting end-product manufacturer must pay the assessment and then is severely circumscribed in its efforts to obtain a refund of the tax or assessment. The prepayment requirement is a grossly unfair provision, and the other voluminous steps are seemingly designed to deliberately discourage the seeking of refunds.

Next, to make sure that everyone is paying the amount required by the formula under the act, tremendous regulatory and control authority is vested in the Secretary of Agriculture. He would be empowered to investigate end-product manufacturers, administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, and documents which he deems relevant to the inquiry. The most confidential papers of a company would be open to his inspection. The attendance of witnesses

and the production of any records may be required from any place in the United States. Furthermore, the Secretary would be authorized to invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on or where the "person" resides or carries on business. Failure to obey an order of the court may be punished by the court as a contempt thereof.

In addition to the specific enumerated powers given to the Secretary, he is authorized by the bill—section 16—to make such regulations with the force and effect of law as may be necessary to carry out the provisions of this act and the powers vested in him by this act. This plenary delegation of lawmaking authority to the Secretary is, in our opinion, far too expansive. It erodes the lawmaking authority of Congress where it properly belongs and subjects those who are covered by the act to the possibility, if not probability, of extremely undesirable regulations by the bureaucracy. This bill is truly a bureaucrat's dream of paradise.

It is certainly not amiss to remind this committee that one of the most discouraging aspects of today's Government is the tremendous quantity of paperwork which every business is subjected to by Government regulations. The cost and expense of complying with the paperwork imposed by Government agencies is submerging companies. We urge this committee not to add to that burden.

In summary, our members feel very strongly that this proposed mandatory assessment would not be good law because:

- (1) It is wrong in principle.
- (2) It would impose an excessive cost burden on the industry.
- (3) It would enlarge the power of Government unnecessarily over the cookie and cracker industry.
- (4) The programs contemplated by the legislation should be financed and supported on a voluntary basis by those who expect to benefit from them.

Because of this concern, the membership of the Biscuit and Cracker Manufacturers' Association at its annual meeting last month unanimously expressed their objection to this legislation in the following resolution:

The Biscuit and Cracker Manufacturers' Association is dedicated to the encouragement and support of research and education in the science and technology of baking with particular reference to biscuits and crackers and kindred products.

It believes that organizations so engaged can provide immeasurable benefits to the industry and the consuming public. It considers the development of such organizations a principal concern of the baking industry.

The Association opposes legislation which would impose a mandatory tax or exaction or assessment on the flour used by manufacturers of cookies and crackers to finance these endeavors and organizations.

It specifically and immediately is opposed to H.R. 13099, introduced in the House of Representatives on April 7, 1976, which would impose such an exaction on the baking industry.

The proposal is not cured by the right to refund of the assessment provided for in the bill.

The B. & C.M.A. is opposed to the extensive paperwork required by the bill, and the new, extensive regulatory authority which would be given to the Secretary of Agriculture over the baking industry, including a requirement to make available records of the companies to the Secretary.

Accordingly, the membership of the Biscuit and Cracker Manufacturers' Association in an annual meeting assembled on May 17, 1976, calls upon the Congress of the United States to reject this proposal which would impose a tax on

the manufacturers of cookies and crackers to finance an undertaking which properly should be financed by the private sector on a voluntary basis.

We believe the committee would be acting soundly and with wisdom if it were to reject H.R. 13099, and we strongly urge that it do so.

Thank you.

Mr. BERGLAND. Thank you, Mr. Creed.

We would ask you to step aside and come back for questioning at a later time.

Our next panel of witnesses represent the National Association of Wheat Growers: Glenn Moore, James Coddington, and LeRoy Gormley.

Mr. Moore, please proceed.

STATEMENT OF GLENN MOORE, CHAIRMAN, LEGISLATIVE COMMITTEE, NATIONAL ASSOCIATION OF WHEAT GROWERS, WASHINGTON, D.C.

Mr. MOORE. Mr. Chairman and members of the subcommittee, my name is Glenn Moore. I am the legislative chairman of the National Association of Wheat Growers and a wheat producer from Willard, Mont. Today I am appearing on behalf of the National Association of Wheat Growers. The national association is comprised of 13 member States: Colorado, Kansas, Texas, Montana, Minnesota, Nebraska, New Mexico, Oklahoma, Oregon, South Dakota, Idaho, Washington, and Wyoming. Collectively, we represent thousands of wheat producers. We, the Nation's wheat growers, earnestly support the "Wheat and Wheat Foods Research and Nutrition Act"—H.R. 13099.

Our statement of support is easy for me to make because I have served on the Montana Wheat Commission and on the Board of Directors of the Wheat and Wheat Foods Foundation for many years. The State wheat commissions are doing an excellent job on research and nutrition education, but inflation is eating away at their funds and with commissions organized in 12 States, their programs are not national in scope.

For this reason, State associations and commissions are also in support of a national program.

With inflation and competition, it is evident there must be a self-help program to finance needed and essential research and nutritional education. Because only limited financing has been available, U.S. citizens have not benefited as fully as they should from research on wheat and wheat foods.

With passage of the Wheat and Wheat Foods Research and Nutrition Education Act, wheat producers, processors, end-product manufacturers, and the American consumer can work jointly to improve the nutritional quality and make the most efficient use of American wheat.

We must act to develop a body of nutritional knowledge and apply it to the challenges confronting us. H.R. 13099 would permit the necessary research in nutrition to allow American citizens to benefit through improved nutrition, thus aiding the physical, mental, and economic health of our Nation.

The nutritional situation in America is urgent. We cannot ignore our moral and humanitarian responsibilities to the present and future needs of this country.

We simply must know more about human nutrition and the role wheat and wheat products should play in meeting nutritional needs.

H.R. 13099 will permit the development of an appropriate body of knowledge through an aggressive research program.

After nutritional research conclusions are gathered, it will be easier to communicate the great many health-related and nutritional benefits associated with the daily consumption of wheat and wheat products. To leave wheat foods mistakenly under a stigma for lack of research is only denying their uses to those who need the nutritional benefits the most, especially lower income families. Nutrition education is one of the fundamentals to the improvement of our national diet and the nutritional benefits of wheat are not only important to consumers of America but to consumers around the world.

H.R. 13099 will allow the involvement and utilize the experience of individual wheat producers, processors, and end-product manufacturers who supply the high-quality wheat and wheat products needed to improve the market for wheat and wheat foods; contribute to the professional and public knowledge and appreciation of wheat foods and their relationship to other human foods in improved diets; stimulate greater use of wheat foods as an essential part of a well-balanced diet; and improve the effectiveness of world food programs through better utilization of wheat foods.

Preliminary research done so far on wheat indicates that wheat has an ameliorating effect on blood cholesterol, which may be important in reducing cardiovascular deaths, and wheat contains proteins of such high biological value that normal young men can be maintained in excellent health for long periods when wheat is the only source of protein.

This information is from a statement on H.R. 13514—the Wheat and Wheat Foods Research, Education, and Promotion Act, 1972—“How Important Are Research, Education, and Promotion Involving Wheat and Bread?”

Also, wheat reduces the incidence of dental cavities in children, and wheat lowers the blood urea level which may be effective in reducing renal diseases. Bread may contain substances which produce the same effect in the gastrointestinal tract as foods which are rich sources of fiber.

This information was reported in “The Nutritional Value of Bread,” by Olaf Mickelsen, Department of Food Science and Nutrition, Michigan State University, East Lansing, Mich., copyright 1975 by the American Association of Cereal Chemists, Inc., 3340 Pilot Knob Road, St. Paul, Minn.

Without new and continued funding, we would be unable to fully develop these preliminary findings and explore new areas. The possible benefits derived from H.R. 13099 will be endless when compared to the actual cost of the program. Wheatgrowers are in full support of the industrywide program. Although we do not contribute financially to the cost of the program, we have an important and equal voice with other segments of the industry in establishing the way the

funds are expended. Because wheat growers of the nation are not contributing funds to the program, the legislation does not and should not call for a referendum of producers. The end-product manufacturers who are being assessed will have the right to vote in the referendum. We feel this is a reasonable and practical approach.

The National Association of Wheat Growers is strongly in favor of H.R. 13099. By resolution of the National convention last January 18 to 22 in Billings, Mont., the following resolution passed with the full knowledge that we would actively be seeking the passage of this legislation:

We endorse the concept of the Wheat & Wheat Foods Foundation as an industrywide organization to enable wheat producers, processors, and end-product manufacturers of wheat foods to work together to establish, finance on an equitable basis, and administer a coordinated program of research and education to promote and improve human nutrition through the use of wheat and wheat products as human foods within the United States.

We recommend that the National Association of Wheat Growers actively support the enactment of their proposed bill of enabling legislation to finance and administer this program.

Let me review a little past history.

In 1972, a bill somewhat similar to H.R. 13099 was defeated in Congress. The merits of the bill were good, and the measure should have been approved.

Unfortunately, the bill got caught up in the emotionalism of the Russian grain sale of that year, and people were concerned about the price of wheat, which had risen dramatically at that time to \$2.25 to \$2.35 per bushel.

Of course, as we are well aware, prices went much higher than that before falling.

Prices will continue to fluctuate, but I would hope that this legislation would be considered on its merits, the needs of industry—including producers—and the needs of consumers.

Thank you for this opportunity to appear before you today in support of H.R. 13099.

If there are any questions, I would be pleased to respond to them.

Mr. BERGLAND. Thank you.

Mr. Coddington?

**STATEMENT OF JAMES W. CODDINGTON, STAFF ASSISTANT,
NATIONAL ASSOCIATION OF WHEAT GROWERS**

Mr. Chairman and members of this distinguished committee, my name is James W. Coddington. I am appearing here today on behalf of the National Association of Wheat Growers, of which I am a staff member. Our headquarters are in Washington, D.C. I want to thank you for the privilege of coming before you concerning H.R. 13099.

The National Association of Wheat Growers is a member and the administrative arm of the National Wheat Institute, a corporation of grower organizations formed to implement the Wheat Research and Promotion Act of 1970—Public Law 91-430. Funds made available under this act were a one-time amount of slightly over \$2 million from an inverse wheat export subsidy fund donated by wheat producers. These funds are now totally committed to a broad range of research

and education projects designed to improve nutritive quality, develop new products, enhance consumer acceptance, explore market opportunities, and otherwise stimulate the demand for wheat and wheat products.

It has been suggested here that the National Wheat Institute will continue until June 30, 1978.

I would like to say that while our funds are totally committed at this time, some of the projects do continue until June 30, 1978. But most of them will be completed within less than 1 year from today.

I have previously served as a consultant to the U.S. Department of Agriculture in implementing the Ag Research and Promotion Act. It is my experience that it would take 1 to 2 years to implement a program of this kind after Congress passes the act.

It is, therefore, very timely that this program should be considered now and not wait until after June 30, 1978, for it to be considered by Congress.

I would like to refer briefly to some of the work of the National Wheat Institute, of which I am very proud.

The National Wheat Institute has made a good start in needed wheat research and education. For example, in a research contract with the three State universities in the Pacific Northwest to discover varieties of wheat and new strains of wheat in the development stage with higher nutritional qualities, a preliminary report shows a significantly more rapid growth rate when chicks were fed one variety of wheat—Yamhill—as compared to others. The component of the Yamhill variety causing such rapid growth rate has not yet been isolated. The tests also discovered a number of wheat varieties which excel in specific nutritional qualities. Again, a research contract with Michigan State University, in which students volunteered for diet tests, is providing data showing that a diet high in wheat-based foods aids in lowering cholesterol for persons with above-normal levels; that blood urea nitrogen levels are reduced and this, in turn, improves kidney function. It may retard the frequency of renal dialysis for kidney patients. The study confirms that, contrary to what many people think, bread in large amounts is an ideal food in a weight-reducing diet.

A research contract with the American Institute of Baking is designed to determine what component in wheat, when consumed by human beings, results in a reduction of high levels of cholesterol. Successful findings of such research could have a far-reaching impact on maintaining good health and attaining longer life.

The National Wheat Institute has underway a number of research contracts designed to develop new, more nutritious, food products from wheat, thus paving the way for better diets for many people in this country and throughout the world. It may be redundant to point out that if the population of the world continues to increase, even according to the most conservative estimates, it may mean that wheat-based foods soon will assume a much more important role in the diet of large groups of people. A shift to more wheat foods in the diet would mean a saving in energy and increased productivity from the current agricultural production pattern.

In the area of nutrition education, the National Wheat Institute has produced a number of motion picture films for free distribution to interested groups. For example, a 15-minute film in sound and color was prepared for use in elementary schools to develop an appreciation for good nutrition, to help build good eating habits by the student. It gives a balanced story on nutrition from various foods but emphasizes the nutritional value of wheat foods.

A film on wheat marketing has been shown to many thousands of people throughout the United States and Canada. It was awarded the Golden Eagle Award by the Council on International Nontheatrical Events for its excellence to represent the United States of America in motion picture events.

Another film stresses the importance of wheat products to consumers in meeting the high cost of living. Its theme is that wheat foods are both economical buys and nutritious for consumers. Records show that although retail prices for wheat foods have advanced in recent years, the rate of advance is less than that of many other commonly used foods.

A final motion picture film shows how consumers worldwide depend on the United States as a major source of wheat. It shows that it is imperative for us to export large volumes of wheat and other agricultural commodities in order to help give us the foreign exchange needed so we can import oil, television sets, radios, cars, and other products.

The United States is depicted as a regular supplier of the various classes of wheat, of the qualities and quantities demanded by foreign buyers, and that our wheat exports contribute to a major extent toward a favorable balance of trade.

Other education projects of the Institute include National Sandwich Month and Contest, National Day-of-Bread, and support of the Agriculture Council of America which have worked through radio, television, newspaper, and other mass media to put into almost every home in America many ideas telling the story of how well wheat-based foods may be used with nonwheat foods to provide appetizing and nourishing meals.

Although the National Wheat Institute has made commendable progress, much more research and nutrition education relative to wheat and wheat-based foods is needed, but our funds are now totally committed. The Institute did not encourage applications for new contracts because of the relatively small total money available. Nevertheless, applications for contracts to conduct wheat research and education work aggregated almost \$20 million, or roughly 10 times the one-time fund made available for this program.

I believe that if we had solicited application for research and education work, that the amount of funds needed would have exceeded \$100 million.

Wheat is a major source of food, both in this country and in foreign developed and developing countries. World wheat production in 1976-77 has been estimated at about 850 billion pounds. Probably more people eat products made from wheat than from any other individual plant or livestock commodity.

The United States is the world's leading exporter of wheat, in addition to providing an adequate amount for our own needs. But the population of this country and of the world continues to increase. If the United States is to maintain its role in progress toward a better world for all mankind—a world that cares for the needs of others, where hunger and malnutrition are minimized—we must continue to expand our knowledge of these basic wheat commodities and to improve their nutritional qualities through more wheat research. We also need to inform consumers everywhere how they can have healthier bodies and longer life by proper use of the nutritive qualities of this "staff of life."

Finally, we are proud of the work of the National Wheat Institute. We see its accomplishments as a great step forward. However, this commodity—of worldwide major importance—needs and deserves much more research and nutrition education.

It is our hope and earnest desire that, through passage of H.R. 13099, this significant work to benefit consumers everywhere, begun by the National Wheat Institute, may be not only continued, but appropriately expanded. Thank you.

Mr. BERGLAND. Thank you.

Mr. Gormley, you may proceed.

STATEMENT OF LeROY GORMLEY, PRESIDENT, WASHINGTON ASSOCIATION OF WHEAT GROWERS, RITZVILLE, WASH.

Mr. GORMLEY. Mr. Chairman, I am LeRoy Gormley, president of the Washington Association of Wheat Growers, and a wheat farmer from Waterville.

In representing the Washington Association of Wheat Growers of Washington State, we would like to be placed on record as being in favor of the Wheat Foods Research Nutritional Education Act—H.R. 13099—as introduced by Mr. Foley.

There are approximately 32 wheat-producing States in the United States. Of the 32 there are 12 with commissions which are funded by producer checkoff assessments. These 12 commissions are doing a fabulous job in their endeavors to educate the whole chain of wheat agriculture. However, these 12 commissions can surely not accomplish, because of economic reasons, the educational program that is needed in the wheat industry of the United States.

We feel that the answer to this need is the bill that has been introduced by Mr. Foley for a check-off assessment on wheat production's end-product. We also feel that the board of 20, approved by the Secretary of Agriculture, is representative of the total chain of wheat production, from the farmer to the consumer. We also feel that the need for this educational program is exemplified by assessment increases in the State of Washington and by the increased activity in the education information programs of all the commissions throughout this country.

For these reasons, Mr. Chairman, we urge that the Wheat Foods Research and Nutritional Education Act as presented by Mr. Foley be carried through to adoption, and that its processes be initiated as soon as feasibly possible.

Thank you.

Mr. BERGLAND. Thank you.

Gentlemen, we will ask you to stand aside temporarily so that we may proceed with the witnesses.

The Chair asks unanimous consent that the statement of Hon. Al Ullman, Chairman of the House Committee on Ways and Means, in support of this bill, be inserted in the record at this point.

Hearing no objection, it will be a part of the record.

[The above referred to statement follows:]

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

Mr. Chairman, I am grateful for this opportunity to express my strong support for H.R. 13099, the Wheat and Wheat Foods Research and Nutrition Education Act.

