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MEAT INSPECTION

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HEARING

BEFORE THE

SUBCOMMITTEE ON AGRICULTURAL RESEARCH AND GENERAL LEGISLATION

OF THE

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

UNITED STATES SENATE

NINETY-SIXTH CONGRESS

FIRST SESSION

ON

S. 531

A BILL TO AMEND THE FEDERAL MEAT INSPECTION ACT TO
ALLOW THE INTERSTATE MOVEMENT OF ALL MEAT FOOD
PRODUCTS WHICH ARE PROCESSED BY FEDERALLY IN-
SPECTED ESTABLISHMENTS AND WHICH ARE DERIVED FROM
MEAT WHICH HAS BEEN SLAUGHTERED OR PROCESSED AT
CERTAIN STATE-INSPECTED ESTABLISHMENTS

OCTOBER 11, 1979

Printed for the use of the
Committee on Agriculture, Nutrition, and Forestry



U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1980

55-436 O

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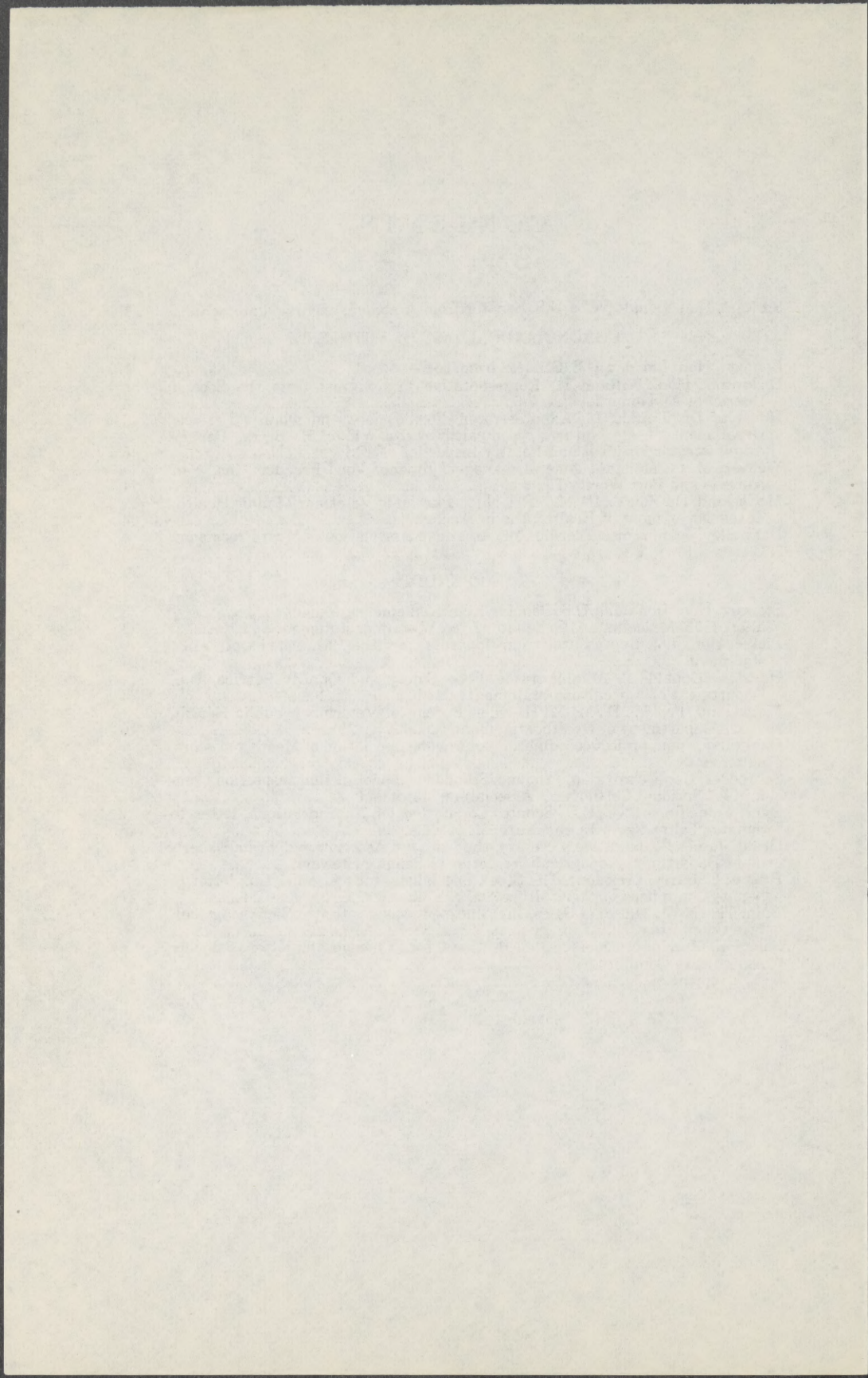
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MEAT INSPECTION

THURSDAY, OCTOBER 11, 1979

U.S. SENATE,
SUBCOMMITTEE ON AGRICULTURAL RESEARCH
AND GENERAL LEGISLATION OF THE
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:10 a.m., in room 324, Russell Senate Office Building, Hon. Donald W. Stewart, presiding.

Present: Senators Stewart, Lugar, and Boschwitz.

STATEMENT OF HON. DONALD W. STEWART, A U.S. SENATOR FROM ALABAMA

Senator STEWART. This subcommittee convenes today to hear testimony on S. 531,¹ a bill introduced by Senator Bentsen that would allow meat slaughtered or processed in a State-inspected plant to be sold for further processing to federally inspected establishments.

Since 1967 and the passage of the Wholesome Meat Act, the restriction of meat inspected by State authorities to an intrastate market has been an issue in Congress. This is not the first time that a bill to lift some of the restrictions placed upon State-inspected meat has come before this subcommittee for consideration.

I have some further statements to make, but I ask that they be made a part of the record,² and now we will hear from our first witness, Senator Bentsen.

STATEMENT OF HON. LLOYD BENTSEN, A U.S. SENATOR FROM TEXAS

Senator BENTSEN. Thank you very much. I appreciate your having this hearing a little earlier than it might normally be held.

For those here in the audience who might not know, I want to commend the chairman of the subcommittee. A member of the Small Business Committee, he is in a unique position to help the farmer and the small businessman in trying to escape from the choking overregulation that we see in Government, and some of the hindrances that we see for small business people to operate in a free enterprise system. He has been very much interested in productivity, and he has given a very good account of himself here in the Senate in his first year.

I believe that this bill is badly needed to protect the small businessman's traditional right to free trade while ensuring the

¹ See p. 48 for the text of S. 531.

² See p. 33 for the prepared statement of Senator Stewart.

continuation of the high standards of wholesomeness which the American consumer has become accustomed to and should continue to have. I will not go into the legislative history of our Federal meat inspection law, as I am sure that others will explain it in sufficient detail. However, it is sufficient to say that, as a result of the 1967 Wholesome Meat Act, we now have a dual Federal-State system of inspection in which the Federal Government plays the lead role and sets standards which the States must meet.

By law, State systems must be certified by the U.S. Department of Agriculture as being at least equal to the federal system. Any State inspection system which cannot meet this rigorous requirement, and these State plants are inspected by Federal inspectors to ensure State compliance, is designated by the Federal Government. In this process the State system is taken over by USDA and ceases to exist, and all plants in the State are converted immediately to Federal inspection.

This strict supervision of the quality of State inspection systems provides a needed uniformly high standard of processing throughout this country. However, despite this supervision, meat from State-inspected meat plants is not allowed to move in interstate commerce. In fact, it cannot even be sold to Federal plants for use in their products due to this prohibition on interstate movement.

By contrast, meat inspection systems in foreign countries wishing to export to the United States must also be certified by USDA as being at least equal to our own federal system. These foreign plants are also inspected by USDA inspectors at least annually to assure compliance, with these visits being announced in advance to the foreign government. This foreign-produced meat is then exported to the United States, where it is sampled by Federal inspectors at the port of entry, and is then allowed to move freely in interstate commerce.

Mr. Chairman, I believe that this raises some very fundamental questions of equity. We are clearly discriminating against our own citizens, our own small businesses, in favor of foreign businesses. I cannot see how this Government can justify such blatant discrimination. This is protectionism in reverse, and I, for one, would like to see a little free trade injected into this system.

That is just exactly what this bill would do. This bill would allow meat from State-inspected meat plants in States whose inspection systems are certified as being at least equal to the Federal requirements to be sold to federally inspected plants. It could then be sent into interstate commerce after further processing.

This bill is designed solely to correct this glaring inequity in our meat inspection law. It will allow State-inspected meat to be inspected by a Federal inspector upon entry into the Federal plant, as foreign meat is inspected when it enters this country, and then be sent on for further processing, as is the case with most imported meat products.

Mr. Chairman, this is a small change which will have a small effect on our total economy. However, it may have a very large effect on a few small businessmen. A small businessman, such as the one who called me earlier this week in support of this bill. A small businessman who had just lost 40 percent of his business because his major customer had opened a retail outlet across a

State line and had to switch to federally inspected meat. This businessman could not switch to Federal inspection because his doors were 6 inches too narrow to meet Federal standards. I wonder which Federal inspector made that determination.

Mr. Chairman, that man's customer was a major food chain which is probably selling meat products containing foreign meat. Foreign meat produced in a plant under an inspection system certified by USDA as being at least equal to just as they certified his State system in North Carolina. Foreign meat which can move in interstate commerce and take away his markets because his own Government discriminates against him.

Mr. Chairman, I was over in Geneva helping to negotiate on meat imports with the Australians and New Zealanders, and they did an awfully good job of representing their point of view, and taking care of the interests of their people. I think we ought to do just as good a job in securing the interests of our people, and try to overcome this kind of bureaucratic discrimination.

Senator STEWART. Is North Carolina under the system where the Federal Government has said that their State system is equal to? Are they under that system?

Senator BENTSEN. That is my understanding from the call I had. No State is allowed to operate a State system of meat inspection unless it has been certified at least equal to by the U.S. Department of Agriculture.

There are many peripheral arguments which will be elaborated on in some detail by later witnesses. They will be argued both pro and con, but the central thrust of this bill, the glaring inequity of discrimination without cause against the smallest and weakest segment of the meatpacking industry, against the small businessmen who own and run most of our State-inspected meat plants—this wrong is what must really be answered, what must really be justified, in order to justify opposition to this bill.

I believe that this legislation will help in that regard. I would hope very much that this subcommittee of yours, its members, who have a great interest in these people, can support this legislation.

Senator STEWART. Thank you.

Senator LUGAR, do you have any questions to ask of Senator Bentsen? I do not.

Senator LUGAR. I have no questions. I am delighted to have Senator Bentsen's testimony and his bill.

Senator STEWART. Thank you very much, Senator Bentsen, for being here. I assure you that the committee will act one way or the other fairly quickly.

Senator BENTSEN. Let us not phrase it that way. I would be delighted to hear they acted for it.

Senator STEWART. Thank you.

Our next witness is Congressman Dickinson from the great State of Alabama.

STATEMENT OF HON. WILLIAM L. DICKINSON, A REPRESENTATIVE IN CONGRESS FROM THE SECOND DISTRICT OF ALABAMA

Mr. DICKINSON. Thank you very much, Mr. Chairman. It is a pleasure to be here. I appreciate the opportunity of addressing you and Senator Lugar and this distinguished subcommittee.

I feel that this is a piece of legislation that is long past due in being addressed by the Congress, and I am very pleased that it comes up now.

During my 15 years in Congress, I have, of course, been very interested in legislation that either directly or indirectly affects both the farmer and consumer. I supported the Wholesome Meat Act in 1967 because I felt that it would improve the entire meat inspection process but would not intrude upon an individual State's jurisdiction. I strongly supported the provision that required that State standards to be equal to those of the USDA and there is no doubt in my mind that those 32 States—including Alabama—which have chosen to continue to supervise meat inspection do operate at a level equal to the Federal inspection procedure.

It has been my opinion that in most cases, the States are much more capable of conducting not only the most efficient and economical service, but are also the most adaptable. I have found this to be particularly valid when examining the small meat processing plants. This committee and the USDA wisely provided room for flexibility when reviewing the operation of these smaller plants, which could not feasibly follow the 191 Manual, by allowing a small plant that was capable of producing wholesome, accurately labeled products to be approved as meeting the intent of the law.

Now, you have the chance to add more flexibility to these procedures without tampering with the rigid standards in existence today. S. 531 would not radically change the current system—it would simply allow plants that were inspected by State inspectors to sell their products to federally inspected plants. The meat would still be inspected during every stage of production, and would be under the scrutiny of the Federal inspectors upon its arrival at the plant. The USDA now inspects and monitors the operation of State inspection on a quarterly basis and would have an additional check under the new proposal by having a Federal inspector check the State-inspected meat upon arrival. If the inspector found the meat to be below Federal standards, it could be corrected immediately.

I frankly cannot find any valid reasons to reject this bill. The inspection process will be improved and will be monitored at all stages of production by the USDA.

I have been told that the USDA's two major objections rest in the erosion of consumer confidence and the effects on imports and exports.

I cannot believe the first claim. The meat will still be graded by inspectors and I cannot believe that consumers would question legislation that would actually help not only their community but small business as a whole.

With respect to the USDA's objection on the grounds that it might affect our exports and imports—what about the unfair practice now? How can we justify the selling of foreign meat to federal-

ly inspected plants when our State-inspected plants are prohibited from doing the very same thing?

I believe that this bill makes sense and would give a giant boost to small businesses without reducing product quality. As I see it, it comes down to an argument over definitions. I was taught that the words "equal to" meant "like in quality, nature or status"—Webster's Dictionary. If State inspection is equal to Federal inspection—and subject to quarterly Federal review—why worry about State-inspected plants selling to federally inspected plants? I urge your favorable acceptance of this measure.

I strongly support this legislation. To bring it down to a little more personal level, I am ranking on the House Administration Committee, which has jurisdiction over the restaurants and cafeterias on the House side. It just so happens that we have a very fine meat plant in my district that in my opinion makes outstanding sausage. As a matter of fact, I have some sent up to me occasionally because I cannot find any up here that is comparable. I thought it would be a good thing if the cafeteria would occasionally sell this sausage. I found out that even though it is of very high quality, it is sold to commissaries on Federal bases in the State, sold to Maxwell and Fort Rucker and Federal institutions, it cannot be sold to the Longworth cafeteria, for instance, because it has to cross State lines. It is good enough for Federal establishments at home, but it cannot cross State lines.

I think there is something basically wrong with the system. Frankly, I would like to see the language of this bill be expanded so as to allow State-inspected plants to participate in interstate commerce. There is no reason to say, or feel, that by selling to a federally inspected plant that there is erosion of confidence, and it cannot be more ludicrous to say that a foreign government can sell to a Federal plant in the United States, but that a State plant—and we know what the standards are—cannot do the same thing.

I very strongly support the proposed bill. I would certainly hope that the committee would act favorably, and I would be glad to answer any questions.

Senator STEWART. Thank you, Bill. I appreciate your coming and testifying. I do not have any questions.

Senator LUGAR. No questions. Good to hear you.

Senator STEWART. Our next witness is Dr. Donald Houston, who is Administrator for Food Safety and Quality Service of the U.S. Department of Agriculture.

Dr. Houston, you have a prepared statement that is fairly lengthy, and I am not trying to cut you off, if you want to go ahead with that, that is fine, but it might be a necessity for us to hear that, but I frankly have read through the statement, and would rather you address yourself to some statements that were made here, unless the members of the committee want him to go through that. If you want him to go through that, I will be glad to acquiesce.

Senator BOSCHWITZ. It is not necessary, but we received his statement at the very end of the day yesterday.

Senator STEWART. I apologize for that. If you will just summarize your statement. Let me highlight a couple of things I would like for you to do, though.

I would like for you to address yourself to those issues that were raised by Senator Bentsen and Congressman Dickinson, because those are the major concerns that I have; why the inequality in the system, why a foreign importer of meat into this country can receive apparently a different type of treatment than those meat packers who are processing meat in State-inspected plants. That seems to be an inequity that should not exist, in my opinion.

I do not know what your answer is to that, but I would like to have it. I do not have any idea about the basis for the second thing that you stated that you were concerned about, if this is sold to a federally inspected plant, how that would erode confidence in people. I would like to know what your response is to that. You may have to go through the history.

I do not want to try this thing like a lawsuit where there are two freshmen lawyers, and one is talking about one thing and another is talking about another. Let us just get to the issue, if we possibly can, and try to resolve it.

**STATEMENT OF DR. DONALD L. HOUSTON, ADMINISTRATOR,
FOOD SAFETY AND QUALITY SERVICE, DEPARTMENT OF
AGRICULTURE, ACCOMPANIED BY DR. VICTOR H. BERRY,
DEPUTY ADMINISTRATOR FOR MEAT AND POULTRY INSPEC-
TION, FSQS**

Dr. HOUSTON. May I submit my statement for the record?¹

Senator STEWART. You may summarize it, since Senator Bosch-witz and Senator Lugar have not read it. I am probably wrong in doing that——

Senator BOSCHWITZ. Why did we get it late?

Senator STEWART. I have no idea why you got it late. We just got it yesterday.

Dr. HOUSTON. We supplied the committee with a draft several days ago and then made some further changes. I apologize. We were not able to get the final version here within the required 48-hours. However, we did supply you with a draft, but not the final version.

Senator BOSCHWITZ. I would like the staff of the Agriculture Committee to provide us with a draft in that case so we have adequate time to prepare for such hearings.

Dr. HOUSTON. I have prepared some charts that might be helpful. I will not go through the history of the legislation itself, from 1890 forward, and the various laws that Congress has enacted to bring us to where we are today. However, you might want to glance at it twice as it covers a large part of the statement and summarizes where we are presently.

Senator STEWART. How about going through that chart, because as I said, they did not get the statement until late yesterday.

Dr. HOUSTON. In 1971 we had 47 "equal to" States. Today we have 32. Of those, 6 States were designated because they were not able to meet "equal to" provisions of the law, and the other 12 States have given up their programs, because they simply did not have the money to continue them. The way the law is written we must assume inspection responsibilities whenever a State chooses

¹ See p. 35 for the prepared statement of Dr. Houston.

not to fund the program. In 12 instances this is what the States decided to do.

In the early days of implementing the law, several States, six to be exact, could not develop programs that were "equal to" so we had to assume responsibility there.

Senator STEWART. If I might ask a question: Are you assuming responsibility in all but 32 States today? Is that correct?

Dr. HOUSTON. That is correct.

Senator STEWART. And these 32 have "equal to" inspection facilities that are considered "equal to"?

Dr. HOUSTON. Yes.

Senator STEWART. What does that figure have to do with the statute, the particular proposal? What does that mean? I do not know what relevance it has.