There may be no greater nor more basic problem in the world today than food supply. Despite the significant agricultural advances of the last several decades, a majority of mankind remains undernourished. And prospects for improving the situation are not great.

Over the years, of course, the farmers of the United States have done much to ease hunger throughout the world. They have developed the know-how to feed not only our own people, but those in countries unable to meet their own needs—frequently with the help of the Congress and of this committee. Indeed, a major share of the world population now relies on American agriculture for its "daily bread."

The Wheat and Wheat Foods Research and Nutrition Act is, in part, a recognition of our tremendous responsibilities in this regard. It is drafted with the understanding that there is a limit to the amount of land we can put into production; with the understanding that our efforts to meet growing demands for wheat and other high-quality foodstuffs depend increasingly on our ability to make qualitative improvements in that which we produce.

By authorizing a cooperative program of research and nutrition education among wheat producers, processors, end product manufacturers and consumers, H.R. 13099 would help insure and increase the wheat industry's ability to fulfill the Nation's—and the world's—food needs in years to come.

Equally important, it does so with a full understanding of the difference between helpful Government incentives and promotion and harmful Government intrusion into the delicate world of agricultural economics, where theory frequently runs afoul of facts dictated by nature.

As you know, Mr. Chairman, my home State of Oregon is a major wheat producer. In 1975, Oregon farmers produced more than 56 million bushels of wheat, valued at more than \$210 million. Both the Oregon Wheat League and the Oregon Wheat Commission join me in support of this proposal.

I would like to emphasize that this support is well-grounded in experience. As a result of the Wheat Research and Promotion Act of 1970 and the efforts of the National Wheat Institute, resources have been made available to universities in the Pacific Northwest for wheat research. A preliminary report on this research indicates the discovery of a variety of wheat yielding greater nutritional qualities, although components of the wheat have not been isolated as yet.

The Wheat and Wheat Foods Research and Nutrition Act could contribute significantly to furthering such research. I urge you to take affirmative action on this important proposal.

Mr. BERGLAND. The next witness is Mr. William Quinlan.

STATEMENT OF WILLIAM A. QUINLAN, GENERAL COUNSEL,
ASSOCIATED RETAIL BAKERS OF AMERICA, ANNAPOLIS, MD.

Mr. QUINLAN. I am William A. Quinlan of Annapolis, Md., appearing as general counsel of the Associated Retail Bakers of America in opposition to H.R. 13099—the proposed "Wheat and Wheat Foods Research and Nutrition Education Act."

With me is the second vice president of our association, Joseph A. Becker, owner and operator of the Dixie Bake Shop in Sioux Falls, S. Dak.

At the conclusion of my statement, Mr. Chairman, we would appreciate an opportunity for Mr. Becker to comment briefly and to help in answering any questions you may have.

We appreciate this opportunity to testify. To conserve your time, my prepared statement is short and specific.

The Associated Retail Bakers of America—ARBA—is the national nonprofit membership association of retail bakers—those who sell across their own counters directly to consumers the bakery foods which they produce.

The retail baking industry includes single-unit, multiple-unit, and supermarket in-store retail bakers, having in all over 20,000 establishments with annual sales of almost \$2 billion, including over 4,000 establishments which are too small to have any employees and are operated entirely by the owners. Along with wholesale bakers, they are referred to in the bill as “end-product manufacturers.”

An estimated 6,700 to 7,000 establishments are operated by members of the national association, including 1,730 proprietors and firms who are regular, direct members; and approximately 1,300 more who are affiliated through 56 regional, State, and local associations.

We endeavor to inform and reflect the interests and views of the entire retail baking industry in governmental matters, regardless of association membership.

All of our Washington bulletins are released to the trade press, which includes free circulation reaching the entire industry, and all retail bakers are invited to our conventions and workshops.

I have been associated with bakers in various capacities during all of my working life, and with ARBA during most of it.

We are here to submit respectfully that your subcommittee should disapprove the proposed legislation in its entirety.

ARBA was one of the original collaborators, starting about 10 years ago, in preparing and promoting legislation of this general nature. It was and is a member of the Wheat and Wheat Foods Foundation formed for that purpose.

We attend innumerable meetings and participated in the preparation of innumerable draft bills.

During that time, the House of Representatives in its wisdom rejected one such bill, although ARBA and most others has supported it. We now believe the House saved us from ourselves.

With time and experience, we came progressively, and at last firmly, to a realization that it would be a serious mistake to base a wheat foods research and promotion—now termed “nutrition education”—program on subjecting wheat products to a Government-imposed tax or assessment and on Government intervention in and control of the program itself.

This realization is due in part to a greater awareness, after more than a decade of trying to perfect workable and acceptable legislation, of the many complexities and other disadvantages inherent in the legislative approach.

The realization is due in greater part, however, to a strong revulsion against excessive Government intervention in general, which is **becom-**

ing especially burdensome to retail bakeries along with other smaller businesses.

ARBA, as the nationally organized voice for retail bakers, who are the great majority of end product manufacturers, therefore is here to cast a vote for free enterprise, for a completely voluntary program of research and promotion of wheat and wheat foods, and against any legislation and Government interference.

After mature reflection, the ARBA Board of Directors on November 5, 1975, unanimously adopted the following resolution which was sent to the Wheat and Wheat Foods Foundation:

Whereas certain past programs for promotion of bakery foods failed in part because some large contributions withdrew support and were followed by others, and

Whereas, a consensus of wheat growers, millers, and bakers, including the Associated Retail Bakers of America, therefore developed in favor of legislation to levy a mandatory assessment on processing of wheat to provide necessary funds for promotion of wheat foods and a mutually acceptable bill was submitted to the Congress but was rejected by the Congress, and

Whereas a revised bill known as the Wheat and Wheat Foods Research and Nutrition Education Act has been recommended by the Executive Committee of the Wheat and Wheat Foods Foundation to participating organizations, including the Associated Retail Bakers of America, and has been carefully considered by the ARBA Board of Directors, and

Whereas the revised bill is believed to be seriously deficient because it provides for refunds on request and therefore would defeat the whole purpose of such legislation, because it excludes smaller bakers from participation, because it would require preparation and filing of returns and payment of assessments by all other bakers in contrast with the relatively simple original provision for collection of the assessment by millers, because it fails to provide for termination of the legislation in the absence of unanimous agreement after a trial period and therefore fails to protect wheat growers, processors, bakers and consumers from being permanently burdened with an unsatisfactory program, and because it tends toward undue control of the program by the Department of Agriculture rather than by bakers, millers, and wheat growers, and

Whereas these objectionable features of the revised bill serve to emphasize objections to a Government levy on the processing of wheat or wheat foods, whether it be called a tax or an assessment, and to Government interference with private enterprise, which interference is already excessive and increasing by leaps and bounds, now, there, be it.

Resolved, that the Associated Retail Bakers of America opposes enactment of the proposed legislation, and be it

Further resolved, that ARBA favors a wheat and wheat foods promotion program developed, financed, and administered freely by bakers, millers, and wheat growers rather than under the repressive hand of Government, and

Further resolved, that ARBA favors continuation of the Wheat and Wheat Foods Foundation for that purpose and for other mutual benefits which are possible through voluntary cooperation of wheat growers, millers, and bakers.

Because some persons gained the impression from that resolution that the bill could be rewritten to satisfy ARBA's opposition, our Executive Committee, meeting in Philadelphia on January 6, 1976, during this Bicentennial celebration of our freedom, unanimously adopted the following further statement:

STATEMENT BY ARBA EXECUTIVE COMMITTEE CONCERNING PROMOTION OF WHEAT FOODS

The Executive Committee of the Associated Retail Bakers of America wishes to emphasize further the essential considerations expressed in the November 5, 1975, resolution of the ARBA Board of Directors concerning a program for promotion of wheat foods.

ARBA recognizes the urgent need for such promotion. We favor a voluntary program, rather than one subject to Government control or intervention, and

favor continuation of the Wheat and Wheat Foods Foundation for that purpose. The deficiencies of the latest draft legislation are only some of the factors which led to a realization that any such legislation would be a fundamental error, regardless of its details.

We favor less, not more, Government involvement in the retail baking industry.

Moreover, 10 years of effort to implement the legislative approach leaves bakers, millers, and wheat growers farther from, rather than closer to, an effective program.

We believe that a joint decision now for free and voluntary action would get all groups moving toward such a program, and there are hopeful signs of a developing consensus in favor of it.

We respectfully urge other groups to endorse such action, and we urge reconsideration by any who have approved the legislation.

ARBA is ready to join in a program developed, financed, and administered freely by bakers, millers, and wheat growers.

Finally, the membership of the association on April 26, 1976, at our 58th anniversary national convention in Philadelphia, unanimously reaffirmed that position in this formal declaration of policy:

WHEAT FOODS PROMOTION

We favor voluntary programs for promotion of wheat foods. We oppose legislation providing for Government intervention in or control of such programs, including taxation for that purpose, whether called assessments or by whatever name.

Thus, our opposition to H.R. 13099 is a philosophical opposition to any such legislation, regardless of its details.

Nevertheless, it may be helpful to the subcommittee if we address ourselves also to some of the objectionable particulars of the pending bill.

The reason why we decided in 1965 to seek legislation was the then consensus, which I reported to our convention that year, that:

An effective means of financing such a [wheat foods promotion] program will be essential to its lasting success. Without exception, all the opinion received so far from retail bakers is that financing through voluntary contributions, which has failed in the past, would fail again, and that funds should instead be raised through a small assessment, perhaps a penny or so on every bushel of wheat contained in food products for consumption in the United States, so that all would bear a fair share.

* * * successful financing of the program will require a universal mandatory assessment, rather than an attempt to get voluntary contributions.

Along with wholesale bakers, millers, and wheat producers, ARBA decided that the only way to raise enough money for the program was to invoke the power of the Government to tax, and the only way to do that was through legislation.

That was the whole point of the legislation to begin with, that there would then be no escape from contributing to the cost of the program.

We realize now that embarking on such a course was a serious error, but that was the entire reason for doing so.

Now, although H.R. 13099 provides for an assessment on end-product manufacturers, it also provides—in section 9—for refunds on request.

As we pointed out when informed that such legislation would be politically unacceptable without a provision for refunds, this defeats the purpose, be it wise or unwise, of having asked for legislation to begin with.

Large multistate operators would be the ones best equipped to cope with any procedures or technicalities for obtaining refunds.

Providing for refunds not only would defeat the purpose of the legislation but would discriminate against retail and other smaller bakeries.

It is not necessary, we have now concluded, to become involved with legislation in order to assure funds for a sufficient time to organize a program, get it underway, and demonstrate that it deserves continued support. Voluntary but mutually binding pledges could provide that assurance of contributions over whatever period of time is considered necessary.

Section 7 of the bill provides that "any end-product manufacturer who does not purchase more than 2,000 hundredweight of processed wheat per year for use in the manufacture of end products shall be exempted from specific [sic] provisions of this act under such conditions and procedures as may be prescribed in the order [of the Secretary of Agriculture] or rules and regulations issued thereunder."

"Processed wheat" is defined in section 3(b) to mean "the wheat-derived content of any substance (such as cake mix or flour) produced for use as an ingredient of an end product," et cetera.

Most, although not all, retail bakers would theoretically be excluded from the program if they could determine and prove how much processed wheat they purchase.

To the flour and other purchased ingredients derived entirely from wheat, the baker would have to add the wheat-derived partial content of numerous other purchased ingredients.

It is not complete, Mr. Chairman, but we ask you to include in the record the list, appended to my prepared statement, of examples of such ingredients sold by bakery supply houses.

For bakers, already plagued by Government regulations and paperwork, who might want to establish their exemption, the annual or more frequent diagnosis might be almost as bad as the disease.

Those not exempt also would have to determine the total quantities of processed wheat they purchase in various forms and, as required under section 6, pay assessments on those quantities.

We not only believe the wheat foods promotion program should be a voluntary, not a Government-controlled program; we also believe no baker should be excluded. It should be a program for all bakers and all wheat foods.

One reason is that research and promotion in which only larger mass-production bakeries participate are likely to emphasize bread to the exclusion of the great variety of other wheat foods produced by retail bakeries and other end-product manufacturers.

Under section 3(f) of the bill, bakeries, restaurants, and others producing end products for consumption both off and on their premises would have the extremely difficult and burdensome task of determining how much of their purchased processed wheat is purchased for use in off-premises and on-premises products, respectively.

Mr. Chairman, you have heard cries of anguish, but you may not have heard any so loud as those under this provision if it becomes law.

Collecting assessments from innumerable end-product manufacturers is likely also to become a costly administrative nightmare. Earlier drafts of the bill provided that the assessments would be paid by the relatively few millers and other first processors of wheat and billed by them to distributors and end-product manufacturers.

Earlier drafts of the bill endorsed by the Wheat and Wheat Foods Foundation—including ARBA—also provided that the program would terminate after each 5-year period unless the Wheat Industry Council voted unanimously to continue it. This was insurance against producers, processors, or end-product manufacturers being locked into an objectionable situation.

The provisions in section 8 for a referendum, which itself would be a costly exercise, would require bakers and other end-product manufacturers to determine how much processed wheat is contained in the products they manufacture during a prescribed period, rather than just the quantities purchased.

And, again, those producing end products for both off-premises and on-premises consumption would have to determine how much processed wheat they used in off-premises products.

Under sections 6 and 14, the Secretary of Agriculture, rather than wheat producers, processors, or end-product manufacturers themselves, would have the final power to decide who would represent them.

Those are salient provisions of the bill which ARBA finds objectionable, Mr. Chairman, aside from the fundamental objection to any such legislation.

The bill, of course, is also replete with provisions for orders, rules and regulations, books and records, reports, investigations, subpenas, oaths or affirmations, and penalties.

We respectfully urge, Mr. Chairman and members of the subcommittee, and earnestly hope that you will reject this legislation.

We would appreciate it if you would allow Mr. Becker to make a brief comment from the standpoint of a practical, operating, single-unit, retail baker who would be covered by this legislation.

Mr. BERGLAND. Thank you.

Without objection, the list which you referred to in your statement will be inserted in the record at this point.

[The above referred to material follows:]

PURCHASED BAKERY INGREDIENTS CONSISTING IN PART OF WHEAT - DERIVED PRODUCTSBREAD MIXES

Dark Rye
 French
 Hard Roll
 French Sour Do
 German Black Rye
 Golden Indian
 White Rye
 V-10 Protein
 Pumpnickel
 Hi-Gluten
 Whole Wheat
 White
 Egg
 Potato
 Vienna
 Rye
 Light Rye
 Triticale
 Buttermilk
 Buckwheat
 Honey
 100% Stone Ground
 Salt Rising Scottish Hylander
 Cossack
 Old Settler
 Frontier
 Shepherder
 Wheat Germ
 Jewish Rye
 Jewish Pumpnickel
 Celery
 Granary
 Granola
 Peasant
 No Sugar

CAKE MIXES

White Cake
 Devils Food Cake
 German Chocolate
 Carrot
 Yellow
 Spice
 Sponge
 Pound
 Angel Food
 Dietetic

YEAST RAISED SWEET GOODS MIXES

Danish
 Raised Donut
 Sweet Dough
 Yeast Raised Donut
 Potato Donut

COOKIE MIXES

White Sugar
 Brown Sugar
 Macaroon
 Butterscotch
 Cherry
 Chocolate Chip
 Ice Box
 Dietetic

CAKE DONUT MIXES

Buttermilk
 Cake Donut
 Chocolate Cake Donut
 Cherry
 Orange
 Whole Wheat
 Old Fashioned
 French

PIE MIXES

Pie Dough
 Turnover
 Fried Pie
 Pronto Pup

MISC. MIXES

Brownie
 Muffin
 Bran Muffin
 Cornbread
 Puff Paste
 Eclair
 Crueller

FLOUR

White Bread
 First Clear
 Cake
 Hi Ratio Cake
 Whole Wheat
 Pastry
 Hi-Gluten
 Cracked Wheat

Mr. BERGLAND. Mr. Becker, do you have a statement?

Mr. BECKER. Yes.

**STATEMENT OF JOSEPH A. BECKER, SECOND VICE PRESIDENT,
ASSOCIATED RETAIL BAKERS OF AMERICA, SIOUX FALLS, S. DAK.**

Mr. BECKER. Thank you, Mr. Chairman.

I would like to thank you for the opportunity to say a few words and give you the thoughts of the many thousands of small bakers concerning this bill in my own way.

First, this act states that any assessments would not significantly increase the selling price of the end product and this is true to a degree. However, the extra bookwork and the forms that would be mandatory would be tremendous because of the variety of products we, as small bakers, produce from blended combinations of flours and other ingredients. We now have so many forms that in the past several years I have had to hire one extra person to take care of these forms because of the many regulations. In no way can I afford to hire another. We do not work with computers that would make finding these things easy.

Second, I feel this bill discriminates in two ways: first, it discriminates against the many thousands of small bakers; and, second, in my opinion, it will discriminate against the more nutritious bakery foods that we as small bakers produce, such as rolls, doughnuts, and so forth.

It would only aid large, commercial bread bakers.

Third, I strongly feel that this bill would put our Government in the advertising and promotion business for wheat-produced foods, where it definitely does not belong. A program of this type must be voluntary and under a wheat and wheat foods institute where it will be fair to all with no refund strings attached; and, most of all, no mandatory forms and regulations.

Fourth, I must add that it behooves me to come but to one conclusion: That our own Congress, by trying to be helpful but not fully understanding small businesses, is slowly but surely doing away with small business through continued excessive regulations.

Again, I want to make it clear that I firmly believe in a program of this type but privately administered under our free-enterprise system and fair to all end-product manufacturers of wheat. You may have been led to believe that all small retail bakers were exempt. I am a one-unit retail bakery operator, and I am not exempt.

I thank you.

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

If you will stand aside temporarily, we will bring you back for questioning a little later.

We will now call Mr. Reuben Johnson.

**STATEMENT OF REUBEN L. JOHNSON, DIRECTOR OF LEGISLATIVE
SERVICES, NATIONAL FARMERS UNION**

Mr. JOHNSON. Agriculture has been witnessing a proliferation of producer-financed commodity research and promotion programs in recent years. Now the legislation before this subcommittee today

proposes that still another research and promotional program, this time on wheat and wheat foods, be enacted by the subcommittee.

This comes at a time when an egg promotion checkoff is about to be implemented, when a beef research and promotion act has been signed into law, when the Congress is about to double the checkoff rate in the cotton promotion program.

In addition, programs exist under Federal auspices for potatoes, wool, lamb and mohair, and on fluid milk in some 22 Federal market order programs.

In addition, there are some regional programs and many State-level producer-financed commodity-promotion programs. And yet above all this are various privately financed promotional programs, carried on by producer associations or commodity groups.

Under the programs which are supervised by the Federal Government, it is estimated that farmers are spending about \$37 million on commodity research and promotion programs. It is further estimated that at least another \$100 million annually is being spent for research and promotion by farmers through the State or private or cooperative programs.

These expenditures by farmers come at a time when the U.S. food industry is projected to be spending \$3.1 billion on food advertising and promotion this year—up \$600 million from the \$2.5 billion estimated by USDA for 1974.

This total of \$2.5 billion expended by the food industry in 1974 was equal to 3 percent of the total food marketing bill of \$92 billion that year.

Very frankly, National Farmers Union convention delegates and our national board of directors in recent years have found it difficult to rationalize the need to pyramid producer-sponsored commodity promotion programs on top of the vast expenditures already being made by the food industry for advertising and promotion and by the Federal Government and the land-grant institutions for basic research, product development, and market promotion.

Many of our members believe that these checkoff programs simply add to their cost of production while having little, if any, impact upon product markets and consumption; and chiefly they redound to the benefit of the promotional media.

This does not mean that the Farmers Union categorically opposes any and every commodity-promotion program; but we do want to be convinced that the task to be accomplished is not already being done by someone else—or could not or should not be done by someone else. We want to avoid duplication.

We want to be assured that the checkoff programs are, as our 1976 convention recently insisted, "strictly farmer-controlled."

Our 1976-77 policy statement declares that we would not object to checkoff programs which meet these criteria:

First, approval is by two-thirds of producers voting in referendum.

Second, programs being formulated or currently in operation are subject to review in a referendum vote every 3 years and to be subject to review at any time on the call of 10 percent of producers concerned.

Third, the Federal Government bears the cost of all referendums.

Fourth, a procedure is provided in the law to enable producers to obtain refund of checkoff funds without undue delay or hindrance.

Fifth, criminal penalties are provided in the law against funds being used for political or lobbying activities.

Sixth, changes in existing checkoff programs, including changes in checkoff levies and/or administrative and operational changes, be submitted to the producers affected and subject to approval by a two-thirds vote.

Now, although none of the checkoff programs presently supervised by USDA meet all of the above criteria, there is no reason why they could not be designed that way. Our guidelines are entirely reasonable.

We expect that many of the checkoff programs which have materialized over the years were justified on the basis that this was the only way to get a job done or to get product loyalty.

Dairymen did not trust the fats and oils industry to carry on an advertising program espousing the superior merits of butter and milk products. So they started their own program.

In a similar manner, producers of other farm commodities convinced themselves they would have to develop their own programs of market development and product innovation. They could not rely on a neutral food industry to promote product loyalty.

Experience had taught them that the processing industry would tend to promote the products with the strongest marketing margins, regardless of other considerations.

Farm producers also have from time to time convinced themselves that a checkoff program for advertising and promotion might be an effective way to reverse a long-term trend toward lower per capita consumption of their products or declining exports.

In examining the need for a wheat and wheat foods promotional program, we would maintain that basic or "pure" research ought to be conducted by the Federal Government, the agricultural colleges, or the food industry. Market development and promotion is already being carried out by several State wheat commissions, singly or cooperatively, in the Great Plains Wheat Organization.

This leaves a rather narrow base for the operation of a newly created wheat checkoff program; basically, media advertising and consumer education.

If the National Wheat Institute has used only about \$2 million in funds since it began to function in 1971, on what basis can it be contended that a program of \$10 million a year is necessary?

But, whether or not the judgment indicates a need for a wheat research and promotion program of some kind, the question before the Congress is whether the kind of program envisioned in H.R. 13099 and the way in which the checkoff program would be designed and would function are acceptable.

Unfortunately, H.R. 13099 fails to meet any of the guidelines set by Farmers Union for checkoff programs:

1. It lacks farmer control.
2. Producers do not vote because the checkoff is imposed upon end-product manufacturers.
3. Activities are not subject to regular review by referendum of producers.
4. The Federal Government bears none of the cost of referenda.

5. Only end-product manufacturers can seek to obtain a refund of checkoff funds—although the incidence of the assessment will likely be eventually upon producers.

6. It does not limit use of funds for political or lobbying activities.

7. It does not require referenda approval for program changes.

The most serious departure in this proposal is that to remove the program from producer control by imposing the checkoff upon manufacturers.

Such a proposal seems out of character, departing drastically from the structure of commodity programs previously authorized by the Congress.

We question that it is a proper exercise of Federal power to levy a tax for the benefit of a private promotion institution, answerable neither to producers nor consumers.

While we would see some merit in the Congress studying the relative need for research and promotion for wheat and wheat foods, the approach taken in H.R. 13099 is not acceptable.

We, therefore, would oppose approval of the bill.

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

Mr. JOHNSON. I would like included in the record a letter from Stanley Moore to Congressman Mark Andrews dated June 10, 1976.

Mr. BERGLAND. Without objection, the letter will be inserted in the record at this point.

[The above referred to letter follows:]

NORTH DAKOTA



Box 651 -- Jamestown, North Dakota 58401 -- Phone: 252-2340

June 10, 1976

Congressman Mark Andrews
House Office Building
Washington, D. C. 20515

Dear Mark:

I am greatly disturbed by your co-sponsorship and presumed support of the "Wheat and Wheat Foods Research and Nutrition Education Act." The North Dakota Farmers Union is unalterably opposed to that legislation as drafted for four reasons. First, it is another step in the continuing transfer of farm policy, as it relates to farm prices and income, from farm people and those who represent them in Congress to processors and consumers and to the congressmen who represent them. It is my judgment that until the power to establish farm policy is returned to a bona fide farm bloc, we can expect a continuation and a gradual strengthening of the cheap food policy with its potentially disastrous effect to the agricultural industry of this nation. Promoters of the legislation indicate a belief that the cost of the program will be built into the food price to be paid by the ultimate consumers. In view of the cheap food policy of the present Administration and pressures by a variety of consumer groups to continue that policy this presumption is, at best, very doubtful. Since the food processor who will collect and remit the tax to the government cannot be expected to diminish his present margins, it is a safe conclusion that the tax will be deducted from the price of wheat that the farmer delivers to his local elevator. While the tax will be collected only on wheat processed for domestic consumption, there has never been a separation of wheat for domestic use and wheat for export at the point of sale by farmers. Therefore, the lower price that farmers may expect to receive will apply both to export wheat and wheat for domestic use. For this reason, the program if it becomes effective will provide the potential for a profit bonanza by exporters. Therein lies the second reason for our objection to the proposed legislation. It will result in another tax on farmers for the benefit of advertisers and the potential benefit of exporters.

As indicated above, the cost will come back to farmers. Farmers of North Dakota are presently paying two mills per bushel to support the advertising and other activities of the North Dakota Wheat Commission and Great Plains Wheat. Farmers in many other states are making a similar contribution, although the rate may vary, for the same purposes. In a slightly more indirect manner, wheat farmers of this nation picked up the tab for wheat marketing research that was carried out by the National Wheat Institute. The Institute program alone cost in the neighborhood of \$2 million. It is inconceivable to most farmers that they should be asked now to fund another advertising and research campaign, the principle benefits of which will go to advertising firms and research foundations or university staffs.

Congressman Andrews

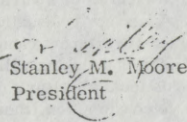
June 10, 1976

Members of Farmers Union at the national level are producers of virtually every type of farm produced food grown in the United States. If producers of one commodity gain increased utilization through advertising producers of another food commodity suffer a corresponding loss in sales. Don Paarlberg, Director of Agricultural Economics to the Secretary of Agriculture, and former economic advisor to President Eisenhower, stated this fact very well in his book, American Farm Policy. "What is too often forgotten is the fact that the per capita consumption of farm products in terms of pounds or calories is remarkably stable. During the ten year period 1952 to 1961, the high year in average per capita consumption of calories was only two and a half per cent above the low year. This being true, the consumption of more of one product means the consumption of less of others, leaving the total almost unaffected. The size of the human stomach is limited. "

For these reasons, the North Dakota Farmers Union opposes enactment of another commodity promotions scheme. Naturally, we are distressed to find a congressman who represents this basically agricultural state listed as a co-sponsor of the subject legislation.

Sincerely yours,

NORTH DAKOTA FARMERS UNION


 Stanley M. Moore
 President

SMM:jet

cc Senator Milton Young

Senator Quentin Burdick

Tony T. Dechant, National Farmers Union President

**STATEMENT OF MIDGE SHUBOW, INFORMATION DIRECTOR,
CONSUMER FEDERATION OF AMERICA**

Ms. SHUBOW. Consumer Federation of America is the Nation's largest consumer organization. It is composed of over 200 national, State, and local nonprofit organizations and consumer protection agencies that have joined together to advocate the consumer viewpoint. Among our members are Consumers Union, publisher of Consumer Reports, 17 cooperatives and credit union leagues, 45 States and local consumer organizations, 66 rural electric cooperatives, 27 national and regional organizations ranging from Nationwide Insurance to the National Board of the YWCA to the National Education Association, and 16 national labor unions. Consumer Federation of America appreciates the opportunity to testify on the Wheat and Wheat Foods Research and Nutrition Education Act—H.R. 13099.

While we agree that there are important consumer concerns about the nutrition, supply, and marketing aspects of the wheat industry, we do not feel that the scope and structure of H.R. 13099 will optimally address them. On January 24, 1976, delegates to CFA's annual meeting adopted the following resolution written by the Food and Marketing Committee:

Commodity and promotion boards which are in any way sponsored, administered, or supported by the Government should not be allowed.

By promoting certain commodities at the expense of other commodities, these boards violate basic principles of fairness, represent an inappropriate involvement of Government officials and taxpayers revenues in private industry gimmickry, and ultimately result in an increased consumer cost for the commodities promoted. * * *

Government involvement in commodity boards is becoming as contagious as the flu and about as desirable. Perhaps it has something to do with the Bicentennial, as every producer group in the country wants to visit the Nation's Capitol and take a little piece back home.

During Congressional considerations of the Beef Research and Information Act, the Office of Management and Budget foresaw the dangers of commodity boards when it stated that the bill:

* * * would not be in the long-run interest of agriculture, the food industry, or consumers in general. The involvement of the Federal Government in the promotion of a particular commodity at the expense of other commodities would compel other commodity groups to seek similar assistance in order to maintain their share of the food market. The net effect of such action would be to unnecessarily increase costs to both producer and consumers.

OMB's prophecy has become reality, and it is time for Congress to administer the appropriate vaccine to stop the check-off bill epidemic. CFA is, however, pleased to note the potentially balanced composition of the 20-member Wheat Industry Council. The inclusion of consumer representation will assist the Council in setting priorities that are beneficial to all segments of the food chain. Every consumer in the world has a stake in developing the most nutritious, highest yielding wheat possible and in developing marketing systems and food policy that make it maximally available at the lowest reasonable cost—including a fair return to the farmer, processor, and retailer on their respective investments.

CFA is confident that if the board comes into existence, the consumer members of the Council would raise important questions which should stimulate action toward mutually desirable goals. However, H.R. 13099 remains disturbing for a number of reasons.

First, given the oligopolistic character of certain segments of "end-product manufacturers," it is certain that any assessment will easily and totally be passed on to consumers.

Second, although the promotional aspects of this act are not stressed in the bill, CFA is gravely concerned that a substantial portion of the collected assessment will go toward advertising and slick sales promotion.

Many of the "end-product manufacturers" are among the Nation's top 100 advertisers: a group that adheres to the distressing belief that there is more short-run profit realized from each dollar spent on advertising than there is for each dollar spent on improving the product or lowering the price. I refer you to chart A which I would like included in the record.

Mr. BERGLAND. Without objection, the chart will be made a part of the record at this point.

[The above referred to chart follows:]

(From Advertising Age, August 18, 1976)

CHART A**Advertising Expenditures on Wheat End Products - 1974**

<u>Total Budget (in millions)</u>	<u>Company</u>	<u>Advertising on Wheat Products (incomplete) (in millions)</u>
\$ 70.0	American Brands	\$ 7.4
	Sunshine Biscuits	
135.0	American Home Products	4.1
	Chef Boy-Ar-Dee	
38.0	Campbell Soup	1.11
	Pepperidge Farm Products	2.18
	Franco American	
118.0	Colgate Palmolive	2.2
	Alpen Cereal	
189.0	General Foods	7.4
	Grape Nuts	5.9
	Raisin Bran	2.8
	Sugar Crisp	2.1
	Honeycombs	1.8
	Alpha Bits	1.3
	Pebbles	4.0
	Stove Top Stuffing	4.2
	Shake 'n Bake	2.5
	Better 'n Bake	
72.7	General Mills	3.3
	Nature Valley Granola	2.7
	Total	2.3
	Wheaties	2.22
	Buc Wheats	1.98
	Lucky Charms	1.33
	Cocoa Puffs	.70
	Monster Pre-Sweetened Line	1.7
	Hamburger Helper	.688
	Tuna Helper	
92.2	ITT	3.9
	Hostess Baked Goods	1.9
	Hostess Cakes	4.7
	Wonder Bread	2.2
	Home Pride Baked Goods	.75
	Morton Baked Goods	
49.9	Kellogg's	3.8
	Country Morning Cereal	4.87
	Special K	2.7
	Raisin Bran	1.0
	Pop Tarts	
74.4	Kraft Company	1.44
	Dinners (Macaroni)	
18.1	Mars, Inc.	2.77
	Stuff N Such	
68.1	Nabisco	2.4
	Cookies and crackers	2.2
	Shredded Wheat	.11
	Shreddies	1.3
	Cream of Wheat	.405
	Team Flakes	.192
	Klondike Pete's Crunchy Nuggets	.060
	Ooo-Bopper-ooo	.041
	Fast Breakfast Bars	
48.8	Pillsbury	1.8
	Figurines	?
	Fresh dough products	
41.7	Quaker Oats	6.0
	100% Natural Cereal	3.5
	Cap'n Crunch Cereal	2.93
	Life Cereal	2.77
	Celeste Frozen Pizza	
66.0	Ralston Purina	2.0
	Freakles Cereal	2.0
	Other Cereals	
1081.9		123.6

Ms. SHUBOW. Third, in 1975, over \$13 million was spent on wheat research at the USDA and at State experimental stations throughout the country.

Total USDA research budget for wheat breeding and production (national research program No. 20050)	\$2, 250, 595
Total State breeding and quality testing programs at State experimental stations, 1975	5, 809, 810
Total USDA budget for postharvest wheat research (estimated) 1976	4, 697, 243
Total postharvest wheat research at State experimental stations (estimated) 1976	444, 186

If the wheat industry is dissatisfied with the research priorities at USDA and at land grant colleges, they should take appropriate private action to redirect these funds toward more desirable goals. Or, if the legislation is passed, Congress should drop the appropriation for wheat research.

Fourth, the bill gives the force of law to a private industry promotion program. It gives the Federal Government the ability to take "end-product manufacturers" to court if they fail to pay the required assessment. The Federal Government, using public funds, must pay the salaries and expenses of all USDA and Justice Department employees involved in administering and enforcing the law and the costs of any subsequent civil suits.

It is more than a little inconsistent that we have some of the major corporations who would be involved in this program harping about reducing the size of Government and eliminating Government regulations and getting Government off the backs of businessmen and then in the next breath coming up here and urging you to get the Government into a wheat promotion program, increase Government regulation of the wheat industry, and enlarge the paperwork involved in marketing wheat products. It does leave us a little confused.

The first two of these points warrants further explanation. First, four "end-product manufacturers" from the cereal industry have been charged by the Federal Trade Commission with a "tacit conspiracy" that has resulted in millions of dollars' worth of overcharges to consumers. The Nation's four cereal giants: Kellogg, General Mills, General Foods, and Quaker Oats control over 90 percent of the cereal market—a figure substantially over that at which economists generally agree that price competition declines. The FTC staff claims that break-up of the cereal industry could save consumers up to \$128 million annually.

If there was any chance that the wheat checkoff funds would be directed toward correcting this terrible monopoly situation, by improving the potential for new manufacturers to enter the market, and by aiding minor producers in expanding, and by changing the exclusionary conduct of the big four companies, CFA might see some value in this bill.