Dr. HOUSTON. It provides background to show where we were in 1967, and the fact that State participation in the program is dropping off, and for the most part, because many Governors no longer want to put money into that program. Faced with tight budget crunches in many instances they have chosen to give the program to us, and we have to assume 100-percent responsibility.

Senator STEWART. In those States, Dr. Houston, do the people who are involved, in States where the Federal Government takes care of the inspection system, have the right to transport this meat interstate?

Dr. HOUSTON. No, sir; not under the current law.

Senator STEWART. What happens then?

Dr. HOUSTON. Are you talking about individual consumers or packers?

Senator STEWART. Packers.

Dr. HOUSTON. My previous answer was wrong. I didn't understand the question. In States that are designated, those plants are all under Federal inspection, and those plants may enter interstate commerce. Those States in which the State programs are still operative, those plants are considered to be in intrastate commerce, and are limited to sales within the State.

Senator STEWART. But you have stated that those facilities are "equal to" or—

Dr. HOUSTON. That is correct.

Senator STEWART. And they would be selling, as I understand this statute, to federally designated—

Dr. HOUSTON. Under S. 531 they could sell, for further processing, meat products to federally inspected plants; yes, sir, under 531.

Senator STEWART. Go ahead with your statement.

Senator BOSCHWITZ. I would like to point out that in 1971 the Department of Agriculture gave an award to the State of Minnesota for the intrastate program that we had going, and in 1972 designated our State as the State that had to have the Federal inspection. So I will make some comments about Dr. Houston's testimony as he goes along.

Dr. HOUSTON. We started out with about 15,000 plants in 1967 that were in the so-called intrastate group. About 3,000 of those plants went out of business because they were not able to meet the standards that were set in the Wholesome Meat Act.

Senator STEWART. Sixty-seven?

Dr. HOUSTON. Yes, sir. So, in 1967, late 1967, when the bill was passed, States were given 3 years to develop "equal to" programs. Forty-seven States reached that status, and had 9,000 plants under inspection. There were an additional 3,000 custom-exempt plants that did not require inspection. So that is the workload we started with in 1971 when the program was at its peak. Then we had six States that were designated because they did not meet the "equal to" requirement and, as the Senator pointed out, Minnesota was one of those States.

Senator BOSCHWITZ. Despite the fact that we received an award in 1971.

Senator STEWART. Maybe that is because you complied with lower standards better than other people did. I am just kidding.

Dr. HOUSTON. We, of course, had the three States that never did reach "equal to" status but today we have 32. For the most part those are States which have not chosen to continue programs because of the way the law is written.

We, the USDA, have no alternative but to provide inspection to these plants, the intrastate plants, when the State no longer wishes to run the program. The most recent designation was New Hampshire, and to the best of my knowledge, we have no States currently planning to turn their programs over to us. We seem to have stabilized over the past few months. I, of course, hope it stays that way.

One interesting part of that chart relates to the Federal contribution. We provide up to 50 percent of the cost of intrastate inspection programs.

Senator STEWART. Is that intrastate?

Dr. HOUSTON. Yes, sir; intrastate, and you will notice back in 1971 we provided \$27 million, which represented 50 percent of the cost of the State programs. Today, with only 32 intrastate programs, and a reduction of 4,000 plants, and 1,500 employees, the cost is \$29.8 million, which is reflective of the inflation we have encountered over the past several years.

Let me put up another chart now. Our concerns about the bill fell into two areas. The first is duplication. If we provide for S. 531 we will set up duplicate systems, and plants will have the opportunity of choosing, at least in those States that carry out programs, the opportunity of operating under one of two systems. This could present problems in that large federally inspected slaughtering plants could operate under State inspection, and certainly the States could provide good programs.

We do not think it is good, though, for regulatory purposes that the industry be given the opportunity of switching from one system to another. We think that this brings about an opportunity for the industry to play off the regulatory process.

We also think that there would be some problems with compliance once the State-inspected product entered into commerce. We would not know what is its intended use. We would not know if it were to be used for further processing, and until there is some intent made known about that product, compliance over the illegal movement of meat will be very difficult to achieve.

The law also says that foreign countries that export meat to the United States must meet standards "equal to" those found in this

country. We have 42 countries eligible to export to the United States, and about a thousand plants in those 42 countries.

If S. 531 is passed, then a similar system will have to be recognized in these 42 countries, if they choose to do so. We will have to recognize provincial inspection systems in other countries, and I believe that will be very difficult for us to administer in determining their "equal to" status.

Senator STEWART. Let me ask you a question in connection with that. My understanding, from Senator Bentsen's testimony is that almost the identical system that you now have operating in the States that handle their own programs, the way you treat foreign imported meat—in other words, you have, as I understand it, some kind of review of the inspection system that goes on in those countries, is that correct?

Dr. HOUSTON. That is correct.

Senator STEWART. Then you take a look at the meat once it reaches this country?

Dr. HOUSTON. That is correct also.

Senator STEWART. What is the difference in what he is talking about doing in this bill, and the folks in the States? Is there a difference, and if there is, please distinguish it for me? I am having trouble finding one.

Dr. HOUSTON. I do not think there is one. The analogy is there. I do not deny that. But under the present law this is the way Congress has chosen to ask us to enforce our national standards in foreign countries. This is the procedure that we have set up.

Senator STEWART. What did Congress ask you to follow, the same procedures with regard to States? Why would you have difficulty with that? You apparently do not have difficulty with the foreign meat that is imported.

Dr. HOUSTON. No, we do not. We have a system that we believe gives us adequate assurance that the inspection standards that are applied in foreign countries do meet the provisions of the law.

Senator STEWART. Are you saying that you do not have that system in the States?

Dr. HOUSTON. Yes, sir. We have a very similar system. We do not involve ourselves in the day-to-day operations of the State inspection programs.

Senator STEWART. Do you involve yourselves into the day-to-day operations of foreign slaughtering houses?

Dr. HOUSTON. No, we do not.

Senator STEWART. What is your objection to the same system being applied to the States? Maybe I am missing something.

Dr. HOUSTON. There are a couple of points, several of which I have already touched on. Ours relates to having two parallel systems in the country. We have a clear division of authority now between the States and the Federal Government with respect to regulation of plants. If we change, we are going to have a diffusion of authority, and also we are going to have to involve ourselves in some of the day-to-day activities of the State programs if State inspected products do enter commerce.

For example, if a product from Texas moves to Florida, and it is found to be adulterated, and prosecution is necessary, or we need to go back to the plant to find out what caused the problem. We

are going to have to involve ourselves in that investigation. In those kinds of situations we have a clear responsibility for a product that is in interstate commerce. I think that clear division of authority between the State and the Federal that now exists is going to become hazy, and we will have a diffusion of authority.

Senator STEWART. Let me ask you a question, and you answer this honestly and sincerely. You are telling me, first, on this chart that you showed me, that 32 States inspected meat, and the Secretary of Agriculture, and you, I guess, said that that was an "equal to" operation as far as inspection of that meat was concerned. It is all right to sell intrastate, is that correct?

Dr. HOUSTON. That is correct.

Senator STEWART. Now you are telling me that that same system would not work if you transported meat across a State line; is that what you are telling me?

Dr. HOUSTON. No; it will work. I am saying that the States——

Senator STEWART. What are you saying? I am trying to figure it out, I do not want you to operate a system in Alabama that is just good enough for the folks in Alabama, or one in Minnesota, or one in Indiana that is just good enough for them. But you cannot transport that across State lines. I am trying to figure out what you are saying.

Dr. HOUSTON. The point is one of duplication.

Senator STEWART. Why would it be duplication? You do not duplicate in the foreign area.

Dr. HOUSTON. That is true.

Senator STEWART. And that is good enough to be used in meat processing plants here. What is the problem?

Dr. HOUSTON. As I pointed out, I think one of the problems is we are going to have plants switching——

Senator STEWART. So what if they switch?

Dr. HOUSTON. I think it is going to give our inspectors a problem in enforcing requirements if plant management comes to them and says, "We do not like the way you are doing this, and unless you want to play ball with us, we will turn around and go to the State system."

Senator STEWART. This meat that is going interstate has to go to a Federal processing plant under this bill.

Dr. HOUSTON. Right.

Senator STEWART. And your folks would be there.

Dr. HOUSTON. To receive it, yes.

Senator STEWART. Are you saying that that system is not working?

Dr. HOUSTON. That system is working.

Senator STEWART. I hope you say it works, because apparently the foreign meat works into the system on the same basis. What would be the problem then?

Dr. HOUSTON. The one of duplication, the one of regulatory enforcement.

Senator STEWART. Duplication of what? There is not but one person inspecting it, if they opt out for the State system, so where is the duplication?

Dr. HOUSTON. We would have two systems, two inspection systems.

Senator STEWART. You already have two systems in 32 States; do you not?

Dr. HOUSTON. Yes; but there is a clear division of responsibility within those 32 States.

Senator STEWART. You have two systems in the foreign situation; do you not?

Dr. HOUSTON. No, sir; one system.

Senator STEWART. Just one system?

Dr. HOUSTON. One foreign system, and our system here.

Senator STEWART. What is the difference between one foreign system and your system here, and one State system and your system here? I am trying to figure that out.

Dr. HOUSTON. One other point with regard to import and export—I feel very confident that foreign countries will not accept our export certificates if State inspected product is going into federally inspected plants.

Senator STEWART. Who told you that?

Dr. HOUSTON. We have had some conversations with officials in Canada, who have indicated to us——

Senator STEWART. Who are the officials, and when did they indicate that they would not take that meat if you got it from a State inspected facility, and it went to a Federal facility? Who were they?

Dr. HOUSTON. I do not recall. We did have a conversation. Dr. Berry, can you remember?

Dr. BERRY. This was earlier. There is another system, Senator, called the Talmadge-Aiken system, in which plants are inspected by State people under Federal supervision. Those plants have full Federal inspection, and the product moves interstate. At the time that we started using that particular system, the so-called Talmadge-Aiken system, there was quite a bit of controversy with the Canadian Government over taking our meat, or accepting our meat, because it was inspected by State people. We had to convince them that it was under direct Federal supervision.

Senator STEWART. If it has to go through, Dr. Berry, a federally inspected plant, or processing for further processing, you mean these folks would be concerned about it, if it had to go through that? Apparently they are concerned about your system. I do not understand.

Dr. BERRY. They are concerned about the system when it starts to become fractured, splintered, or dispersed by many local authorities, or many local or State programs. I think I hear your point. We may be comparing, in my judgment, State programs with Federal-foreign programs.

Senator STEWART. That is what I was doing. I thought that was a fair comparison. If it is not, please tell me.

Dr. BERRY. I think one of the points that we are trying to make is that with the present system, as far as interstate commerce is concerned, we are talking about all federal systems.

Senator BOSCHWITZ. Are you indicating that the 42 countries that export meat to us use all federal systems?

Dr. BERRY. We only accept meat from plants in those countries that are under a federal system.

Senator BOSCHWITZ. Most of those countries do not have a federal system.

Dr. BERRY. All that we accept meat from have a federal inspection system. They will have provincial——

Senator STEWART. The states in those countries, or the provinces, do not inspect meat.

Dr. BERRY. They may have a system——

Senator BOSCHWITZ. They have dual systems in all of those countries, I believe, with the exception of three.

Dr. BERRY. I did not say they do not have provincial systems, but those provincial systems are not allowed to ship to this country.

The point again is that we are talking about federal systems, and the point we were trying to make about diffusion is that if we allow, or entered into a situation within our country, or within foreign countries, that authority to be diffused into many more State processes, then I think there would come the problems of the administration of the regulatory process. That was the point.

Senator STEWART. Senator Lugar, you have some questions?

Senator LUGAR. I have no questions. I am just interested in this dialog.

Senator STEWART. Senator Boschwitz?

Senator BOSCHWITZ. Let us get back, just for a moment, to the systems in the 42 countries that export meat to us, because I think those systems are very similar to the system that you are now operating in this country. Most of the—or virtually all of those countries have systems that are provincial, state, some type of political subdivision, and they do not particularly have federal, or whatever—central, they do not have particularly central inspection of those plants. They just have central approval of those types of plants, which probably would be a looser system than the system employed by S. 531.

Dr. HOUSTON. Let me comment on that.

Senator BOSCHWITZ. And you did not comment on Senator Bentzen's comments that the chairman asked you to comment on.

Dr. HOUSTON. The foreign system, first of all, is viewed from a strict procedural basis. We look at a foreign country in terms of their laws, to be sure they have a meat inspection law that is equal to ours.

Senator BOSCHWITZ. And it does not matter if that meat inspection law is provincial and/or federal?

Dr. HOUSTON. It is federal.

Senator BOSCHWITZ. However the inspection is done by provincial inspectors?

Dr. HOUSTON. I will try to go through the procedure. Once we look at their law, we then look at their regulations. We then look at the supervision, the administrative structure that they have to operate that program. We then go and look at the plants and the inspection procedures being applied in those plants. Once we are sure they have a system that is "equal to" ours, we will then let the foreign government certify plants if they wish to ship products to the United States.

However, that is all done under a central authority with Federal supervision. Once the plants are certified to us we then look at them four times a year in terms of their facilities, in terms of the

inspection procedures that are being applied in those plants, to be sure that that system is maintained at an "equal to" level. But again, we only deal with the central authority, the Federal Government, in each foreign country. We do not deal with provincial officials, and do not recognize provincial inspection systems.

Senator STEWART. Let me ask you a question, a followup question there.

Senator BOSCHWITZ. You still did not deal with Senator Bentsen's question.

Senator STEWART. What you are saying is that federal officials from those countries are onsite inspecting those plants and facilities from which you receive imported meat.

Dr. HOUSTON. That is true.

Senator STEWART. And that is true in every instance?

Dr. HOUSTON. To the best of my knowledge, yes, it is true.

Senator STEWART. In other words, you have a federal system there. If you had a state-operated system, where the state or province, or whatever it might be, inspected the meat, then you would not accept it into this country?

Dr. HOUSTON. That is correct.

Senator STEWART. From any of the 42 countries?

Dr. HOUSTON. That is right.

Senator STEWART. I just wanted to clarify that for the record.

Senator BOSCHWITZ, do you have any other questions?

Senator BOSCHWITZ. I wonder if you would describe—your chart showed the decreasing number of plants that were subjected to your inspection, I think, from 9,000 to 5,000. We've had the experience in Minnesota of losing very many small meat locker plants that would serve local communities—perhaps a county or so—and there is certainly a general feeling that the imposition of the standards, or general overall law, was another instance where a very large packer was able to adequately compete and adequately comply with the standards, while a small packing plant, the standard were simply not written for a small packing plant, and as a result it caused the demise of, I do not know how many scores or hundreds of packing plants in Minnesota, but certainly a large number.

I wonder if you would comment, and would you specifically comment on the feeling that abounds, certainly in our State, and as Senator Bentsen touched upon, and that is that the quality of imported meat is not held—and that Senator Stewart also brought up—that the quality of imported meat is not held to the same rigid standards that the federally domestically produced meat is subjected to?

Dr. HOUSTON. As I mentioned, when the bill was passed in 1967, the States had 3 years to develop their "equal to" programs. The law spelled out that it had to be "equal to" and standards that were in existence had to be applied to the 15,000 plants, intrastate plants, that were in the United States.

Senator BOSCHWITZ. Intra?

Dr. HOUSTON. Yes, sir; 3,000 of those plants did go out of business shortly thereafter, and that was because of the new standards that had been established by the Wholesome Meat Act. Plants that were marginal did not want to invest the money and time to—

Senator BOSCHWITZ. Did not want to, or could not?

Dr. HOUSTON. Probably both. That left 12,000 plants, 9,000 under regulatory inspection, and 3,000 under custom inspection that did come under intrastate programs. As we came into later years, many of these plants are now under Federal inspection. So there is no doubt that the law itself had a very definite impact as it was implemented in the late sixties, and did result in a closure of a number of plants. Intrastate plants are small, and located in rural areas. That is a generality, of course. They usually serve a local population. Many times the local farmers bring their own animals in to have them slaughtered, and they do differ quite extensively from the high volume, high-speed operations that we associate with slaughtering plants.

However, the Congress, when it passed the Wholesome Meat Act, directed the Department to develop reasonable standards, standards that could be used in small plants, that would not result in them having to meet standards that were not necessary.

As an example, there is a standard for the height of a rail in a cooler. That standard is used because we do not want carcasses dragging on the floor. We found in small plants they did not have to meet that standard if they quartered the carcasses and hung them in such a way that the rail standard would not have to be met. There were numerous standards set up in this manner.

Senator BOSCHWITZ. When were those small plant standards established or promulgated or issued by your Department?

Dr. HOUSTON. They were issued during the 3-year grace period which Congress gave to the States to bring their programs up to the new standards. I can supply those for the record, if you wish.

Senator BOSCHWITZ. Fine, with a copy to me, too. Why do you not supply them all, and why do you not also point out the differences between the small and the large State—not State, but rather institutional standards?

Dr. HOUSTON. I think, taking your point further—I see that you have a copy there.

Senator BOSCHWITZ. Does this indicate the differences between large and small?

Dr. HOUSTON. You would have to compare the two. I believe the States have done an excellent job in bringing these plants into compliance, and I think that is attested to by the fact that once a State gives up a program that virtually all of the plants come under Federal inspection without any problems.

I recall in the State of Pennsylvania where the State was designated for not having an "equal to" program, there were about 500 plants that were "taken over" by the Federal inspection program, and virtually all 500 were under inspection a year later. They were able to meet Federal standards.

Senator BOSCHWITZ. The small existing plant standards, would they apply at all to Minnesota, which is a designated State?

Dr. HOUSTON. They would.

Senator BOSCHWITZ. Would not, the past perfect tense, but rather the present tense, do these standards, these small existing meat plant standards, apply to a State like Minnesota, which is a designated State?

Senator STEWART. While you are doing that, let me ask you a question about foreign inspected meat. The meat that comes in at port of entry, is that a sampling?

Dr. HOUSTON. It is a sampling process. There are two major categories of meat that is imported into the United States. One is boneless manufacturing meat, and that comes principally from Australia and New Zealand. The other product that comes into the United States is cured pork, such as canned hams, and those principally come from Denmark, Poland, and the Netherlands.

With regard to boneless manufacturing meat, it is sampled at the port of entry, defrosted first, and then representative samples are drawn, and defects are looked for, such as hair, dirt, bruises, and similar kinds of defects. Samples are also drawn and analyzed for residues. The same is true for a canned ham. Representative samples are drawn, and they are analyzed to determine processing temperatures, and inspected to see if any of the product is unwholesome.

Senator STEWART. How does that compare with the State inspection program for intrastate?

Dr. HOUSTON. It is quite a bit different, because here there is a reinspection—

Senator STEWART. I am talking about the State program, and the program as envisioned by Senator Bentsen. Would the inspection by the State, and the further inspection at the processing plant, by the Federal folks, give you an equivalent type inspection of the meat that would then be transported through interstate commerce?