We would also like to see the Wheat Council examine the effects on consumers of brand proliferation, artificial product differentiation, intensive advertising, and shelf space allocation programs in supermarkets. Under the present structure, examination of the relationship of these practices to consumer price and quality are not likely to occur. We think cleaning up these aspects of the wheat industry would do much more for sales than any Wheat Council promotions are likely to do.

Although the bread industry is more competitive than the cereal industry, ITT Continental Baking's Wonder Bread alone has a whopping 27 percent of the national bread market. Wonder Bread holds more than 75 percent of the bread share in 4 regional and local markets, 60 percent in 8 others, 50 percent in 17, and 40 percent in 37 other markets according to Advertising Age.

In December of 1974, the FTC charged ITT Continental Baking with rigging prices, promotions, and advertising spending so as to kill off competition in the wholesale bread-baking industry. The manufacturer denied the monopoly charges; however, some of the people who testified here earlier today seemed to agree with that contention. Therefore, it is reasonable to assume that manufacturers with such enormous market power can pass costs along to consumers.

The second point—excessive advertising and sales promotion—follows closely from the lack of competition. Cereals, breads, cookies, cakes, and other bakery products do not suffer from a lack of advertising. In fact, 15 end-product manufacturers of wheat foods rank among the Nation's top 100 advertisers.

The accompanying chart compiled from Advertising Age, August 18, 1975, details that year's advertising budgets for wheat products of many of the companies who are likely to be represented on the Wheat Council.

Wheat product advertising for the Nation's top 100 manufacturers totals at least \$122 million—or over 2 percent of the Nation's total advertising budget. That is not at all an adequate figure because many of the wheat products were not included in the chart. Consumers, obviously, pay for this advertising.

But just as disturbing as the \$122 million added to the wheat bill of American consumers is the type of advertising we pay for. Much is used to promote sugared, colored, flavored varieties of breakfast cereal. For instance, \$1,333,000 for chocolate-flavored Cocoa Puffs; \$1,989,400 for colored Lucky Charms which have marshmallow bits; \$700,000 for General Mills' Monster presweetened line; \$192,000 for Klondike Pete's Crunch Nuggets; \$3,500,000 for Cap'n Crunch; and \$60,000 for a new entry called Ooo-Bopper Oos. And who knows what the budget is for Ralston Purina's Grins and Smiles and Giggles and Laughs. Even if these are fortified with nutrients, they contain so much sugar that they are better called breakfast candy. Coloring also adds to the cost and subtracts from the safety.

Breads fare little better on the consumer nutrition scorecard. ITT spends an incredible \$4,700,000 per year telling us to purchase Wonder Bread, which contains the least nutritious part of the wheat berry. The wheat germ and bran, which contain most of the protein, are removed in the milling. Plain white bread is a nutritional disaster that has been corrected to some extent by the addition of riboflavin, thiamin, niacin, an iron. Many essential trace nutrients are not replaced.

Wonder Bread's current advertising campaign features two cute little animated loaves who, when they get squeezed, giggle and say: "If we're not fresh, we're out of business." The shopper is taught that squeezability equals freshness, when in fact Wonder Bread caves in under pressure because it is full of air. The shopper should not be encouraged by the media to purchase nutrition as if it were toilet

paper. Consumers would be better served if ads said: "Please don't squeeze the bread. Read the label."

It is obscene that the wheat checkoff bill could provide funds for the development of more useless and potentially harmful consumer information. The market is already inundated with a choice without a difference. Now, to add insult to injury, consumers are being asked to subsidize an overadvertised, artificially differentiated industry which is already wasting a great deal of money that could be applied to lower prices and healthier, less gimmicky foods.

CFA has several suggestions regarding the specific provisions of H.R. 13099.

First, under section 5(a), the provisions prohibiting reference to a private brand or trade name if the Secretary determines that such reference will result in undue discrimination against wheat, wheat products, and end products of other persons seems inadequate. It is hard to imagine any need to cite a reference to private brand or trade names. It is equally difficult to imagine a situation where such a reference would not be discriminatory. The provisions should thus be changed to read that "in carrying out any such plan or project, no reference to a private brand or trade name should ever be made."

Section 5(c) should specify a time requirement—similar to a statute of limitations—for the maintenance of such books and records as may be required by any order issued pursuant to this act.

Section 5(c) also needs clarification. The disclosure of information obtained under this section is dependent on the judgment of the Secretary according to "what he deems relevant." Relevant to what? Also, this section would seem to automatically preclude public access to any information contained in those reports without regard to the Freedom of Information Act.

In order to facilitate congressional oversight of this act, CFA recommends that in sections 5(c), 6(c), 6(d), and 11(a) that the Secretary should be required to state in writing the reasons for his action or inaction, as well as for his support or disapproval of any programs.

These written reports should be submitted to Congress on at least an annual basis. They are especially important with regard to section 6(c) which calls for the Secretary's approval of any plans or projects, and section 6(d) which gives him authority over the budget.

Section 6(b) should be amended to define consumers as representatives of bona fide consumer organizations or individuals who do not derive either direct compensation or significant investment income from organizations engaged in food production, marketing, or distribution.

This will minimize potential conflicts of interest and will force the Secretary to appoint a balanced panel; something he has failed to do time and again.

Section 6(e) should be amended so as to include a provision which would allow citizen suits.

This bill should recognize the legitimate right of citizens to participate, when necessary, to insure enforcement of a law which allegedly was created to further the interests of consumers.

That provision should specify that any person may commence a civil action against any person, including the Secretary, for mandatory or prohibitory injunctive relief, including interim equitable relief, and

damages where appropriate, on his or her own behalf, whenever this act has been violated or where the Secretary has failed to act or perform a duty under the act.

Section 6(f) calls for the council to prepare and submit reports "from time to time" to the Secretary. This vague language should be changed to require reports on at least an annual basis, and there should be a specific provision for an independent annual audit of these reports by the General Accounting Office.

While section 6(h) recognizes the desirability of investing the funds collected by the assessment, we question whether anyone on the council has the necessary background and expertise to make sound investment decisions, such as whether short-term or long-term obligations are preferable or which bank should be chosen for the purchase of a certificate of deposit.

What assurance is there that the investment decisions would not be politically motivated rather than based on prudent business judgment? The answer is that there are no such assurances.

The exemption section, section 7, line 10, should be changed to specify that only "reasonable" expenses incurred by the Secretary for the conduct of the referendum shall be reimbursed.

Additionally, the results of the referendum should be made public as soon as practical after the tabulation.

The entire section 9 detailing refunds is a graphic example of why this act is unacceptable.

If end-product manufacturers do not want to participate in the Wheat Industry Council, they should not be forced under law to do so.

Obtaining a refund requires following a complicated filing procedure within a limited period of time.

This program, again, should be voluntary and not operate on the assumption that the majority want to participate. The initiative should be upon those who want to participate.

The nature of the refund process discourages manufacturers from requesting their money back.

Under section 11, enforcement, the Secretary is given the power to decide which violations are minor and do not have to be referred to the Attorney General.

It is totally inappropriate for the Secretary of Agriculture to make these legal judgments which should remain within the jurisdiction of the Attorney General's office.

We urge, therefore, that section 11(a) be worded so as to require that all violations be referred to the Justice Department.

In conclusion, CFA stresses that wheat research is important, but H.R. 13099 is a most inappropriate vehicle for accomplishing it. Thank you.

Mr. BERGLAND. Thank you.

We appreciate your frank testimony.

We will now hear from Mr. T. Frank Rawlinson.

STATEMENT OF T. FRANK RAWLINSON, PRESIDENT, CENTENNIAL MILLS, INC., PORTLAND, OREG.; REPRESENTING THE MILLERS' NATIONAL FEDERATION

Mr. RAWLINSON. I am Frank Rawlinson, president of Centennial Mills, Inc., a west coast producer of wheat flour and vital wheat

gluten, with headquarters at Portland, Oreg., and milling facilities at Portland; Los Angeles, Calif.; and Spokane, Wash.

Today I appear as a representative of the Millers' National Federation, the national trade association of the wheat flour milling industry and as a member of its board of directors, executive committee and Committee on Agriculture—the latter committee charged with the responsibility for subjects of an agricultural and legislative nature. The federation's 70-member companies represent approximately 87 per cent of the commercial flour milling capacity in the country and operate more than 150 mills in 39 States, the District of Columbia, and Puerto Rico.

Mr. Chairman, both personally and as the federation representative, I speak in support of H.R. 13099, the Wheat and Wheat Foods Research and Nutrition Education Act, and urge the subcommittee and the full committee to consider favorably this legislation. The members of the federation who long have supported the general concept of a broad, industry-supported program of wheat foods research feel that the bill has undergone sufficient metamorphosis and now exists as an equitable proposal capable of initiating a program satisfactory to the industry, consumers, and Government. It will accomplish its stated purpose of authorizing a cooperative program of research and nutrition education among wheat producers, processors, end-product manufacturers, and consumers.

My associates from the producing and baking ends of the wheat foods chain have addressed or will address the concepts of the legislation from the perspective of their respective industries. My remarks as to necessity for this legislation are offered from the viewpoint of a processor, one whose product has been considered basic for years but which has been examined little for additional contributions which it can make toward better nutrition.

Man has been milling for several thousand years. Wheat is considerably older than that. Yet we know very little about what is perhaps the first and oldest of all foods—the basis of diet for civilized man in the Western Hemisphere. Despite worldwide and domestic needs for foods that contribute to a balanced diet and good nutrition and despite the extensive production of wheat, knowledge of the nutritional contributions of wheaten products in human diet is relatively scant.

The value of wheat and its products is frequently underestimated. The need to know more about the nutritional contributions of cereals, notably wheat, is obvious and urgent.

This bill is aimed at the domestic wheat industry. Export end products are not subject to an assessment, and the research and education efforts will be domestically oriented. However, a significant secondary impact on the export market is likely to follow. For example, in Asia there is increasing dependence on wheat foods imports for protein and caloric requirements. Research into increasing the protein content of wheat and wheat products can increase our export markets and benefit the protein-deficient populations of less fortunate areas of the world.

Studies demonstrating the nutritional value of wheat foods are an important and legitimate part of the American agricultural program—of equal and humanitarian benefit both domestically and over-

seas. Man's ability to feed himself may depend increasingly on research to demonstrate the nutritional contribution of wheat food. Our willingness to undertake such research and to apply the lessons learned therefrom will determine whether the United States remains a leader in agricultural food policy and in agribusiness.

To date, research has been done piecemeal, with limited scope, and without overall coordination. Although effective, more such research is needed. A great deal more. The organizations supporting H.R. 13099 are agreed on this need. This brings up the question of why the organizations feel the necessity for a Government-mandated program? Why, one might argue, cannot those interrelated wheat food industries, agreeing upon the need, create a research and nutrition education master plan in concert?

Economics provides the answer to that question as well as to why expansive research has not been accomplished previously: The wheat and wheat foods industry, especially the processing and end product segments thereof, is a highly competitive one, often operating on very thin margins. No one company, group, or segment of the industry can afford the commitment of time, energy, and resources that is necessary to establish a basic long-range research and nutrition education program—the kind of program that may not show immediate results. Yet the need for this kind of basic and applied research is obvious to us all. Only through a legislatively authorized, coordinated, industrywide program, such as this bill envisions, can such a research and education effort be accomplished.

The Millers' National Federation is convinced that this is a worthy proposal. We recognize that there may be those who oppose the concept. Regardless of which side of the issue one argues, the Federation is pleased that, inasmuch as the proposed program is completely voluntary, nothing in the legislation creates an unnecessary burden upon any individual or group.

It should be pointed out that the assessment per hundredweight of processed wheat transferred into final form is designed to be levied only against the large commercial end-product manufacturer. Family flour, such as that used at home is exempt, as are the various mixes and semiprocessed frozen doughs popular today when purchased for personal, family, or household use. Likewise, the end products produced by restaurants, hotels, and other institutional facilities and consumed on the premises fall outside the purview of the assessment. Furthermore, small commercial operations, those converting less than 2,000 hundredweight of processed wheat to final form per year, are exempted.

Nevertheless, some may postulate that the assessment proposed for end-product manufacturers constitutes a reinstitution of the "bread tax" concept such as that contained in the wheat marketing certificate program which the Federation resisted in earlier farm legislation. I feel any such analogy or reference to a "bread tax" is totally false. Receipts from that prior certificate program were redistributed as outright subsidies during days when wheat markets bore no resemblance to their current conformation.

Additionally, the early program was completely mandatory and merely encouraged inefficiencies upon a large scale. This program is

purely voluntary and results in mutual positive benefits which are applicable to the entire spectrum from producer to consumer. Outgoing funds will produce research and education, not subsidy.

In summary, these comments about the bill: Far less is known about wheat and its nutritive attributes than is merited by its present use and potential value. Research and education provided for by H.R. 13099 will reduce this discrepancy. The bill is carefully considered and equitable, as evidenced by widespread industry support. Benefits of the bill will accrue to a broad spectrum. We urge its passage.

Thank you for this opportunity to testify in behalf of Miller's National Federation.

I thank you also for my first opportunity to appear before a distinguished group of the Congress of the United States.

In addition, may I request that a statement in support of H.R. 13099 by Dr. Jean Mayer be filed in the record?

Dr. Mayer is an eminent nutritionist and soon-to-be-elected president of Tufts University and could not be present today.

Mr. BERGLAND. Without objection, Dr. Mayer's statement will be inserted at this point.

[The above referred to statement follows:]

HARVARD UNIVERSITY SCHOOL OF PUBLIC HEALTH,
Boston, Mass., June 15, 1976.

Hon. THOMAS S. FOLEY,

*Chairman, Committee on Agriculture, Subcommittee on Live Stock and Grains,
House of Representatives, Washington, D.C.*

DEAR CONGRESSMAN FOLEY: I am sorry that my responsibilities prevent me from appearing before your committee in favor of Bill No. HR 13099. I wanted to strongly emphasize the importance of making money available for additional research on the uses of wheat.

At a time of continued inflation, sound, properly milled and/or enriched wheat products can make an important contribution to the nutrient content of the diet at very moderate cost. In particular, undermilled (by present standards) flour which is acceptable to the public can be made the basis of new foods which would provide protein, trace minerals, vitamins and fibres now missing in the diet of many Americans.

A second important factor in favor of additional use of wheat products is the fact that these are very low in fat and contain no cholesterol. At a time when in the U.S. the single most important cause of death and disability is cardiovascular disease, the reduction of blood cholesterol is imperative and an increase in the proportion of wheat products in the diet is an important step.

Finally, at a time when global shortages may occur on a larger and larger scale, the use of pleasant, palatable products which can be used as substitutes for grain-expensive animal products, such as textured vegetable products based on wheat, can make an enormous contribution to the survival of large numbers of fellow human beings and give us a chance to improve their nutrition at the same time as we convince them of the need for family planning.

I regret very deeply the fact that my professional duties prevent me from renewing the close acquaintance we had formed at the time preceding and during the White House Conference on Food, Nutrition and Health. I offer you my best wishes for your personal welfare and congratulate you on your continued effectiveness.

With best regards,
Sincerely yours,

JEAN MAYER,
Professor of Nutrition and Master of Dudley House.

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

Mr. HERLING. Most of the 140,000 members of the union I represent are employed in the manufacture of bread, biscuit, cake, spaghetti, and other pasta products and snack foods. These, obviously, are foods in which wheat flour is the major ingredient.

As workers, we are concerned that the products we help to produce provide those who use these products with the highest possible quality. Our members take pride in the 6,000-year history of bread as the continuing "staff of life," and they are deeply concerned that the nutritional value of the wheat foods they produce be of the highest.

We are not only workers, we and our families are consumers as well, and it ill-behooves us to remain indifferent to such a program as contained in H.R. 13099. Surely the social value of the research and nutrition education program contemplated in this bill ought to be recognized and encouraged by all. That the financing of the program represents no drain on the Government will, I am sure, commend itself to this committee and to both Houses of the Congress.

As workers, we also see in this proposed legislation an opportunity, not present until now, to bring about a greater measure of stability to the wheat foods industry. With a solid program of nutrition education, particularly in the area of wheat and wheat foods, and with an equal, if not greater stress on legitimate research, we see the possibilities of healthy growth in the industry.

The stability of the industry means to us greater job security and continued job opportunities for those who would seek employment in the industry in the future. The skills required in the production of bread and other wheat products are skills which are not transferable to other forms of industrial production. Our members make a total investment in the industry. It is their very lives as well as their livelihood and the welfare of their families which are at stake.

We see in this proposed legislation only good for the people of our country and the world.

We urge that this committee favorably report this bill.

I would like to add, Mr. Chairman, that it is not usual for a representative of this union to appear in any public forum in agreement with those with whom we are in an adversary position. I find here employer representatives with whom we frequently find ourselves at something close to sword's point. But in this matter, we find a deep community interest. This interest is of great importance to us.

I want to thank you for the opportunity to appear before you.

Mr. BERGLAND. Thank you very much.

Our last scheduled witness is Dr. Kenneth Porter.

STATEMENT OF KENNETH B. PORTER, PH. D., TEXAS AGRICULTURAL EXPERIMENT STATION, AMARILLO, TEX., AND WHEAT BREEDER, USDA SOUTHWESTERN GREAT PLAINS RESEARCH CENTER, BUSHLAND, TEX.