Dr. HOUSTON. In general, yes.

Senator STEWART. Then why do you object to that?

Dr. HOUSTON. I think the major objection, as I pointed out, is that we will have problems with some of our trading countries.

Senator STEWART. In connection with that, how many countries, other than Canada, objected to this dual system, Doctor Berry, at the time you all had the objection from Canada? How many others, other than Canada?

Dr. BERRY. At that time, I do not know of any other. It was not a dual system. I was describing another provision in the law.

Dr. HOUSTON. I would have to say this, that based on my knowledge of dealing with officials from foreign countries, and knowing their views, I believe that they would be reluctant to accept certification under that circumstance, and would ask us to set up a system, some type of administrative system, to be sure that only the product going into their country came under Federal inspection.

We have not discussed S. 531 specifically with any of these countries, and I do not want to leave you with the impression that we had.

Senator STEWART. I have other questions, but I will submit them to you.¹

Senator BOSCHWITZ. Mr. Chairman, may I ask the staff to formulate—ask a question, understanding the aspects of it?

What was the answer to the question with respect to Minnesota?

Dr. HOUSTON. There was a tightening of those standards, and there was a 36-month period in which they had to—

¹ See p. 17.

Senator BOSCHWITZ. The application of the Federal facility requirements for small existing meat plants?

Dr. HOUSTON. Certain of those requirements, once the State was designated, were changed, and the plants were asked to come in compliance by submitting blueprints, and meeting new sets of standards, so that in Minnesota and other designated States there was a tightening of construction standards.

Senator BOSCHWITZ. Again, not asking in the future, but in the past perfect tense, or in any past tense, do these apply to a designated State now, to a small meat plant in a designated State, and then the corollary question is whether they apply to Senator Stewart's meat plant in his State, which is not a designated State, and then I will ask the question to be put in a different format by Mr. Leonard of our staff.

Dr. HOUSTON. When a State is designated, we give them 18 months to submit blueprints, each plant in the State, and then another 18 months to meet new standards that are in the book you have there.

The answer to your question is that those would not apply to Minnesota plants at this time. They would apply to the plants in Alabama.

Senator BOSCHWITZ. I defer to one of our staff people.

Mr. LEONARD. We had been led to believe that in an equal State, such as Senator Stewart's State, that a small meat plant would not have the opportunity to use the small meat regulations, that he would have to comply with the Handbook 191, I believe it is.

Dr. HOUSTON. They have to comply with the Small Existing Meat Plant Guide. That was done because we were instructed to do so by the Senate. When the bill was passed there was a record of that request made.

Senator BOSCHWITZ. Mr. Chairman, as a final question, I would like to repeat Senator Bentsen's question, and also the understanding that I have from staff, and that we will look into with greater thoroughness, that the 42 countries importing meat to this country do not have day-to-day Federal inspections despite the situation to the contrary stated by Doctor Houston. We will look into that a little more.

Second, I believe Senator Bentsen, and I am sorry I was not hear to listen to him, said that imported meat, as most Minnesota farmers maintain, can come in with lower standards—not with lower standards, but not with the same quality as domestic meat.

Would you very specifically comment on that, please?

Dr. HOUSTON. Yes. I have traveled and looked at the operations in other countries. I have been in Australia. I have been in Denmark, and I have viewed operations in Germany and Poland, all in plants that were operating under their federal system. When I was there I saw nothing to indicate that they were not meeting the standards that we had set.

All of the reports that I see on our tests that are made on products coming into this country and the procedures that we have will indicate that they are or are not meeting our standard—tell me that both domestic and imported meat are meeting the same set of standards.

Senator STEWART. That is really not the basic question here, Doctor Houston. It is whether or not, as he indicated earlier, that system is operated by the State or Federal folks.

I would hope the quality is the same, because at some point in time you all take a look at that.

Senator BOSCHWITZ. Is it inspected at the port of entry in the United States with the same degree of care that you inspect meat in domestically federally inspected plants?

Dr. HOUSTON. The reinspection procedures that we use at ports of entry are the same as we use in our domestic plants.

Senator BOSCHWITZ. So you would therefore maintain that Senator Bentsen's statement, and a similar statement made to me by farmer groups, are without basis?

Dr. HOUSTON. Yes, sir, I would.

Senator STEWART. Thank you, Dr. Houston, for coming. We appreciate that very much.

[The following letter was subsequently submitted by Dr. Houston:]

U.S. DEPARTMENT OF AGRICULTURE,
FOOD SAFETY AND QUALITY SERVICE,
Washington, D.C., December 5, 1979.

Hon. RUDY BOSCHWITZ,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BOSCHWITZ: This is in response to your letter of October 31, 1979, signed jointly by Senators Stewart and Bentsen which outlined a number of questions about the Food Safety and Quality Service's Meat and Poultry Inspection Program. Before answering your specific questions, I would like to make some general comments about meat or meat food products which are exported to the United States.

Federal law requires the United States Department of Agriculture (USDA) to ensure that our meat and poultry products are safe, wholesome, and accurately labeled, whether the products are domestic or imported. Imported meat products must meet the same consumer protection requirements as domestically produced products before they are allowed entry into ports of the United States.

To document that imported meat products are as safe and wholesome as domestic products, the Department carries out three major, continuous assignments: first, the laws and regulations governing meat inspection in other countries are evaluated to determine that the systems are at least equal to our inspection system. Only countries with systems certified as at least equal to the U.S. system are eligible to export meat and meat products to the United States. In addition, only plants complying with the approved inspection system are certified to process meat products for export to the United States. Second, USDA inspectors inspect and review the individual plants within that country preparing meat products for export to the United States. Third, every shipment of meat from a certified plant in an eligible country must pass inspection by U.S. inspectors at the port of entry. Each shipment is randomly sampled; the sampling methods and the criteria for acceptance or rejection of imports are the same as for federally inspected meat processed within the United States.

It is important to note that USDA plant visits and inspection at port of entry are in addition to the day-to-day inspection program conducted by foreign inspectors licensed by authorized countries. This day-to-day inspection program is comparable to the inspection system in this country.

The Federal Meat Inspection Act and its regulations recognize only the meat inspection system of the central government of the foreign country, not its provincial governments. Consequently, the USDA has experience only with the central systems of eligible meat exporting countries. Since only countries with recognized central meat inspection systems can export meat to the United States, USDA does not deal with countries with only provincial inspection systems.

Question 1. What countries currently are permitted to export meat and meat food products to the United States?

Answer. There are 45 countries eligible to export meat and meat food products to the United States. There were 46 eligible countries until October 29, 1979, when the Department designated the Northern Marianas of the Trust Territory of the Pacific Islands. The 45 countries are:

Argentina	Ireland (Erie)
Australia	Italy
Austria	Japan
Belgium	Luxembourg
Belize	Mexico
Brazil	Netherlands
Bulgaria	New Zealand
Canada	Nicaragua
Colombia	Northern Ireland
Costa Rica	Norway
Czechoslovakia	Panama
Denmark	Paraguay
Dominican Republic	Poland
El Salvador	Romania
England and Wales	Scotland
Finland	Spain
France	Sweden
Germany (Federal Republic)	Switzerland
Guatemala	Taiwan
Haiti	Uruguay
Honduras	Venezuela
Hungary	Yugoslavia
Iceland	

Question 2. Which of these countries have provincial meat inspection systems only?

Answer. None of these countries have only provincial meat and meat food inspection systems.

Question 3. Which of these countries have centralized meat inspection systems only?

Answer. Thirty-seven of the 45 eligible counties have centralized systems and they are as follows:

Argentina	Ireland (Erie)
Australia	Italy
Austria	Luxembourg
Belgium	Netherlands
Belize	New Zealand
Bulgaria	Nicaragua
Costa Rica	Northern Ireland
Czechoslovakia	Panama
Denmark	Paraguay
Dominican Republic	Poland
El Salvador	Romania
England and Wales	Scotland
France	Spain
Germany (Federal ¹ Republic)	Sweden
Guatemala	Switzerland
Haiti	Taiwan
Honduras	Uruguay
Hungary	Venezuela
Iceland	Yugoslavia

¹ A strong decentralized system exists in Germany where the Bonn Government promulgates meat inspect regulations which are administered by the provincial inspection system.

Question 4. Which of these countries have provincial and centralized meat inspection systems?

Answer. Four of the 45 eligible countries have provincial and centralized systems and they are as follows: Australia, Brazil, Canada, and Mexico.

The United States imported approximately 2,125,700,000 pounds of meat in 1978. Of that total, the United States imported 39 percent from Australia, 2 percent from Brazil, 7 percent from Canada, and 3 percent from Mexico.

The four countries not listed in answers to questions 3 or 4, Columbia, Finland, Japan, and Norway, are eligible to export meat to the United States, but no plants in those countries are certified to export to the United States.

Question 5. In those exporting countries with both the provincial and centralized inspection systems, who is charged with carrying out the actual inspection of meat and meat food products, provincial or central inspectors?

Answer. In countries with both provincial and central meat inspection systems, each carries out its respective function, which is similar to our own Federal-State system. Again, however, the United States by law imports only meat and meat products inspected by the foreign central government. We do not allow provincially inspected meat or meat products to be imported into the United States.

Question 6. Do these inspectors conduct both the slaughtering and processing stages of meat preparation?

Answer. Central government inspectors of eligible exporting countries inspect each animal before and after slaughtering and during processing which includes packaging and labeling.

Question 7. This question was omitted in your letter.

Question 8. Do these inspectors inspect all meat and meat food product exports to the United States or do they inspect a sampling of such exports?

Answer. Only meat and meat food products subject to a central meat inspection system may enter the United States, and inspection standards must be at least as restrictive as those of this country. Each animal is subject to ante and post mortem inspection and reinspection. Every phase of inspection is under the supervision of the central government.

Question 9. Are there any countries where provincial inspectors also serve as federal inspectors or vice versa? If so, which ones?

Answer. Some countries allow the cross utilization of inspectors between their provincial and central systems. When provincial inspectors are assigned to the central plants which export meat to the United States, the inspectors are under the direct supervision of supervisors employed by the central government. The Department does not know the full extent of cross utilization, but is aware that it is used in at least one country, Australia.

The United States also employs cross utilization of Federal and state inspectors under the Talmadge-Aiken Act. The Act authorizes the Secretary to enter into cooperative arrangements with states Departments of Agriculture to avoid duplication of functions, facilities, and personnel. Each state inspector employed under Talmadge-Aiken must be certified by USDA as qualified to carry out Federal inspection.

Question 10. Are there any countries currently exporting meat and meat food products to the United States which certify their provincial inspection systems as meeting the same standards of their centralized inspection system? If so, does such certification permit provincially-inspected meat and meat food products to be exported to the United States? If not, what other criteria must be met before such exports to the United States are allowed?

Answer. The Department is not aware of any country currently exporting meat and meat food products to the United States which certifies its provincial inspection systems as meeting the same standards of its centralized inspection system. Our laws do not permit any meat or meat food products inspected under a provincial system to be exported to the United States.

Before any foreign plant may export to the United States, the Department must approve the foreign country's meat inspection system by evaluating its regulations governing its inspection program and by conducting an on-site survey of the system in operation. Recognition is not accorded to any country without the concurrence of the Department of State.

Question 11. Have any countries indicated to USDA that they would not accept United States meat and meat food product imports which were subject to a state inspection system that was certified as being equal to USDA standards? If so, which ones and when?

Answer. No survey has been conducted of the 95 countries which import U.S. meat products to determine if they would refuse meat prepared at state inspected plants. The Department is open to the possibility of undertaking such a survey if the information is needed for the Committee's consideration. However, in past discussions with the Canadian government about the Talmadge-Aiken Act, Canada indicated some concern about meat products for export which were not produced entirely under Federal inspection.

I should also note that USDA was contacted by the Australian government, a major meat exporter, asking if USDA would accept meat or meat food products

inspected in the State of Western Australia for import. In accordance with our laws, which provide only for the importation of meat subject to a central government inspection system, we informed the Australian Government that this would not be acceptable.

Question 12. If a small plant voluntarily decides to place itself under the federal inspection system, is it permitted to use the Existing Small Plant Handbook rather than Handbook No. 191 as its guide for compliance with federal regulations?

Answer. To provide the most comprehensive response to this question, a description of Federal Facility Requirements under the different plant categories is necessary. There are two general guides for plant facilities, the Small Existing Plant Handbook (SEPH) and the Agriculture Handbook 191 (AH-191). SEPH is used to initially survey state plants in order to bring them under designation. AH-191 is used in the approval process of a plant's facilities, equipment, and layout when it voluntarily requests Federal inspection. Below are the five plant categories and the Federal facility guidelines applied to each:

1. Existing state plants must use SEPH guidelines.
2. New or expanding plants are governed by AH-191.
3. Existing state plants which are designated, continue to operate under the guidelines in SEPH for 36 months. This allows them time to modify facilities to meet the guidelines of AH-191. Plants have 18 months to submit blueprints to meet Federal guidelines and an additional 18 months to implement the final approved blueprints.
4. Plants voluntarily seeking Federal inspection must follow AH-191, and do not have a 36 month transition period in which to comply.
5. Existing federally inspected plants must meet the guidelines in AH-191.

USDA exercises some flexibility in the application of facility requirements. This flexibility is based on the application of appropriate guidelines derived from both publications to those federally inspected plants which are very small in size and volume. The eligibility of an establishment for Federal inspection is based upon the plant's ability to produce wholesome product. This is determined by a combined evaluation of the plant's operating procedures, and its building construction and physical facilities.

Question 13. Are there any consumer surveys which substantiate USDA's claim that consumers are not willing to purchase and eat state inspected meat and meat food products?

Answer. The Department is not aware of any consumer surveys conducted on consumer attitudes toward state inspected products. My testimony before your Committee did not intend to imply that consumers are not willing to purchase and consume state inspected products. It was intended to state that the Federal Meat Inspection Act requires all meat products to be labeled accurately, and to record my concern for marking state inspected products as federally inspected. No longer would the mark mean that a meat product was subject to Federal inspection throughout all stages of slaughtering and processing, and could be inaccurate and misleading to consumers.

Question 14. Could you explain, for the record, the Department's policy regarding the use of the "Small Existing Plant Handbook" when a state-inspected plant seeks Federal inspection voluntarily and in the case when an individual state is designated?

Answer. As explained in question 12, a state inspected plant seeking Federal inspection voluntarily must comply with guidelines in AH-191. A designated state plant continues to operate under SEPH guidelines for 36 months. Once the final blueprints are approved to meet Federal facility requirements, the plant is subject to the guidelines of AH-191.

Question 15. Could existing USDA regulations be changed, without an Act of Congress, to allow a state-inspected plant voluntarily opting for federal inspection the same 36 month period in which to comply with Federal standards that a plant in a designated state would be allowed?

Answer. Existing USDA policy is based upon the legislative history of the 1967 Wholesome Meat Act which indicated that those existing state plants that were impacted by its enactment should not be required to meet the restrictive Federal construction requirements.

In Senate Committee Report 799 on the Wholesome Meat Act of 1967, the Committee on Agriculture and Forestry stated in regard to the Federal construction and facilities requirements that, "It is understood, however, that some of the Federal standards for plant construction may sometimes be unrealistic, and it would be unreasonable to arbitrarily apply them when the operational practices of a small facility enables them to meet Federal or equal State standards. In this regard the

committee expects the Secretary to approach this problem in the spirit reflected in the testimony of the Department's witness: There appears to be some misunderstanding of physical structure requirements for intrastate establishments thus made subject to Federal inspection. However, the facts are that the eligibility of an establishment for Federal inspection is based upon a combined evaluation of the operating procedures used by the establishments and the building construction and physical facilities rather than upon separate evaluation of these factors. Thus, if the operating procedures are patterned so as to insure the sanitary handling of product within the establishment and result in wholesome food, the establishments could be declared eligible for Federal inspection."

The policy is also based upon a system which provides equity for plants coming under Federal inspection. Equity is granted to those state plants forced to meet Federal facility requirements as a result of designation by providing a 36 month transition period to comply with AH-191 guidelines. Equity is also provided for those plants voluntarily coming under Federal inspection. State plants which voluntarily request Federal inspection are treated the same as new plants seeking Federal inspection for the first time and AH-191 guidelines are used in the process of bringing them under the Federal system.

The Food Safety and Quality Service is presently consulting with the Office of the General Counsel on whether or not an Act of Congress would be necessary to allow a state inspected plant voluntarily opting for Federal inspection the same 36 month period in which to comply with Federal standards that a plant in a designated state would be allowed. As soon as I receive clarification of this matter, we will respond further.

I would also like to note that the Federal Meat Inspection Act requires that plants in foreign countries that wish to export products to the United States must first meet the same construction standards required by regular federally inspected plants in the United States.

I am including for your information a copy of the Federal Meat Inspection Act, the Poultry Products Inspection Act, Section 327 of the regulations dealing with imported products, and the 1978 Foreign Meat Inspection report.

If I can provide you with any other information, please let me know.

Sincerely,

DONALD L. HOUSTON,
Administrator.

Our next witness will be Mr. Weaver, general manager of Jimenez Food Products.

STATEMENT OF M. C. WEAVER, ASSISTANT GENERAL MANAGER, JIMENEZ FOOD PRODUCTS, INC., SAN ANTONIO AND FORT WORTH, TEX.

Mr. WEAVER. Honorable members of the Senate Committee for Agriculture Research and General Legislation, my name is M. C. Weaver. I am assistant general manager for Jimenez Food Products, Inc., located in San Antonio and Fort Worth, Tex. We manufacture a comprehensive line of quality Mexican food products of which our tamales represent a sizable portion of our product mix. I will present the following arguments for obvious reasons pertaining to our tamale production. But, more importantly, for those struggling small businessmen which have and will continue to make our country so great, the restriction of these businessmen while allowing foreign meats free access to the market is to slap free enterprise in the face.

We must continue to allow the small businessman the opportunity to expand. Passage of this bill would enable greater penetration of the market which creates more jobs and other economic benefits for society.

Passage of S. 531 is critically important since the likelihood of allowing direct interstate sale of State-inspected meat is doubtful. We feel it is doubtful because repeated efforts in the past have all failed.

The bill would help the Federal plants generate additional product movement and increase profitability. The consumer demand for top quality products such as Jimenez tamales could be satisfied by removing unneeded restrictions.

Currently, the restrictions we seek to have relaxed virtually eliminate competition between State and Federal plants. Although they will not compete directly, at least the products would enter markets heretofore unreachable by State plants.

As we have heard here today, the USDA has certified State inspection at least equal to the federal system. With this in mind it seems unnecessary to further restrict an already overregulated industry. State inspections ensure consumers protection as do Federal inspections and that is the important issue, not the height of a building or other incidental rules.