Mr. PORTER, I am a member of the Texas Agricultural Experiment Station's team conducting research on the improvement of wheat varieties for Texas and adjacent areas. I have been involved in wheat breeding at the Southwestern Great Plains Research Center at Bushland, Tex., during the past 30 years. It is gratifying to know that wheat is again being rightfully recognized as a primary source of nutritious food. During the first 25 years of my time in wheat breeding, we were almost compelled to be apologetic about any contributions we have made in the increase in yield or efficiency of production from new varieties. Although our contributions are modest as compared to those of others, varieties developed by the Texas Agricultural Experiment Station are seeded on 40 percent of the Texas wheat acreage and were seeded on more than 2 million acres of other States in 1975. Among these is the variety Sturdy, the first semidwarf hard red winter wheat developed in the United States. We are not only interested in increased yield but also in quality.

We have recently included in our program varieties like Nap Hal, India, and C.I. 13449 USA, which have been identified by Nebraska's genetic improvement program as being a source of both high protein and lysine. Our cereal and quality laboratory at Texas A. & M. University for the past many years has concentrated on the improvement of quality of both wheat and grain sorghum. The breeding of high quality wheat cannot be separated from improvements in production potential. Variety improvement must be approached on the basis of the total package. We need not give up production for improved quality. Recent studies in Nebraska, for example, indicate high protein and lysine are not necessarily incompatible with high yield.

Farmers and the grain industry of the high and rolling plains of Texas, as well as the entire Southwestern Great Plains, are intensely interested in increased utilization of wheat through new products, improvements in processing, improved quality, and by other means. This is, of course, true of other areas, but we in the Southwest have a somewhat unique situation. Wheat and grain sorghum are essentially the only cash crops well-adapted to dryland production in the Southwestern Great Plains, except for cotton, which is restricted to the Southern Plains. The decline of our irrigation water level and with prospects of more land being returned to limited irrigation or dryland production, wheat becomes even more important to our area. The Southwestern Great Plains is the primary area where wheat is both grazed in the fall, winter, and early spring and harvested for grain for human food. Thus, we have a special interest in increased utilization of wheat.

Farmers and industry are both conscious of wheat quality. In my discussions with farmers, they invariably ask: "What's its quality?" In recent days—in fact last Monday—an elevator in Claude, Tex., just east of Amarillo, Tex., called my office and inquired about Lancota—a new relatively high protein variety suitable for production in our area. They indicated high protein was a significant factor in

what they paid for wheat. I also understand that a private seed company has recently sold exclusive rights to the production of a high protein variety to a commercial firm. These are just two example of interest in quality that have come to my attention within the last week.

I do not propose that wheat and wheat foods research and nutrition education will solve all problems or that miracles are just around the corner. I do know that research has accomplished great things. To emphasize the accomplishments of recent research, did you know that: Genes from tall wheat grass are being transferred to wheat to provide resistance to wheat streak mosaic and from rye to provide resistance to the greenbug? These two items suggest more efficient production, a cheaper source of food, and biological control of insects and pests without using fungicides or insecticides. We have also transferred a rye chromosome to wheat which is used to restore fertility necessary for producing wheat hybrids. Protein in wheat bran has a higher percent lysine than endosperm protein.

Wheat studies in Nebraska indicate that some wheat varieties have a certain capability of symbiotic use of nitrogen and also that hybrid wheats can very well make possible more use of related species in wheat improvement. Hybrid wheat is probably just around the corner. As we come into the use of hybrid wheat, we may run into new problems with respect to quality or possibly new possibilities in the use of wheat. Did you know that wheats now under trial have yielded 20 percent more than commercial varieties when grown under favorable conditions?

These are only a few examples, and I do not intend to be glib about the potentials of research; however, there is no limit to what progress can be made from continued research.

Although more funds or personnel do not insure progress, they will be needed for full exploitation of potentials.

We support H.R. 13099.

Thank you.

Mr. BERGLAND. Thank you, Dr. Porter.

Is there anyone else in the gallery who would like to be heard on this matter?

If not, we would ask those of you who have spoken to return to the witness table for questions.

Gentlemen, I apologize but we will have to recess in order to vote on the floor of the House.

Mr. SEBELIUS. May I ask unanimous consent that any answers in response to questions by any members of the subcommittee be included in the record?

Mr. BERGLAND. That is our stated operational procedure. Gentlemen, we hope you would have no objection.

I, too, have had questions about the apparent conflicts. I think it would be entirely appropriate, and I hereby solicit your views in this regard.

If you have comments on testimony presented by anybody here today who has a view contrary to yours, we would appreciate hearing from you. We will keep the record open for that purpose.

At this time we will be forced to take a very short recess, and we will be back.

Excuse me. Mr. Sebelius?

Mr. SEBELIUS. Mr. Chairman, it would be all right, with me if we could just have these questions submitted in writing.

Mr. BERGLAND. If there is no objection, we will pursue that.

Mr. QUINLAN. Might I ask, Mr. Chairman, that whatever questions you may have be submitted to all the witnesses so that we all will have an opportunity to respond?

Mr. BERGLAND. Yes; we can do that.

Without objection, we will confer with our counsel, and we can develop some questions for you all.

Mr. SEBELIUS. This has been very productive, and we really appreciate it.

Mr. BERGLAND. With that then established as a guide, we will stand adjourned subject to the call of the Chair.

[The questions and answers are on p. 84.]

[Whereupon, at 4:50 p.m. the committee stood adjourned.]

[Additional material submitted to the subcommittee follows:]

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

Mr. Chairman and members of the Subcommittee, I appreciate the opportunity to appear here today before my friends and colleagues on the Agriculture Committee in support of H.R. 13099, the "Wheat and Wheat Foods Research and Nutrition Education Act."

The basic purpose of this bill is to authorize a procedure for the establishment and financing of a program of research and education to promote and improve human nutrition in this country through the use of wheat and wheat products. My state, North Dakota, is a major wheat-producing area and contains processing and end product manufacture facilities as well. I believe that enactment of this bill will benefit not only the wheat industry of North Dakota, but the consumers of my state and the entire country.

The goal of this bill is a worthy one and one which I have supported in the past. In 1972, I cosponsored a similar piece of legislation. That bill was defeated on the Floor, partly due to its being caught up in the furor over grain sales to the Soviet Union and partly because of what were viewed by some of our colleagues as defects in the procedure it authorized. I am happy to see that this bill meets those objections of 1972 head on. Unlike the 1972 bill it does contain a referendum and a refund procedure. Furthermore, for the first time in any bill of this type, the Council authorized under the bill will represent equally *all* parties affected by the research and education program that the Council will administer. Thus, growers, processors, end product manufacturers, and *consumers* will all have equal membership and an equal voice on the proposed Wheat Industry Council.

As a member of the Appropriations Committee, and that Committee's Subcommittee for Agriculture, I am particularly happy to support this legislation because it will not cost the government one red cent. The research and education program this bill envisions is a totally self-help industry-supported program. The bill already provides that the Department of Agriculture will be reimbursed, from assessments collected under the program, for any funds it spends in conducting the referendum thereunder and in overseeing the program if the referendum is favorable and the program is set up. The only possible exposure of the Treasury would be if the initial referendum fails and no assessments are authorized, in which case the USDA would be left with some unrecoverable referendum costs. I understand that a later witness will propose an amendment under which no referendum may be conducted until a bond has been put up to cover its cost. This will ensure that even should the initial referendum fail, no government funds whatsoever will be jeopardized, and I urge your favorable consideration of that proposed amendment.

In summary, this is a bill which will benefit the wheat producers, processors, and end product manufacturers of my state, the wheat industry at large, and the consumers of wheat products throughout the United States. And it will bring about those benefits at no cost to the government. I am proud to lend my support to this measure and I urge that the Committee look upon it favorably.

STATEMENT OF HON. KEITH G. SEBELIUS, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF KANSAS

Mr. Chairman, I appreciate this opportunity to discuss the proposed Wheat and Wheat Foods Research and Nutrition Act, H.R. 13099. I have had the privilege of being the sponsor of this legislation with you, Mr. Chairman, and I feel that this proposal represents sound and good legislation.

The bill's language was developed by the individuals ultimately affected by its passage and implementation. The wheat and wheat foods industry will make the final decision regarding implementation and administration of the program. Our role is to authorize this self-help initiative at no cost to the federal government or the taxpayer.

If approved, voluntary contributions would be used to finance a cooperative program of research and nutrition education. The twenty-member Wheat Industry Council made up of equal numbers of producers, processors, and product manufacturers and consumers or representatives of such classes will administer the fund. Priority would be given to research and education projects to lower production costs, improve merchandising and marketing efficiency, improve nutrition, develop new products, explore market opportunities and improve consumer appreciation for the nutritional benefits of wheat and wheat food products.

Bread has always been considered the "Staff of Life". In fact, today wheat provides more nourishment for the nations of the world than any other food.

Dr. Jean Mayer, Professor of Nutrition, Harvard University has stated:

"An increase in the amount of bread consumed represents our best chance to lower the fat content of the American diet and thus take an effective step in trying to lower cholesterol levels and mortality from our number one cause of death, atherosclerotic heart disease."

Dr. Philip L. White, Secretary, Council on Foods and Nutrition, American Medical Association points out:

"Bread and cereals provide 25 per cent of the food energy, 17 per cent of the protein and about 25 to 30 per cent of the iron consumed in the nation . . . Bread is a good food and is not an example of empty calories. It provides important nutrients to the diet and plays a proud role in nutrition."

Dr. William J. Hoover, Chairman, Department of Grain Science and Industry, Kansas State University, has said:

"Bread is a good source of energy, as measured by calories, but contrary to popular belief is not a particularly fattening food. Because of bread's low fat content, it has a low caloric density and should be included in the diets of weight-conscious consumers rather than being shunned by them."

The statements of these leading scientists and nutritionists support the need and importance of this legislation. It is most laudable that the wheat and wheat foods industry is willing to assume the role of financing and administering a program to fully develop and utilize the nutritional and human benefits of wheat and wheat food products. In short, they are requesting permission to establish a self-help, self-financed program for national and international benefit. This proposal is in the true spirit of our nation's heritage.

This proposal if approved by Congress and the wheat and wheat foods industry will avoid the oftentimes bunglesome and uncertain role of the federal government in the areas of research and nutrition education. This initiative should be welcomed by budget watchers and weight watchers, not to mention taxpayers, producers and consumers.

Self-help is best help and this is an opportunity to put this theory into practice. I am hopeful that this bill will receive prompt and favorable consideration and will be supported by my distinguished colleagues on the Committee.

UNIVERSITY OF IDAHO,
COLLEGE OF AGRICULTURE,
Moscow, Idaho, June 14, 1976.

HON. ROBERT POAGE,
Chairman, Livestock and Grain Subcommittee, House of Representatives, Washington, D.C.

DEAR REPRESENTATIVE POAGE: The administration of the College of Agriculture, University of Idaho, strongly supports H.R. 13099, the Wheat and Wheat Foods Research and Nutrition Education Act. It is legislation of this type which generates funds on a continuing basis for research on wheat and other valuable agricultural crops.

I would like to cite an example of the kind of research which can be accomplished by this type of funding. Some years ago Congress agreed that wheat producers could return subsidy money to be used for research purposes. This action, on a one-time basis only, generated about \$2,000,000. These funds were administered by the National Wheat Institute. In 1974, the National Wheat Institute used \$315,000 to enter into a tri-state contract entitled: "Nutritional Evaluation of Varieties and Classes of Wheat". This three-year contract allowed members of our staff to cooperate with personnel at Oregon State University and Washington State University and to obtain compositional and nutritional data on wheat on a scale not previously possible. For example, over 100 commercial and breeding lines of wheat grown in 16 states were obtained from the 1975 crop. These samples are currently being analyzed for over 40 nutrients and are being evaluated in chick feeding trials. Feeding trials in 1975 identified one nutritionally superior variety. Further research is aimed at determining the basis of the superior nutritional properties of this wheat. Identification of the factors involved could lead to the development of more superior varieties. Such a project could not have been funded or carried out by one institution.

Unfortunately, this and similar studies cannot be continued without adequate funding. Enactment of H.R. 13099 would provide the mechanism for continuation of such research programs.

Please do not hesitate to contact me or members of our faculty and staff if we can be of further service or answer any questions regarding this bill or other legislative matters.

Sincerely,

AUTTIS M. MULLINS, *Dean.*

STATEMENT OF KENNETH A. GILLES, VICE PRESIDENT FOR AGRICULTURE, NORTH DAKOTA STATE UNIVERSITY, FARGO, N. DAK.

As I understand the many features of the Wheat and Wheat Foods Research and Nutrition Education Act, the bill is drafted to permit enabling legislation and authorizing a cooperative program of research and nutrition education among the wheat producers, processors, end product manufacturers, and consumers. Funds for the program will be generated from assessments and that administrative costs of the Department of Agriculture will be totally self-supporting and at no cost to the government. Under these general conditions and within the broad scope of the legislation as currently proposed in H.R. 13099, I extend my support for the legislation and urge the livestock and grain subcommittee to act favorably on the bill and hopefully to facilitate its ultimate passage by the House.

I believe the introduction and ultimate passage of this bill is both timely and highly desirable. It will provide a vehicle for wheat producers, processors, and product manufacturers, and consumers to establish, finance, and administer a coordinated program for research and education. Of greater importance, it will promote and improve human nutrition through the use of wheat and wheat products. This action is extremely timely when one considers that cereals, of which wheat is predominant in the world, provide a major source of calories and proteins for the human diet. Yet we know that the utilization of these products is impaired by lack of knowledge of functional properties and that broad acceptance of wheat food is impaired by concern that nutritional qualities may not meet current expectations. As one views the future, wheat is one of the few cereals that may be optimistically viewed as having high potential in assisting and alleviating malnutrition and hunger both in the United States and throughout the world. However, to achieve these broad idealistic objectives, additional research and promotional activity are needed.

Considerations of this bill are extremely timely. Recently the Wall Street Journal (June 2, 1976) carried an article entitled "Break on Basics," innovative research is taking a back seat as chemical firms weigh costs and profits. The basic thrust of this article by Gail Bronson indicated that many of the large chemical concerns are reconsidering their creative research efforts because they are finding "—many research projects too costly to support and are cutting back on many of its innovative, exploratory programs." These kinds of economic decisions create greater need for basic research on items such as human nutrition to be conducted more by universities and research organizations that have the capability of undertaking long term research with combinations of public and private funding.

The committee might appropriately ask, what does the relationship of chemical research have to do with wheat and wheat foods? I believe we all know that essentially all types of foods are composed of chemicals, basically these may be simply considered to be the carbohydrates, fats, proteins, minerals, and vitamins; these types of chemical constituents compose the structure of foods and ultimately govern the physical properties including color, taste, and functional properties which various foods present. Of course, all of these factors are important because unless a food appears to be appealing to the eye, pleasant to the taste, and acceptable to the bite, it generally is rejected irrespective of the potential nutritional qualities the food may possess. Recently Dr. J. G. Harrar, President emeritus Rockefeller Foundation, addressed the American Chemical Society and noted that "The regulation of plant and animal growth and maturity has become a common practice and finally food processing assures that chemistry is a critical and often controlling element in the entire food chain which begins on the farm and ends on the consumer table." I believe Dr. Harrar's comments were extremely perceptive.

In recent years, consumers have shown an increasing awareness of the nutritional quality of foods. Cereal products in particular have been critized by certain nutritional crusaders because of alleged nutritional inadequacy of certain wheat products. In response to these criticisms, recently the National Wheat Institute and the North Dakota State Wheat Commission entered into a cooperative research project with the North Dakota Agricultural Experiment Station. The objective of this research was to develop wheat based products which would have an improved nutritional value, good consumer acceptance, and low cost. During the past three years chemists and food technologists associated with North Dakota Agricultural Experiment Station have developed several high protein type products based on durum wheat in which they maintain good taste and appearance and also provide an increased level of protein with a protein efficiency ratio equal to 95% of casein.

This work has resulted in 15 formulations of new products which appear to hold considerable promise. One of the formulas has been tested in school lunch programs and found acceptable by school children and homemakers. This particular formula has a protein efficiency ratio better than casein and several of the other formulas likewise have been found to be acceptable and have a protein efficiency ratio value equal to or above that of casein. It has been estimated that these high protein wheat derived products would cost 6 to 8¢ per pound more than conventional products.

Additional work has created 9 snack food products which contain increased amount of fiber and protein. These products incorporate fiber from wheat bran, protein from wheat, soya, and corn. While most snack food products commercially available contain relatively low protein content, less than 10%, these products have protein contents ranging from 14 to 21% and with a total fibre of nearly 5%. The protein quality was improved with the protein efficiency ratios increased from 0.8% for wheat to 1.4% for the products. And perhaps more significantly the quality of all of these food products as judged by a taste panel were found to be acceptable to very good.

In addition to the practical work of developing new products the cooperative research project also has developed basic information concerning the unique functional characteristics of durum wheat and has assisted in getting more information on the structure of wheat, the mixing properties, and the starch gelatinization characteristics of cooked spaghetti. These elements of basic information may prove extremely useful to the food processing industry and ultimately to the consumers who use these types of durum wheat based food products.

While this information is perhaps quite specific relative to the broad concepts of the wheat and Wheat Foods Research and Nutrition Education Act, it is conveyed to the House Agricultural Committee with the intent of illustrating a point. Cooperation among several organizations such as wheat growers and research workers can assist in developing information on improved nutritional quality and new types of products which may be useful in providing better nutrition and product utilization with potential benefit to consumers and producers.