Finally, we must eliminate the discriminatory situation existing between State and foreign meat processors. The foreign countries are allowed to enter our country, be inspected at the port, and then allowed free access to all States. Why this same consideration is not extended to the State plants puzzles us. We are supporting this Government with our tax dollars and our participation in Government. All we ask is to be treated at least equally to foreign countries.

We ask that we follow the principles this country was founded on and ensure that we remain indivisible with liberty and justice for all, and that we remove some of the restrictions which are slowly killing our free enterprise system. Remember free enterprise made this country what it is today. Do not allow unnecessary regulatory action to undermine the system that has made us the wealthiest, best fed, and greatest Nation in the world.

The reason we at Jimenez Food desire to testify on behalf of this bill to help small business is because we are faced with a similar problem of our own. We applied for Federal approval of our sausage and tamale plants, and were told we did not qualify because our building did not meet Federal standards. The ceilings were too low, the doors too narrow, not the proper lighting, and many other minor and major problems. As a result we are now studying the market to see if we wish to build a new plant for these products for which we wish to get Federal approval.

I might add our company entered into national competition on a worldwide base, and was awarded four gold medals at the Monde Selection in Paris, France this year. As you can see by the leaflet in the handout we are judged the world's finest on our products. How can it be said we do not meet Federal approval?

I ask the committee to support this bill, S. 531, because it will help small business overcome a problem in their area as we are faced with in our own production and sales, and hopefully some day, we can get relief in our own situation.

We respectfully ask you to support this bill, S. 531, on behalf of all small businessmen to be able to sell their products as outlined by the same.

Thank you.

Senator STEWART. Thank you, Mr. Weaver, for your testimony.

I have one question to ask you. In the event that this statute were passed, would you, rather than going to the federal system,

operate under the State system, and then ship your products to a processing plant as the bill calls for that would be federally inspected. Would you do that?

Mr. WEAVER. More than likely we would, Senator, but this particular bill will not help Jimenez Food at all. We are testifying on behalf of friends and other people involved.

Senator STEWART. In other words, you finish your product, so you would not be shipping it for reprocessing later on down the line?

Mr. WEAVER. That is correct.

Senator STEWART. So it would not help you at all in the problem you are talking about?

Mr. WEAVER. No, sir, but it would be a start.

Senator STEWART. What are the requirements? You talk about unnecessary regulations, like the height of the ceiling, and those kinds of things.

Why, in your opinion, are those things unnecessary?

Mr. WEAVER. Because the end result of the product is what is necessary, and that is the sanitation of the product, and so long as it is sanitary, and fine, and the end result meets the consumer with a quality product, that is all that should be necessary, not the color of the paint on the floor.

Senator STEWART. They require that, certain color of paint?

Mr. WEAVER. They do not necessarily require, in some cases. They highly recommend, and if we do not follow that example, sometimes you are not approved.

Senator STEWART. Would the cost be, in just the construction of the ceilings, to a proper height, or lighting?

Mr. WEAVER. In the existing structure it would be impossible to meet any of the requirements that I outlined.

Senator STEWART. So the Federal requirements are tougher than the State requirements that you are presently operating under?

Mr. WEAVER. That is true.

Senator BOSCHWITZ. What parts are tougher, with respect to the building, or processing?

Mr. WEAVER. The building, not the sanitation.

Senator BOSCHWITZ. Not the actual processing of the meat itself?

Mr. WEAVER. No, sir.

Senator STEWART. I do not have any other questions.

Senator BOSCHWITZ. Let us pursue, for a moment, if I may, Mr. Chairman, the question that was brought up concerning the imported meat. That the imported meats have access to the entire market of the United States, despite the fact that you have to comply to a system of inspection that is at least the equivalent, at least approved by the Federal, but you can only sell in intrastate. Do you have a feeling that I tried to elicit from the preceding witness, Dr. Houston, that imported meats are of a lesser quality than domestically produced meat, or do you agree with Dr. Houston that imported meats are of the same quality?

Mr. WEAVER. In my personal opinion, the majority of the imported meats are inferior to the American product. I base this on my world travels while a member of the military service, and visiting various manufacturing places in foreign countries.

In my personal opinion, without having the benefit of running bacteriological tests and sampling, the appearance of the product I think is inferior to American product.

Senator BOSCHWITZ. Are you publicly held or private?

Mr. WEAVER. Private company.

Senator STEWART. Mr. Weaver, how often are you inspected by the Federal folks?

Mr. WEAVER. I would say no regular schedule, but whenever they have the manpower, and they schedule us.

Senator STEWART. Do they notify you before they come to the plant?

Mr. WEAVER. In some cases they do, and in some cases they do not.

Senator STEWART. Would they inspect your plant, maybe once a quarter? Would that occur?

Mr. WEAVER. I would say that would be a reasonable number.

Senator STEWART. That is all the questions I have.

Mr. WEAVER. Thank you very much.

Senator STEWART. Thank you for appearing here.

The next witness is Dr. Foy McCasland, chief of the Bureau of Veterinary Public Health of the Texas Health Department.

**STATEMENT OF DR. FOY V. McCASLAND, DVM, MPH, CHIEF,
BUREAU OF VETERINARY PUBLIC HEALTH, TEXAS DEPARTMENT
OF HEALTH, AUSTIN, TEX.**

Dr. McCASLAND. Mr. Chairman and members of the committee, I have submitted written testimony which is exactly what I intended to say. In view of the time schedule, if you would like for me to, I will summarize—

Senator STEWART. If you would summarize what you have to say, that will be fine, and we will make your complete testimony part of the record.¹

Dr. McCASLAND. That would be fine. I have a couple of questions that have been handed to me. Primarily the summary of my testimony is exactly what has been brought out already in this meeting, that State-inspected plants, and State-inspected products are equal to the federal system. They are subjected to at least the same restrictions and standards that are applied to the foreign products.

Therefore, why are they not given equal treatment under the law?

A couple of questions have been handed to me, that I might speak to, if I may, please.

Senator STEWART. Go right ahead.

Dr. McCASLAND. One of them is a little bit about the plants in Texas that are under State inspection. We have some 750 plants in Texas. Under our program, 550 are under full-time inspection. About 200 are under custom exemption. The size of these plants is mostly small, family operations, slaughtering some 20 to 100 animals a week. The age of the facilities that we have talked about a lot here vary from very modern new-built plant to old facilities that came under the grandfather privileges afforded, and are still operating under the existing facility handbook that you just talked

¹ See p. 40 for the prepared statement of Dr. McCasland.

about. We do accept those and apply those standards to the existing facilities.

Many of these plants are located in isolated areas, and are the only meat processing plants available within several miles, some of them within even 100 miles.

I have also been asked to comment on the review system and the checking that you just talked about a little bit. The system by which our program is checked by the Federal is at each quarter, each 3 months. There is a random sample taken of our plants somewhere between 25 and 50 plants usually, and these plants are reviewed by the same review form, by the same review that they use on their own Federal plants, and are made by their circuit supervisors, who in turn do the same review on their Federal plants.

Incidentally, these are usually unannounced visits. The USDA calls us, and tells us to meet their man at a certain location, and from that location, which is usually some restaurant, then he tells them what plant they are going to review.

Thank you. I would be glad to answer any questions that the committee might like to ask.

Senator STEWART. Do you think your State-inspected meat is inspected sufficiently to transport in interstate commerce to Federal inspection? That is all this bill does. It does not give them the right, from that facility, as I understand, just to put it in the open market. Do you think you are doing an adequate enough job to assure people that they can have confidence in that meat once it is processed?

Dr. McCASLAND. I spent 30 years on the Federal meat inspection system myself. I feel that our State system is "equal to" in every respect. I would not be here if I did not feel that that product, as it moves out, is equally wholesome, and is correctly labeled.

Senator STEWART. As a Federal inspector, what would happen to that meat that came from State plants, once it meets the Federal facility? Would it not go through another inspection?

Dr. McCASLAND. Yes, sir, certainly it would. The inspector would be obligated to give this an inspection when received at his plant.

Senator STEWART. I do not have any other questions.

Senator BOSCHWITZ. Would you describe the nature of the training that a State inspector would go through, as compared to the training that a Federal inspector would go through?

Dr. McCASLAND. We have a formal training center in Texas, located in Yokum, Tex., with a full-time staff. All our inspectors are, in addition to in-plant, on-the-job training, they are given formal training in ante mortem and post mortem inspection, in processing inspection, and in other special areas that are needed, such as public relations, and things of this nature.

Senator BOSCHWITZ. How would you compare their training with the Federal training which, I believe, is also done in Texas?

Dr. McCASLAND. The federal system training is predominantly done in Fort Worth, Tex. We do coordinate our work with them. Our training is geared a little bit, slanted toward what we do. Of course, our system predominantly deals with small family operations and, believe me, there is a lot of difference in inspecting

those kinds of operations, and inspecting the real large, massive plants. I have done both.

Senator BOSCHWITZ. Could you, in a few words, describe that difference?

Dr. McCASLAND. Yes. In the large plants, the large, massive plants, you are dealing with people who have large quality control systems. They have highly technically trained people. But in these small operations we are dealing with family operations that have developed their trade through trial and error, and is just a lot of difference in their attitude, a lot of difference in the way they go about it, and other things of this nature.

Senator BOSCHWITZ. Would you also summarize what your feeling is about S. 531? I believe you said that you supported the bill. Is this the right bill that the Congress should be considering, or is there some other aspect that we should be considering, additions to the bill, deletions?

Dr. McCASLAND. This bill, as I stated in my written testimony, will not remove all of the inequities, but it is a step in the right direction. In my opinion, if the State-inspected team is "equal to," and I firmly believe it is, then I feel that it should have "equal to" privileges, which would include the ability, the right to move that product directly in interstate commerce.