OREGON STATE UNIVERSITY,
DEPARTMENT OF FOOD SCIENCE AND TECHNOLOGY,
Corvallis, Oreg., June 16, 1976.

Hon. W. R. POAGE,
Chairman, Livestock and Grain Subcommittee,
House of Representatives, Washington, D.C.

DEAR REPRESENTATIVE POAGE: I would sincerely urge strong support of HR 13099.

The research conducted by the Experiment Stations of Idaho, Washington and Oregon, directed toward the nutritional evaluation of wheat and supported by the National Wheat Institute has clearly shown the benefits to be gained by cooperative research.

Research results are being applied by wheat breeders in developing new and improved varieties of wheat with higher nutritional value to man and animals. These results are reflected in producers, millers and consumers of wheat products.

It is to the end of improved nutritional qualities of wheat that HR 13099 is directed. Funds accruing via this route will have a direct bearing on the importance of wheat in the national diet.

Again, my strong recommendation for support.

Sincerely yours,

ROBERT F. CAIN, *Professor.*

WASHINGTON STATE UNIVERSITY,
DEPARTMENT OF ANIMAL SCIENCES,
Pullman, Wash., June 14, 1976.

Hon. W. R. POAGE,
Chairman, Livestock and Grain Subcommittee,
House of Representatives, Washington, D.C.

DEAR REPRESENTATIVE POAGE: I urge you to support H.R. 13099.

Our research on the nutritional value of wheats clearly shows the potential for improving the value of this grain by perhaps 25%. The improvements in nutritional value will be important to both human nutrition and to increased growth and efficiency in animal production. This research has been heavily producer supported and H.R. 13099 would provide a basis for continued support. We need to be sure improved nutritional values are carried through to end-products during processing and then to be able to tell the story to consumers of wheat products through an educational program.

Sincerely yours,

JAMES MCGINNIS, *Professor.*

DEPARTMENT OF AGRICULTURE,
DIVISION OF WHEAT DEVELOPMENT,
UTILIZATION AND MARKETING,
Lincoln, Nebr., June 30, 1976.

Hon. ROBERT POAGE,
Chairman, Livestock and Grain Subcommittee,
House Committee on Agriculture, Washington, D.C.

DEAR MR. POAGE: For the Division of Wheat Development, Marketing and Utilization, Nebraska Department of Agriculture, and on behalf of the Nebraska Wheat Advisory Committee, I am writing in support of the concept of H. R. 13099, the Wheat and Wheat Foods Research and Nutrition Education Act, and request that this letter be filed with testimony on the bill from the June 16 hearing.

The Nebraska Wheat Advisory Committee strongly supports this legislation as an extension of wheat producer-supported efforts over the past 20 years in the fields of wheat nutrition education and research, the development of new and improved wheat foods, and increased domestic and foreign utilization. We feel, additionally, that this act would guarantee a continuation of the beneficial research and utilization projects of the National Wheat Institute; which will eventually be terminated.

Wheat producers, through the National Wheat Institute and through state wheat development programs such as our own, have spent thousands of dollars on wheat product research. As an example, the Nebraska Wheat Division has contributed over \$20,000 to support research at the University of Nebraska

which has resulted in the development of processes for the extraction of additional protein from wheat and the resulting wheat protein concentrate and high protein flour. Additional work is still needed on the development and market testing of products to be made containing this concentrated protein.

The end-product industry should play a greater role in such developments, and we believe that such of the industry is favorable to doing so.

Additional discoveries continue to be made concerning the nutritional value of wheat products, such as experiments that indicate bread in substitution for other foods actually improves weight reduction, and the belief that reduced fiber intake among Americans may be directly related to higher incidence of cancer of the colon and intestinal disorders. Passage of the Wheat and Wheat Foods Research and Nutrition Education Act could allow for additional research to test and verify these and other findings, to ultimate benefit of most consumers.

While wheat foods are known to be highly nutritious, per capita consumption of them continues to decline in this country. The entire wheat industry has an interest in exerting additional efforts to educate the public on the nutritional value of wheat products and to counter prejudices against wheat foods for weight-reduction diets.

Cordially,

JOHN LEE, *Chief.*

OREGON WHEAT COMMISSION,
Pendleton, Oreg., June 18, 1976.

HON. W. R. POAGE,
Chairman, Livestock and Grain Subcommittee, House of Representatives, Washington, D.C.

DEAR REPRESENTATIVE POAGE: This letter is being written to you to support the position of Professor Robert F. Cain of Oregon State University in his letter to you of June 16.

Growers of wheat in the Pacific Northwest approved the joint research of the three Pacific Northwest experiment stations of Oregon, Washington, and Idaho by recommending to the National Wheat Institute that the inverse subsidy funds belonging to growers be used in this nutrition study project. We continue to support this position and urge you to support House Resolution 13099 as a continuation of the research to improve both the nutritional value of wheat to man and to animals.

We will greatly appreciate your thoughts on this matter and hope that you will recognize the importance of this type of research.

Sincerely,

RALPH McEWEN, *Administrator.*

AMERICAN FARM BUREAU FEDERATION,
Washington, D.C., June 14, 1976.

HON. W. R. POAGE,
Chairman, Subcommittee on Livestock and Grains, Committee on Agriculture, U.S. House of Representatives, Washington, D.C.

DEAR CONGRESSMAN POAGE: We appreciate this opportunity to present views of the American Farm Bureau Federation on H.R. 13099—the proposed “Wheat and Wheat Foods Research and Nutrition Education Act.”

Farm Bureau is the largest general farm organization in the United States, with a membership of 2,505,258 families in forty-nine states and Puerto Rico. It is a voluntary, nongovernmental organization, representing farmers and ranchers who produce virtually every agricultural commodity that is produced on a commercial basis in this country. Many of these members are wheat producers.

The voting delegates of the member State Farm Bureaus to the 57th annual meeting of the American Farm Bureau Federation in January 1976, adopted a policy on promotion of agricultural commodities which states in part:

“We will oppose federal legislation providing for any new national commodity promotion program which does not provide * * *

“In order for a referendum to be valid, 50 percent of the registered producers must have voted, with two-thirds casting an affirmative vote; * * * and

“That only those persons who contribute money to the respective programs shall be eligible to serve on the Board which administer such programs.”

The proposed "Wheat and Wheat Foods Research and Nutrition Act conflicts with Farm Bureau policy as stated above in that:

(1) the proposed program could be voted into effect by a bare majority, rather than two-thirds of the registered end product manufacturers, and

(2) consumers would be given voting, rather than advisory, representation on the proposed Wheat Industry Council.

We recognize that wheat producers would not be directly assessed under the proposed program; however, producers would be affected. We also are concerned about the precedent that might be established for other programs. We believe that the provisions of H.R. 13099 with reference to voting procedure and consumer representation are undesirable and that their enactment would set a dangerous precedent. We, therefore, oppose enactment of this bill.

We shall appreciate your making this letter a part of the hearing record of your Subcommittee on this subject.

Sincerely,

JOHN C. DATT,
Director, Washington Office.

TEXAS WHEAT PRODUCERS ASSOCIATION,
Amarillo, Tex., June 21, 1976.

Hon. W. R. POAGE,
Chairman, Subcommittee on Livestock and Grains, House Committee on Agriculture, Congress of the United States, Washington, D.C.

DEAR CONGRESSMAN POAGE: During your Subcommittee hearings June 16, 1976 on the Wheat and Wheat Foods Research and Nutrition Education Act—H.R. 13099, you heard the statements of Mr. James W. Coddington, Staff Assistant and of Mr. Glenn Moore, Legislative Chairman, both of the National Association of Wheat Growers in support of the Act.

This is to let you know that the Texas Wheat Producers Association joins NAWG in issuing these supporting statements and request that the hearing records show such support.

Respectfully yours,

D. G. "BILL" NELSON,
Executive Vice President.

[Questions directed to the Department of Agriculture and other associations and the answers thereto are as follows:]

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., October 8, 1976.

Hon. BOB BERGLAND,
House of Representatives,
Washington, D.C.

DEAR MR. BERGLAND: We appreciate this opportunity to respond to your questions on H.R. 13099. Our answers follow the format in the order that you asked them.

Question 1. The Department's witness suggested that the bill would result in duplication of effort with the National Wheat Institute (NWI) research and education programs currently being conducted. Other witnesses stated that NWI's funds are all committed and H.R. 13099 is needed to carry on and supplement the work begun by NWI.

Answer. The Department has advanced to the National Wheat Institute through June 30, 1976, a total of \$1,454,000 from the total funding under the Act of \$2,045,000. Of the remaining \$591,000, all but \$5,000 has been budgeted by NWI to project activities. All projects are scheduled for completion before June 30, 1978.

Question a. Based on experience with previous check-off bills, and assuming H.R. 13099 were signed into law on August 1, 1976, what would be the earliest date at which any research project thereunder could be initiated?

Answer. Assuming H.R. 13099 were signed into law August 1, 1976, experience with other programs (holding hearings, referendum, etc.) indicates a 1-1½ years for full implementation. This could possibly mean implementation by February 1978.

Question b. What NWI projects are expected to remain uncompleted on the date derived in the answer to question 1?

Answer. There would be two film distribution projects uncompleted as of February 1978.

Question c. What percentage of NWI's funds are projected to remain undisbursed on the date derived in answer to question 1?

Answer. The percentage of funds projected to remain undisbursed on this date is negligible (less than 1 percent).

Question d. Has any need been demonstrated for the initiation of research and education projects beyond those of the NWI?

Answer. There is no clearly demonstrable need for additional research and education projects of the nature proposed, but there likely would be numerous institutions, both public and private, who would submit project proposals. The impact of the NWI projects or similar projects by others has not been measured. Therefore, it is not clear that the expenditure of additional funds would benefit either the industry or producers.

Question 2. Are the administrative powers granted to the Secretary under this bill significantly different than those granted in any previous check-off bill, and if so, in what respect?

Answer. No.

Question 3. Has U.S.D.A. had any significant compliance problems under previous check-off bills; i.e.

(a) Have many violators been prosecuted?

(b) Have many individuals' or corporations' books and records been subpoenaed?

Answer. No.

Question 4. Has U.S.D.A. received any complaints about the recordkeeping obligations under prior check-off programs?

Answer. No.

Question 5. What is U.S.D.A. reaction to suggestions by witnesses that: a The government should pay referenda costs?

Answer. The Department would oppose provisions for the payment of referenda costs by the government.

Question b. Annual GAO audits of the program should be required?

Answer. To require annual GAO audits of the program would appear to be unduly burdensome and unnecessary, as well as inconsistent with requirements imposed on other commodity research and promotion programs.

Question c. The Secretary should be required to refer even the most minor program violations to the Justice Department?

Answer. To require the Secretary of Agriculture to refer even the most minor program violations to the Justice Department would unduly burden the Department of Justice and the courts. Experience in other similar programs indicates that compliance can often be achieved with a letter of warning or a letter of admonition. We believe the Secretary of Agriculture should have discretionary authority to handle minor violations with a letter of warning or a letter of admonition.

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

Sincerely,

RICHARD L. FELTNER,
Assistant Secretary.

GENERAL QUESTIONS DIRECTED TO ALL PARTICIPANTS

1. Would you support this bill if changes were made? If so, list the changes.
2. In your opinion, who will ultimately pay the cost of this Act? Farmers, end-product manufacturers, or consumers?
3. What is your overall opinion of check-off programs? Under what circumstances will you support check-off programs, if at all?
4. What would be your reaction to the suggestion that action on this legislation be postponed until the results are known of the study being conducted by USDA of the commodity check-off programs?
5. Would you object to a provision in the legislation that would restrict the funds being used for any advertising or other similar promotion purposes?

6. Should the Agriculture Research legislation currently being considered become law, do you feel there would then be enough research funds available so that this wheat research legislation would not be needed?

7. One witness equated the assessment under this bill to the "wheat processing tax," i.e., the Wheat Marketing Certificate Program. In what ways are the two things similar, and in what ways do they differ?

8. Proponents of the bill have stated that private voluntary programs of this type have proved unworkable. What is the factual basis for that statement?

9. The assessment has been variously characterized by different witnesses as "mandatory" and as "voluntary." In what respects is it mandatory? In what respects is it voluntary?

10. Opponents have stated that the bill would provide for too much government interference in private business. Why is USDA control over the program felt to be necessary, and what would be the extent of this control over the program and the participants?

11. Opponents have stated that the refund provision is intentionally structured to make it difficult to get refunds. What is the rationale behind the structuring of the refund provision?

12. The witness from the Biscuit and Cracker Manufacturers Association stated the coverage under this bill is overly broad in that it applied to all food products containing wheat and flour. Does this bill, as the witness stated, represent a "levy or tax on all products made from . . . wheat"?

13. The witness for the Associated Retail Bakers of America stated that ARBA opposed "excessive government intervention" and favored "a completely voluntary program . . . (without) legislation and Government interference." At the same time, the witness's testimony restated the November 5, 1975, ARBA Board of Directors resolution which states that the bill is deficient "because it provides for refunds on request and . . . excludes smaller bakers from participation." How can these two seemingly opposite stances be reconciled?

14. One witness stated that it would burden bakers to require them to determine how much processed wheat they used. Is this statistic normally difficult for such an enterprise to derive?

15. Prior check-off bills require record keeping by farmers. Are bakers more or less likely than farmers to have the ability to comply with such record-keeping requirements?

16. One witness stated that the fact that the National Wheat Institute has only spent \$2 million since 1970 indicates no need for the \$10 million a year this bill could authorize. What is the relationship between NWI expenditures and the need for research?

17. In the normal course of trade in the wheat industry, what is the possibility or likelihood of the impact of the assessment being "passed back" to wheat producers?

18. The National Farmers Union suggests that the program to be authorized under this bill should be subject to farmer control, including a producer referendum. The assessment, however, will be borne by end-product manufacturers. What is the NFU's rationale for a referendum whereby one segment of the wheat industry is able to vote to levy an assessment on another segment?

19. The Farmers Union states that the bill is deficient in that it does not limit the use of funds for political or lobbying purposes. Does any part of the bill address this question?

20. The Consumer Federation of America witness expressed the fear that the costs of the research and education program would be passed on to consumers. What is the likelihood of the assessment authorized hereunder having an adverse price impact on consumers?

21. What is the likelihood of the majority of the money expended under this program going to "advertising and slick sales promotion" as the CFA suggests?

22. Does the language in Sec. 5(a) concerning references to private brand names (to which CFA objects) differ from prior check-off bills, and what is the original source of that language?

To Mr. John F. O'Neal, Counsel, American Bakers Association

1. Who will retain patent rights to new processes developments or advances in nutritional quality that result from privately contracted research funded by this Act?

2. Would the definition "end products" be inclusive of products not ultimately used for human consumption such as the industrial use of grain alcohol or grain derived starches?

To Mr. Robert J. Wager, American Bakers Association

1. A response to testimony presented by Ms. Midge Shubow, Information Director, Consumer Federation of America.

2. If additional research reveals that whole wheat bread is more nutritious and healthier than white bread because of its bran content, could this ultimately result in lowering the price of bread?

To Mr. William A. Quinlan, Counsel, Associated Retail Bakers of America

1. What percentage of your membership will be exempt from the remittance provisions of this bill since all end-product manufacturers using less than 2000 cwt. of manufactured wheat are exempt from paying assessments?

2. How many loaves of bread will 2000 cwt. of flour make?

John F. O'Neal, Esq., Suite 952, 600 New Hampshire Avenue, N.W., Washington, D.C. 20037

Mr. Joseph M. Creed, Executive Vice President, The Biscuit and Cracker Manufacturers' Association, 1660 I Street, N.W., Washington, D.C. 20036

Mr. Glenn Moore, Chairman, Legislative Committee, National Association of Wheat Growers, 1030 Fifteenth Street, N.W., Washington, D.C. 20005

Mr. James Coddington, Staff Assistant, National Association of Wheat Growers, 1030 Fifteenth Street, N.W., Washington, D.C. 20005

Mr. Reuben Johnson, Director of Legislative Services, National Farmers Union, 1012 Fourteenth Street, N.W., Washington, D.C. 20005

Ms. Carol Foreman, Executive Director, Consumer Federation of America, 1012 Fourteenth Street, N.W., Washington, D.C. 20005

Mr. Roy M. Henwood, Director of Consumer Relations, Millers' National Federation, Suite 104, 1776 F Street, N.W., Washington, D.C. 20006

Mr. LeRoy Gormley, President, Washington Association of Wheat Growers, 301 W. Main Street, Ritzville, Washington 99164.

Dr. Kenneth B. Porter, Agriculture Experiment Station, Texas A & M University, Amarillo, Texas

Mr. Langdon Flowers, Chairman of the Board, American Bakers' Association, 1700 Pennsylvania Avenue, N.W., Washington, D.C. 20006

Mr. William A. Quinlan, General Counsel, Associated Retail Bakers of America, Route 8, Box 238, Annapolis, Maryland 21401

Mr. Albert K. Herling, Director of Public Relations, Bakery and Confectionery Workers International Union of America, Suite 900, 1828 L Street, N.W., Washington, D.C. 20036

Mr. Robert J. Wager, President, American Bakers' Association, 1700 Pennsylvania Avenue, N.W., Washington, D.C. 20006

RESPONSES TO THE QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

AMERICAN BAKERS ASSOCIATION

1. The ABA supports H.R. 13099 in its present form, with the addition of the amendment we suggested providing for a bond to cover the costs of the initial referendum.

The ABA would continue to support the bill if changes were made in it, as long as the basic precepts of the bill remained the same.

We believe that previous checkoff bills have established useful guidelines for this legislation. We believe the current bill ought to be patterned after existing programs which have proven successful.

2. End product manufacturers will most likely pay the cost of the Act (i.e., the assessment it authorizes). Some opponents of the bill claim the assessment, based on processed wheat usage and paid by end product manufacturer, will reduce the amount a farmer receives for his wheat. This argument is founded on the twin assumptions that millers and bakers buy wheat directly from farmers and that they can control the price they pay these farmers for it. Neither assumption is true. The fact is that bakers and other manufacturers buy from millers; and most wheat used by millers is bought from grain merchandising firms at the terminal elevator level, not from growers.

Furthermore, domestic U.S. wheat prices—the prices millers pay—are influenced basically by supply and demand, including foreign demand (the U.S. being the world's largest exporter of wheat). Thus, millers and other buyers must pay prevailing market prices which are beyond their control.

It is no more logical to suggest that the assessment will result in lower wheat prices paid farmers than it would be to assert that increased mill taxes or bakery labor costs, would come out of the pockets of farmers. This is especially true when viewed in the light of the miniscule size of the assessment.

The legislation has been drafted to place the assessment on the end product manufacturer. It is simply not practically feasible for it to be passed back to the farmer.

Other opponents argue that the assessment will be passed forward, that it will be a bread tax on the consumer. The bill provides an assessment of up to five cents per cwt. of flour. Since a cwt. of flour yields 150 one pound loaves of bread, the maximum cost per loaf would be only \$0.0333 (3/100 of a cent).

But the Council is unlikely to impose the maximum assessment for many years. More likely, the Council would set the assessment at a minimum level to gain experience with the program and build confidence in it within the industry.

So early assessments would probably be set at one cent per cwt. At this level the potential cost would be \$0.0066 (7/1000 of a cent) per loaf.

As Langdon Flowers, Chairman of the American Bakers Association, told the Subcommittee, "As a practical matter, this cost will likely be absorbed by the industry. If added at all, it might be included as a very small part of an increase caused by unrelated factors." Furthermore, there is substantial likelihood that research authorized by the Council (for example, in the field of more efficient manufacturing processes or higher protein content wheat strains) will result in savings to manufacturers that will more than offset the cost of the assessment, and, in fact, result in savings to consumers.

3. The ABA feels that checkoff programs in general have benefited both the industries affected and consumers. It feels that the program contemplated by H.R. 13099 will be especially beneficial in that wheat is America's most basic agricultural commodity, the need for wheat research is great, and more effective nutrition education will clearly benefit the American people.

Since these programs are initiated by industry as self-help efforts they should be supported whenever a substantial majority of an industry demonstrates a clear desire for such a program. These programs are part of our free enterprise system. There should be no artificial barriers to such industry efforts.

4. The ABA believes this would represent an unnecessary delay. The time lag between enactment and initiation of research projects under bills of this type is already about two years (for the Egg Act). Numerous witnesses from the academic community as well as the industry have testified as to the need for prompt action so that the Council created under H.R. 13099 can be in a position to fill the void that will be created by the dissolution of the National Wheat Institute. Furthermore, the results of the USDA study are not likely to be particularly meaningful as applied to this bill, since the predecessor bills under study are uniformly more promotionally oriented, while H.R. 13099 is more research and education oriented.

5. As stated above, we believe this bill should be generally patterned after prior legislation in this area. The bill establishes a Council which will be broadly representative not only of the wheat foods industry but of consumers as well. We do not believe that any special limitations should be placed on the authority of the Council to exercise its judgment concerning the content of an effective research and education program.

6. The ABA believes that the legislation now being considered would not provide sufficient funds for the level of research and education needed in the wheat and wheat foods area. The legislation authorizes the appropriation of 5 million dollars for nutrition research in the first year of its effectiveness. However, these funds are likely to be distributed among hundreds of applicants for hundreds of projects, none of which need necessarily concern wheat. Not only private research organizations and individuals, but federal agencies as well are all eligible for grants. The appropriated sum could (and probably would) be spread among hundreds of competing agricultural commodities, and could be spent for many competing purposes beyond the scope of the wheat foods bill (e.g., studies of "... the nutritional impact of federal food programs ..."). The ABA sincerely believes that only enactment of H.R. 13099

can assure that vitally needed research dealing specifically with wheat and its products can be adequately funded.

This conclusion is supported by the experience of the National Wheat Institute. The Institute was established by an Act of Congress in 1970, with a one time fund of \$2 million. All these funds have been obligated and the Institute program will terminate in mid-1978, just two years from now. Much work remains to be done. This is shown by the fact that the Institute received applications for research and education contracts totaling \$20 million, about 10 times the amount available.

7. Any attempt to compare the assessment under H.R. 13099 to the wheat marketing certificate program is a totally false analogy. The wheat marketing certificate program was, in effect, a substantial tax on the processing segment of the wheat industry amounting to \$.75 a bushel. No refunds were allowed. Everyone had to pay, big or small. The funds were used to offset producer subsidies. And the costs of the certificates were routinely passed on to consumers.

None of these things are true about the program proposed in H.R. 13099. The maximum assessment is only five cents per cwt. (3/100 of a cent per loaf of bread) so there will probably be virtually no consumer impact. The funds generated will be used for research and education projects which will benefit the entire wheat foods industry and the public at large. The program is essentially voluntary. Anyone can get a refund. And small retailers are exempted entirely.

So the analogy to the wheat certificate program fails. It is simply untrue.

8. For several years in the late 40's and early 50's the members of ABA sponsored a voluntary promotion program which consisted largely of newspaper and radio advertising. Voluntary support was based on the members dollar volume of sales. Over the years, support for the program gradually eroded despite concerted efforts to sustain it. It was finally terminated in 1964.

The broad support of checkoff bills by other industries (cotton, potato, egg, beef) indicates that the need for statutorily authorized (as opposed to purely voluntary) programs is not unique to the wheat industry.

9. The assessment is mandatory insofar as all end product manufacturers (except those small bakers exempt under Sec. 7) are required to remit it to the Council, subject to a maximum civil penalty of \$1,000 per offense. The assessment is voluntary in that all those who have paid it are eligible, subject to the provisions of Sec. 9 to apply for and receive a refund of the amounts paid in.

Thus the net result is a voluntary program because anyone who does not want to participate is not required to do so.

10. Opponents of the bill claim that it would give the USDA excessive control over the baking industry. They object to the enforcement and investigation provisions of the bill, Sections 11 and 13. But similar provisions have been included in every checkoff program for the past ten years—for cotton, potatoes, eggs and beef, and we are not aware of any significant complaints of "government interference" by participants in those programs. Since checkoff programs are conducted under color of law and the authority of the Secretary, such provisions as Sections 11 and 13 are essential to assure the Secretary that the programs are being conducted with integrity. However, so long as those subject to this assessment comply voluntarily with the requirements of law, the enforcement and investigation sections will not become operative, so that the "government control" is actually minimal.

It should also be noted that if anyone does have a grievance over conduct of the program, Section 10 provides for administrative and judicial review thereof.

11. Predecessor programs were producer check-offs involving many thousands of participants, none of whom made disproportionately large contributions. This bill involves a checkoff on end product manufacturers, and only relatively large ones at that. Withdrawal of support by any significant number of such large contributors could seriously affect program planning, especially for any projects that require long-range funding. Therefore, it is necessary, for Council project planning purposes, to have some advance assurance that those not reserving the right to seek refunds will remain committed to the program for at least one year. That is the reason for the structuring of the refund procedure in this bill.

12. No. The witness' statement is much too broad. Many products made from wheat are not subject to the assessment. Products not for human consumption, and products for export are not included in the end product definition and so are exempt. Persons who produce end products on the premises where such end

products are to be consumed by an ultimate consumer, and persons who produce end products for their own personal family or household use are not within the "end product manufacturer" definition, so that "institutional," and "family" flour are not subject to the assessment. Finally, small bakers (using less than 2,000 cwt. of processed wheat per year) are exempt from the assessment, so all end products manufactured by them would also be exempt.

13. This question is properly for the Associated Retail Bakers of America witness.

14. The amount of processed wheat purchased is the most basic kind of business record kept by any end product manufacturer. It should not be difficult for any such manufacturer to derive such information.

Any baker who uses a commercial mix in his product can simply obtain a statement of the wheat content from the producer once a year.

15. Commercial enterprises such as bakeries are much more likely than farmers to have the ability to keep the records required by H.R. 13099. And, we understand from the U.S.D.A. that apparently even farmers do not find the record-keeping obligations under prior check-offs to be so "burdensome" as to warrant complaining about them.

16. The National Wheat Institute only spent \$2 million because that was all the money it had. The need for research is much greater. For example, in 1974, the National Academy of Sciences/National Research Council, issued a report which found evidence of a potential deficiency of ten vitamins and minerals among significant segments of the American population. Accordingly, the Academy recommended increasing cereal-grain fortification with these ten vitamins and minerals. However, in making this recommendation, the Council did not study the technical feasibility of adding these nutrients to cereal-grain products. Thus, it also recommended that the cereal-grain industry undertake studies of technical feasibility on the various types of cereal-grain products. The baking industry accepted this challenge and has begun such studies. However, they have progressed slowly. If H.R. 13099 is enacted, the Council would be urged to complete these studies as soon as possible so that the baking industry could implement the recommendations of the Academy at an early date.

The bill could also be used to continue and expand the research projects begun by NWI, such as those that have shown promising findings relating to the role of wheat-based foods in lowering blood urea nitrogen levels and reducing cholesterol in the overall diet. As stated above, the need for research is further demonstrated by the fact that, while funding these projects, NWI received applications for contracts to conduct research and education projects totaling nearly \$20 million. Enactment of H.R. 13099 would enable many of these worthwhile proposals to be carried out.

Finally, few primary and secondary schools have an adequate program of nutrition education. As a result, today's children know very little about the food they eat, and the proper diet for them. A well funded program of nutrition education could help America's children grow up to be healthier adults.

17. This topic is covered in the answer to question 2. To reiterate, it is simply not possible, in the normal course of trade in the wheat industry, for the cost of the assessment to be "passed back" to wheat producers.

18. This question is properly for the National Farmers Union witness.

19. The NFU is mistaken. Section 6(i) provides that "no funds collected by the Council under the order shall in any manner be used for the purpose of influencing governmental policy or action . . ."

20. Again, this topic is covered in the answer to Question 2. Basically, that answer states that any such adverse price impact is highly unlikely.

21. This result is also unlikely. As has been pointed out, the bill is research and education oriented; the word "promotion" is not even contained therein. Furthermore, consumer groups would be in a position to exert strong influence against such a result, since they would be equally represented on the Council with other segments of the wheat industry.

22. The language is the same as is found in prior bills, for example the Egg Act, and it is the ABA's understanding that the phraseology used was specifically suggested by the Federal Trade Commission to make such bills mesh with its regulatory framework.

ANSWERS TO QUESTIONS ADDRESSED TO JOHN F. O'NEAL

1. Patent rights (as well as copyright and trademark rights) will be treated in the same manner under H.R. 13099 as under predecessor checkoff bills. This

subject is generally covered in the regulations setting up the Order under an Act (see, for example, the relevant Egg Research and Promotion Order provision at 41 F.R. 22927, June 8, 1976). Such rights will become property of the U.S. Government, as represented by the Wheat Industry Council, and may be licensed subject to approval by the Secretary. Upon termination of the Order, the Council would transfer such rights to the Secretary for use in furtherance of the objectives of the Act.

2. The "end products" definition would not include products used industrially if they were manufactured for that purpose. The definition applies only to products "intended, as produced, for consumption . . . as human food." Furthermore, the descriptive parenthetical phrase, "(such as cake mix or flour)" in the definition of processed wheat would certainly seem to be sufficient to support an interpretation that the bill is not applicable to grain alcohol. This or any other possible problems in interpretation of the definitions in the bill could, of course, be avoided by appropriate explanatory statements in the Report on the bill.

ANSWERS TO QUESTIONS ADDRESSED TO ROBERT J. WAGER

1. The ABA is pleased that CFA endorsed the composition of the proposed Council. This is an important part of the bill. Certain of the suggestions for amendments were constructive. For example, the proposal that a time limitation be placed on the maintenance of the books and records required to be maintained under Section 5(c) is a useful one. We are not competent to respond to CFA's criticisms of the cereal industry. The remainder of the points raised by CFA have been covered in our answers to other questions.

2. The price of bread is determined by the cost of ingredients and other expenses. It is not directly related to its nutritional quality. We believe that all breads are nutritious, wholesome foods. The bread products of all ABA members meet or exceed the nutritional standards for bread established by the FDA.

ASSOCIATED RETAIL BAKERS OF AMERICA

1. No. Our objections are to the whole idea of such legislation, as well as to various particulars of H.R. 13099, as explained in our testimony at the hearing on June 16, 1976. We favor a wheat and wheat foods promotion program developed, financed and administered freely by bakers, millers and wheat growers rather than under the repressive hand of Government.

2. Consumers, of course. All continuing costs, of whatever nature or amount, must ultimately be paid by consumers.

3. If by check-off programs is meant assessments which are mandatory and which therefore must involve governmental authority, we consider them inherently unsound and would not support them under any circumstances.

4. The bill in our judgment should be rejected now.

5. Yes. The whole reason for consideration of such legislation at the outset was to provide funds for promoting consumption of wheat foods. To prohibit use of the funds for promotion, or "nutrition education," would render the bill useless and pointless, as well as costly and otherwise burdensome. We know of no significant reason or need for use of such funds for research into the nutritional values of wheat foods; they are well established.

6. Please see the answer to question 5.

7. They are similar in that they are both taxes, although called by other names, and are excises on an essential commodity to be paid eventually by the ultimate consumers of the commodity. They differ in amount and in that the certificate charge was for payments to growers and the assessment provided in the bill is intended for the purposes there stated.

8. My recollection is that the withdrawal of support by one large contributor was followed by withdrawal of others and the demise of a bakery foods promotion program of the American Bakers Association. I do not recall that pledges of support were made mutually binding, and it is our recommendation that they be made so in any future voluntary program, and be for a period of time sufficient to establish and demonstrate effectiveness of the program.

9. It is mandatory in that one either pays it or becomes subject to civil penalties up to \$1,000 for each willful failure or refusal or court injunctions enforceable by fine or imprisonment. Presumably the term "voluntary" has been loosely

used because of the option of reserving the right to and obtaining refunds, an option which would be largely illusory for smaller bakers.

10. USDA control over the program was felt to be necessary because the Government could not delegate its taxing or assessment power to a private group. We now do not agree and are against both the control and the power, favoring instead a voluntary private program without any legislation. The USDA authority to control would permeate all that would occur under the legislation, including the initial decision as to whether any action whatever should be taken, the proposal if any for the establishment, issuance, effectuation and administration of plans or projects, the requirements for books, records and reports, the terms and conditions for and the appointment of the Wheat Industry Council, the approval or disapproval of any plans or projects proposed by the Council, the approval or disapproval of any budget submitted by the Council, the approval or disapproval of contracts by the Council for development and carrying out of its activities, termination or suspension of any order, investigation of practices under the Act, including administering oaths and issuing subpoenas and prosecuting for failure to comply, deciding which organizations of wheat producers, processors, and product manufacturers and consumers may request issuance of orders and nominate persons for appointment by USDA to the Council, issuance of other regulations, etc.

11. The proponents should answer that.

12. Yes, as to all commercial end products for off-premises consumption as human food within the United States; no as to end products produced by consumers for their own personal, family or household use, products produced by hotels, etc., for on-premises consumption, or products for animal feed, industrial use or foreign consumption.

13. If there is to be any bill, this one is deficient because of those and other particulars stated by our Board of Directors and Executive Committee and our other testimony at the hearing. But as also stated by the Board, Committee and testimony, our more basic and overriding belief now is that any such legislation would be a fundamental error, regardless of its details.

14. Indeed yes. There is nothing normal about such a statistic, and no other need for it. An examination of the partial list of partially wheat-derived purchased ingredients appended to my prepared statement at the hearing will sufficiently indicate the overwhelming burden it would place upon retail bakers.

15. Such record-keeping as that required of bakers by the bill has never been required of farmers.

16. [No response.]

17. Please see our answer to question 2.

18. [No response.]

19. Subsection 6(1).

20. Considerable. Although the maximum direct amount of the assessment is small, the clerical and administrative burdens on bakers would be heavy and costly.

21. The epithet "slick" is inappropriate and unwarranted, but the proponents of the original legislation, including our association, certainly intended it as a means of providing funds for promotion of consumption of wheat foods. The proposal grew ultimately out of a meeting in December, 1964, where bakers and millers agreed with the then Secretary of Agriculture on the need for efforts to increase consumption of bakery foods.

22. [No response.]

Questions addressed specifically to me:

1. "What percentage of your membership will be exempt from the remittance provisions of this bill since all end-product manufacturers using less than 2000 cwts. of manufactured wheat are exempt from paying assessments?"

This is not known for certain and probably never could be, because of the difficulty bakers would have in determining the total wheat-derived content of all purchased ingredients and (for those who have restaurants or lunch counters) how much of that content is used in end products for off-premises consumption. We estimate, however, that 70% of our membership would be exempt as purchasing 2000 cwts. or less of "processed wheat" per year for use in end products for off-premises consumption, assuming they could determine and demonstrate that fact.

2. "How many loaves of bread will 2000 cwts. of flour make?"

About 3,000 cwts., or 300,000 one-pound loaves, of white pan bread; the yield would vary for specialty breads, e.g., raisin and rye breads.

MILLERS' NATIONAL FEDERATION

1. The interest of the flour milling industry is in providing the means for conducting much-needed research on wheat and wheat foods with the aim of providing consumers with lower-cost, more nutritious, more appealing products made of wheat and wheat flour—and to increase the level of understanding of nutrition with the goal of improving the health of our citizens.

Within that context, we are not married to any specific provisions of the bill and would continue to support the bill unless changes were made which detracted from this intent.

2. At the maximum, the cost of the assessment would amount to 3/100th's of a cent per 1 lb. loaf of bread. As a matter of fact it would be impossible to pass along to consumers this almost insignificant amount. End product manufacturers would benefit in terms of increase acceptance of their products and would thus gain from increased sales opportunities—as would processors and farmers. Increases in wage costs, transportation, energy, and the general inflationary trend affect the cost of end products far more than would this small assessment.

Wheat is produced by farmers, sold to local elevators, to grain merchandisers to wheat flour millers and the wheat flour then is sold to end product manufacturers who produce products used by consumers. There is no conceivable way that such a small assessment could find its way from end manufacturers back through that chain to farmers.

3. The conventional wisdom among agricultural economists is that check-off programs and the promotional efforts which most of them finance may have an effect of shifting demand for farm products but do not expand total demand for agricultural commodities. The conventional wisdom is that the human stomach is only so big and if the use of milk is increased, for example, it comes at the expense of some other agricultural commodities.

However, properly-conducted programs can have several salutary effects:

There are many products vying for that limited space in the human stomach. Some are not as valuable as others from a nutrition standpoint. Some are currently regarded as "junk food." To the extent that such funds are used to increase the level of nutritional knowledge these shifts in the dietary intake can be in the interest of better nutrition and improved level of health.

There is a beneficial psychological effect upon producers (and other segments of the industry in this case) engaging in a self-help program.

The availability of research funds at the federal and state level is diminishing, especially when the effects of inflation are taken into account. Segments of the food industry which want to sponsor such research and nutrition education efforts should be encouraged to do so.

Other segments of the food industry frequently have very large research, nutrition education and promotional budgets. To deny the mechanism for self-help efforts to one segment of the industry does not seem appropriate.

Again, the thrust of the Wheat and Wheat Foods Research and Nutrition Education Act is an inter-industry effort of wheat farmers, flour millers and end product manufacturers to attain ends which individual producers or smaller individual firms can not attain by themselves.

4. We don't feel there would be any particular point in waiting until results of the USDA study are known. For one reason, the emphasis in H.R. 13099 is on research and nutrition education, while most of the commodity check-off programs have emphasis on advertising and promotion. If the USDA study were to show that advertising and promotion programs were not particularly productive or worthwhile, that still would not indicate that the objectives of H.R. 13099 were no good and valid. If the study shows that commodity check-off programs do serve useful purposes, the legislative proposals of H.R. 13099 would be on line already to provide continuity to worthy programs.

From a practical political standpoint a favorable finding by the study would enhance the prospects of H.R. 13099 and substantiate the validity of its need.

5. We would have no objection to a provision in the legislation which would restrict the use of funds being used for advertising. A restriction against promotion which had the effect of limiting the nutrition education aims of the Act would be an undue constraint.

6. There will continue to be financial strictures on research of the nature envisioned in H.R. 13099. As food stamp costs, mandated by the Congress, increase as a percentage of the total USDA budget and with constant pressures

to reduce budgetary outlays, the research budget within USDA is going to continue to be under pressure.

From the broader viewpoint, needs of agricultural research are so diverse and demanding that it is difficult to foresee funds being adequate to include the types of research and nutrition education contemplated in H.R. 13099. Thus we feel the need for the enabling aspects of H.R. 13099, regardless of the outcome of the agricultural research legislation—passage of which is not assured.

7. There is no way in which the assessment under H.R. 13099 is similar to the "wheat processing tax" under the former agricultural act which included the Wheat Marketing Certificate Program or two-price system.

The Wheat Marketing Certificate Program provided funds to pay wheat producers a fixed amount per bushel for the "share" of their crop which went into export and a different fixed amount per bushel for their "share" of wheat used domestically.

The assessment under H.R. 13099 is paid by certain end-product manufacturers for research and nutrition education. No tax funds are involved, it is not a producer payment, its aims are entirely different and no reasonable analogy could be drawn between the two.

8. Several years ago, members of the baking industry embarked on a voluntary program somewhat similar to that envisioned in H.R. 13099. Hearsay evidence is that, being voluntary, some members sought a slight advantage by dropping out of the program. It takes only a slight defection to cause others to abort such a program and thus it is doomed to failure. With the sanction of government and an orderly procedure established—even with the right to refund—a meaningful program can succeed. In the old type of voluntary program a positive action was required on the part of bakers to make the program succeed, under H.R. 13099 a positive action is required to make the program fail. The difference is substantial.

Check-off programs approved by wheat growers for support of state wheat commissions and similar activities have had a very small number of requests for refunds—perhaps in the neighborhood of 2-3 percent. But the availability of a refund provision adds a voluntary note to the program and is a needed constraint on expenditure of funds—if funds are not properly spent, requests for refunds will increase and the program will fail.

9. The program is mandatory in that a mechanism is set up for collection of the assessment and a positive action is required of an end-product manufacturer to stay out of the program or get a refund. It is voluntary in that an end-product manufacturer can get a refund of his funds.

10. Some agency must assure legitimate accounting for expenditure of funds. In check-off programs, it is the United States Department of Agriculture. However, the USDA does not control the program, it merely assures that the Advisory Committee proceeds in a legal and legitimate fashion. That would be the extent of USDA control of the program and the participants.

11. The refund provision generally is patterned after refund provisions of other check-off bills. Others are more competent to answer this question in more detail.

12. The assessment is to be paid only on wheat products for human consumption, with several significant exceptions. One is that end-product manufacturers who use less than 2,000 cwts. per year are exempted. Flour, and prepared mixes such as cake mix and so on sold in grocery stores to consumers for preparation in the home are exempted. Wheat products used in hospitals, restaurants, schools, and similar institutions are exempted.

If there is a way to simplify the coverage to exempt food products containing incidental amounts of products made of wheat, we would not object. It appears an insignificant problem.

13. This question is not addressed to us.

14. This question is not addressed to us.

15. This question is not addressed to us.

16. It is our understanding that only a small percentage of the requests for research were able to be accommodated by the funds available from the National Wheat Institute. H.R. 13099 envisions a much broader research program, and nutrition education is a most important part of the proposed legislation.

If H.R. 13099 is enacted, it is envisioned that the program will start with a minimum assessment and will grow only as worthwhile and valuable projects are identified, undertaken, and proven. I would like to append excerpts of a

letter from Dr. Betty Sullivan, an outstanding researcher and nutrition authority formerly with The Peavey Company and Chairman of the Federation's Technical Advisory Committee and now with Experience, Inc., of Minneapolis. She is quite articulate and authoritative as regards the tremendous need for research in this area.

17. This question was answered in response to question 2.

18. This question was not addressed to us.

19. Proponents of H.R. 13099 do not intend or envision that any of the funds should be used for political purposes. If this needs to be stated more specifically in the language, we certainly would not object.

20. This question also was addressed in response to question 2.

21. There is no likelihood of the majority of the money expended under this program going to advertising. We would envision an effective nutrition education program being undertaken. We do not know what the definition of "a slick sales promotion" is, but by our definition that is not envisioned. Furthermore, any program proposed by the Council would be subject to complete consumer input and review by virtue of equal consumer representation on the Council. "Slick" programs would be subject to veto.

22. Other proponents of the legislation are better equipped to answer this question.

NATIONAL ASSOCIATION OF WHEAT GROWERS

(For sake of brevity, we have submitted responsive answers representing the views of Glenn Moore, Chairman, National Association of Wheat Growers Legislative Committee and James Coddington, member of the NAWG staff.)

1. The NAWG supports the bill as currently drafted. The Association would no doubt look approvingly on a modified version of the bill, as long as changes did not violate the purposes and need for the legislation. It is worth noting that the bill, as currently written, incorporates provisions which respond to major criticisms of past national research and education programs.

2. Since the collection would be made at the end-product level—at least two steps away from the original farm sale—we cannot envision the assessment being passed backward to the producer. Moreover, the price of wheat is established in a world market affected by changing world supply/demand conditions. The domestic end-product manufacturer purchasing from a flour miller does not have the capability to pass back through a competitive marketing system the amount of the assessment.

It is our view that the assessment will be ultimately paid by the end-product manufacturer. The assessment could possibly be passed forward, but its size (3/100ths of a cent) is so very small that it would most likely be made a portion of price increases generated by other factors (labor, non-farm ingredients, transportation, energy, inflation).

3. The NAWG has high regard for check-off programs and views them as critical to any self-help effort undertaken by an agricultural industry. Moreover, the industry-wide program, proposed in HR 13099, stands to produce an entire nation of beneficiaries who will individually and collectively profit from more nutritional wheat-based foods and improved diets.

4. Postponement would serve no constructive purpose. The program which HR 13099 would establish, responds to the need for research and nutritional education, and it is clearly not analogous in scope or purpose to advertising and promotion programs funded by check-offs on a number of other commodities.

5. It must be understood that benefits achieved through nutritional research have little value unless they are communicated to those able to apply such findings and those able to benefit nutritionally from them. Nothing should be done to restrict the educational purposes of HR 13099 as currently drafted.

6. No. The bill (HR 13099) has received strong NAWG support and that of other industry segments because adequate nutritional research is not being conducted. It is our observation that all research budgets are and will continue to be under extreme pressure. HR 13099 is needed to fill a serious research gap which we feel cannot be met through existing Federal, state, or private research budgets.

7. There are no similarities between the former domestic wheat certificate program and the proposed research and nutritional education assessment, and it is misleading and irresponsible to assert that such a relationship exists.

The domestic certificate program was part of past Federal farm policy which established a two-price system for wheat in the U.S. Under this concept, a levy was placed on U.S. wheat for domestic food consumption which was remitted by processors to a special pool to offset farm program payment costs. When this transfer was discontinued with enactment of the 1973 Farm Act, the certificates were valued in excess of \$1.50 per bushel with 75¢ of this paid by the processing industry. We are talking here of 5¢ per cwt. or less depending on the level assessed.

8. A previous attempt at operating a voluntary program similar to that established by the bill was unsuccessful. It has been our experience in working with producer checkoffs which exist in a number of states that goals can only be achieved through a mandatory program with refund provisions. When a program is voluntary, many ride on the coattails of contributions made by others and gain benefits without providing monetary support. Ultimately, such efforts falter and prove unsuccessful.

9. Simply stated, the assessment is mandatory in that all end-product manufacturers, except those smaller bakers specifically excluded, would be required to remit according to the prescribed formula. It is voluntary in that provision is made for refunds.

10. We do not accept as valid the argument that the bill would establish excessive government interference in private business operations. As with other industry assessment programs, USDA is authorized to play an oversight role under HR 13099, and to assure the legitimacy of program operations. The council and not the government initiates programs to be carried out.

11. The refund provision in HR 13099 is patterned after those in similar programs approved by Congress. For a program of this type to be effective, the level of funding must be predictable.

12. Certainly not. Provision is made for an assessment to be paid only on wheat products for domestic human consumption. Significantly, specific exemptions are provided for smaller bakers, institutional users of wheat products, and products prepared by consumers for family use.

13. The question should be answered by ARBA. We are interested in their reply and rationale in reconciling these opposite stances.

14. We believe not. An end-product manufacturer for good management and economic reasons should know the amount of processed wheat used in his enterprise. We feel in most cases they do.

15. More likely.

16. There is no relationship between the need for research and NWI expenditures. NWI funds were limited to those funds made available through the founding legislation. No renewable source of funding was available. The Institute has fully committed all funds available. This modest, but beneficial effort, is now coming to a close. The program which would be established by HR 13099 could build on the work of the NWI and would in fact expand needed research and nutritional education well beyond the scope of NWI efforts.

17. See answer to question two.

18. The bill provides wheat grower participation equal to that of other industry segments and consumers, without financially contributing to the program. With a benefit to cost ratio like that we see no logical, ethical or legal reason for having a producer referendum to assess another industry segment.

19. Yes. Section 6(i) prohibits funds collected under the proposed program from being used "for the purpose of influencing governmental policy or action . . ." This language seems more than sufficient to cover the use of funds for political or lobbying activities.

20. We cannot see the assessment as having "an adverse price impact on consumers." In fact, with a successful research program, nutritionally improved products are possible without increased costs to consumers.

21. "Big budget advertising" and "slick promotion" are not a goal of this legislation, but nutritional education is. See our response to question five, in which we indicate the need to communicate research results to those who can apply the findings and those that can benefit nutritionally from them.

22. This language is consistent with previous check-off bills. Another source should be consulted for the origin of this language.

THE BISCUIT AND CRACKER MANUFACTURERS' ASSOCIATION

1. No.
2. Inevitably consumers pay.
3. Check-off programs in certain circumstances may have some merit provided everyone who is directly covered concurs in the program. The determination will have to be made on a case by case basis.
4. It would certainly be prudent to wait for the results of this study.
5. No, but with or without such a provision, we are opposed to the legislation.
6. I am not qualified to comment on the Agricultural Research legislation, but regardless of what funds it may make available, this bill H.R. 13099 should not be passed.
7. The assessment under this bill may be called a wheat processing tax, an imposition, an exaction, a mandatory fee or any other term. The fact remains, however, that it is a forced payment imposed on end product manufacturers who may not wish either to make payment or support the programs which such payments would finance. The wheat processing tax was imposed on processors of wheat directly to provide financial benefits for a limited group of farmers, namely wheat producers. The proposed tax or assessment in H.R. 13099 presumably would benefit some wheat growers, some millers, and some end product manufacturers. It certainly would not benefit all end product manufacturers even though they would be required to contribute. The procedures in the bill for a refund are so complicated and restrictive as to be almost a charade.
8. That is their statement; let them prove it.
9. The Committee can take judicial notice of the fact that the program is mandatory from the text of the bill. Anyone who views it as a voluntary program is lacking in comprehension of the English language.
10. Because the monies collected are tax monies and to protect the public interest in the disbursement of such monies, the federal government agency must participate. The extent of this control is spelled out in the statute and approaches the point of being ridiculous.
11. Precisely what opponents have stated: to make it difficult to get refunds.
12. Of course it does. See section 6(e) under "Required Terms in Orders": "Each end product manufacturer *shall* (underline ours) pay to the Council, pursuant to regulations issued under the order, an assessment based on the number of hundredweights of processed wheat purchased, etc. . . ."
13. No comment.
14. I doubt it, but it becomes another unnecessary exercise in record-keeping and paper work which the Congress should be as anxious to avoid as the companies are.
15. Again, with reference to question 14, it isn't a question of ability to keep records, it is the time, the cost, the annoyance, the silliness of all these records which Congress through its various statutes pass and require with too little consideration for the individual or company which have to live with the record-keeping requirements.
16. I don't know.
17. Very little; it is more likely to be passed forward to the consumer.
18. No more than there was for the wheat processing tax imposed on wheat processors.
19. Not that I am aware of.
20. This assessment or tax plus all the record keeping would become items of cost and would ultimately be borne by consumers. Every cost in the manufacture of a food product is borne ultimately by the consumer. Manufacturers are constantly making business judgments on their costs to determine whether they are necessary or appropriate. In the case of the costs which would be imposed by this bill the members of the Biscuit and Cracker Manufacturers, for the reasons previously stated in the record, have rejected this forced imposition as undesirable. Again we urge this Committee and the Congress to reject these mandatory additions to our costs.
21. It would depend on the kind of controls issued by the government department responsible for this.
22. I don't know.

WASHINGTON ASSOCIATION OF WHEAT GROWERS

1. No.
2. End product manufacturers.
3. If check off programs are administered properly, they work very well. I would support this check off as it is written.
4. It appears as though the time is right and therefore, I do not think that we should wait.
5. I believe that the intent of the bill is for research and not advertising.
6. There are never enough funds to conduct adequate agricultural research.
7. The proposed bill is not a government imposed tax, rather a self imposed assessment on the end product, the funds derived being used for research. The other is a tax to subsidize farm income.
8. Absolutely none. These programs are working well for individual State Wheat Commissions.
9. It is, as I understand, strictly voluntary.
10. The USDA control would assure the appropriate allocations of funds.
11. They are wrong and the feeling expounded shows nothing more than their negativity toward the bill.
12. No.
13. This appears to be an external problem of ARBA.
14. We feel they know exactly the grinding capacities and monthly and yearly productions.
15. They have a professional bookkeeping staff.
16. They have not acquired adequate funds to conduct adequate research.
17. The way the bill is written, there is very little chance that it would be passed back to wheat producers.
18. This is not the intent of the bill and at the point of assessment, wheat no longer belongs to the farmer and therefore he would and should have no control over it.
19. I cannot recall and no longer have a copy of the Bill.
20. There would be very minimal effect if any.
21. Absolutely no change.
22. No comment.