Senator STEWART. Thank you, Doctor.

Dr. McCASLAND. Thank you.

Senator STEWART. We will now hear from Mrs. Joan Dannelley, project coordinator of the American Association of Meat Processors.

**STATEMENT OF JOAN DANDELLEY, PROJECT COORDINATOR,
AMERICAN ASSOCIATION OF MEAT PROCESSORS, ELIZABETHTOWN, PA.**

Mrs. DANDELLEY. Senator Stewart, we appreciate the opportunity to be here. As you have probably seen, we have a very lengthy statement on this issue. But again, in deference to your time situation, and so that we can get to the meat of some of the issues, some of the conflicts between our statement and the Department of Agriculture, we are going to deviate from the statement.¹

Senator STEWART. We will make your full statement a part of the record.

Mrs. DANDELLEY. We are representing, in addition to our own association, 26 State associations which are affiliated with our group, which includes Mr. McLaurin's group from Alabama.

Senator STEWART. He is an exemplary fellow, representing his people well. He is a fine Alabamian and American.

Senator BOSCHWITZ. May I ask the distinguished Chairman if there are any Alabamians that are not exemplary?

Senator STEWART. I can think of a couple, a few that are thinking of running against me.

Mrs. DANDELLEY. More than any other meat trade group, I believe ours has been closer to the small industry problems than any of the others. Our group represents primarily small independent, locally owned plants. They are small plants. When we talk about small, we are not talking about a plant that is running through 100

¹See p. 41 for the prepared statement of Mrs. Dannelley.

cattle a week. We are talking about plants that operate in what would take up a third of this room, doing everything from processing through slaughtering. They employ from no people, with only the owner and his wife, to plants that might employ 20 to 25 people.

You asked about the difference between our small plants and large plants. I think the main difference, and the easiest way to designate the two, large plants operate on-line operations, where one person does one chore, moves the carcass on, and somebody else does something else. In a small plant the guy that has to stun the animal, stick him, bleed him, slaughter him, is the same guy who has to cut him up, wrap him, cure him and freeze it. There is no specialization in most of our small plants.

The plants we have operating under State inspection systems are generally satisfied with their inspection situation. They do not like the discrimination against them by their products not being permitted to be sold to federally inspected plants.

We would agree with the Department of Agriculture that in those States that were designated—since Pennsylvania's designation—the plants that are operating there that are small, are also happy. But the reason that the State plants do not voluntarily apply for Federal inspection are two. One, they do not want to face a bureaucracy. The State systems are simple. They are direct. You have an inspector. He has a supervisor. You are then talking to the State director.

You talk about Federal programs, you have an inspector, a circuit supervisor, an area supervisor, who is in charge of the State. In the larger Federal States there are more layers.

Senator STEWART. I think you are saying that the small operators do not want to deal with that. He wants to get to the heart of the matter quicker.

Mrs. DANNELEY. Unless they find someone like us, they find it very difficult to walk a problem through the Federal maze. It is almost impossible.

As to the application—

Senator BOSCHWITZ. What is the second reason?

Mrs. DANNELEY. This is the second reason. It is not as easy to apply for Federal inspection as they say it is. The USDA says apply for Federal inspection, we will give it to you. It has been our experience that when a plant voluntarily applies for Federal inspection, not in a State that he has been forced into, but where he—

Senator STEWART. Where he can voluntarily do it?

Mrs. DANNELEY. They do not apply the handbook to small existing plants. Dr. Payne was sitting here. We have directly put that question to him many times. If a plant in Alabama—

Senator STEWART. Just a minute. Are you saying that the answer they gave to Senator Boschwitz's question was whether or not a plant in Alabama would have to comply with the small plant handbook—are you saying that they did not have that opportunity?

Mrs. DANNELEY. I am saying the question could have been answered either way, because of the wording. Mr. Leonard asked if a plant in Alabama had the opportunity to use the small existing plant handbook. The first answer is yes, if the State is designated.

He does have that opportunity. He does under the Alabama State program have the opportunity. But, no, if he voluntarily applies. He must meet Handbook 191, which are full of requirements.

Senator STEWART. Why? That is Department policy?

Mrs. DANIELLEY. Department policy. We asked Dr. Payne and Dr. Frank Mulhern, who is no longer head of the inspection program, why? The answer we got—

Senator STEWART. That would seem to make it rather—or to restrict the number of plants that would make application with that idea in mind.

Mrs. DANIELLEY. It goes back to the doorway width which was 6 inches too narrow that was referred to earlier. In a designated State that condition would not have been made to be corrected. The plant would have been required to handle the product in such a manner that the door width did not interfere with the movement of the product. But in voluntarily applying for Federal inspection, he has to correct it.

I would ask this question of the Department of Agriculture, if it is so easy, and if they do apply that existing plant handbook to small plants, why does it take a plant in Maryland 2 years and several hundred thousand dollars to get inspection, why did two of our South Carolina members both try to obtain Federal inspection?

One finally got it after a year and a half, the other one still does not have it, and gave up. We can tell you what the difference is. In a designated State you are given 3 years in which to bring your plant into compliance with the existing handbook. They do it to—

Senator BOSCHWITZ. Which ones?

Mrs. DANIELLEY. The small existing. There is the 3-year time period.

Senator STEWART. What about if you voluntarily applied?

Mrs. DANIELLEY. Everything must be done before you are given that inspection seal. You can submit the blueprints—

Senator STEWART. Is that a statutory requirement, or Department policy?

Mrs. DANIELLEY. Policy. You can submit your blueprints today. They can approve that blueprint today, and it can take you 5 years to get to where the blueprint is, if the plant did not now agree with you. So you technically have all the time, but you still continue to operate under State inspection, not Federal. Those are the two reasons. It is just not that easy. It is also not, in our opinion, easy to see-saw back and forth between two systems for these reasons. They go back into the State system. They have small existing handbook, and they go back to Federal, and—it is the same thing.

Senator STEWART. Are you saying that the situation that Doctor Houston mentioned about opting for the State system, and going back and forth would not occur as a result of this?

Mrs. DANIELLEY. I do not believe it would. We do not find our small plants trying to do that. I am not saying he gave you an incorrect answer, but depending on how you interpret Mr. Leonard's question depends on how you answer it.

As far as Minnesota is concerned, as the Wholesome Meat Act was implemented, and Minnesota approached the 1970 deadline, which was the 3 years that each State was given, we found during

that 3-year period in the States that did not decide to maintain a program, when the Federal took those over the small existing handbook was not used in evaluating existing plants. Although they officially said, and put in writing, that they applied the small existing handbook to these plants there were literally hundreds of plants, in North Dakota, Minnesota, and I believe there was a third State, and I cannot remember what it was, that went out of business because they could not meet those 191 standards. They could not afford it.

We are not naive, and we are not blind. We are aware as everybody when the act was passed there were some plants that should not have been operating. The States should have closed them before the Inspection Act was passed.

Our industry is not perfect, any more than anybody else. But there were a lot of good operations that had to shut down their doors, or face the possibility of going into debt so far that they would have never seen the end of it, and possibly their children would not have.

Those are the two problems we see with applying for Federal inspection. We see the purpose of the Federal Meat Inspection Act as consumer protection, to provide the consumer with a wholesome supply of meat. We do not see how anybody could contend that if you are in California eating federally inspected meat, and you go into Texas, you are not going to look at the package and say, this has a Texas seal, and I am not going to eat the meat. It has been our concern that most consumers do not know that a dual system exists.

There are 32 States under State inspection. Millions of consumers eat that meat every year. If that is not a vote of confidence in that meat, then I do not know what is. We do not see consumer acceptance as being a valid argument.

Senator STEWART. You should not bring reality into a hearing like this.

Mrs. DANIELLEY. We also find it unbelievable, although you get back to reality—our people do not export. They are usually dealing direct to the consumer. They are dealing direct with a hotel-restaurant institution in their local community. We are not too familiar with the export program.

But I talked to several people who have formerly been with the foreign program. I talked to Dr. James Murray Gardner with the Australian Embassy. I do not know anything about this. In talking to Dr. Gardner, I asked him if this bill passed would Australia accept the meat, or would you require it to be kept separate.

He indicated to me that he could not, of course, make official policy decisions, but as far as he was concerned, if the Federal indicated that that product was good enough to go into a Federal market, met the standards that allowed it to get into that Federal plant, and that it then became a Federal product, it will be allowed for export.

We also understand that Australia, New Zealand, and Canada have the only true national systems in addition to the United States.

Senator BOSCHWITZ. That is what I understand, Mr. Chairman.

Mrs. DANNELLEY. There is, I guess, a fluke in it, in a country like England there is a central system, and a central bureaucracy, and we deal with that. But we do not know, and I am sorry I could not answer if you asked the question, I do not know if they are then certifying the provincial inspectors to do the job, or training their own people and sending them in. It is our understanding that they are certified in the provincial system.

Senator BOSCHWITZ. That is my understanding, as well.

Mrs. DANNELLEY. It is not as easy as they make it seem.

The one point that we want to make clear, our criticisms of the Federal meat inspection program are not intended to indicate that the program is poorly run.

Senator STEWART. I do not think anybody here today would indicate that. I have the highest regard for Dr. Houston. I just do not think he answered the questions that were raised about this legislation very well. But he may be doing what somebody asked him to come up here and do. I do not have any disrespect for him, and I certainly do not want you, or anybody else, going away from this hearing thinking that.

Senator BOSCHWITZ. He must be from Alabama.

Senator STEWART. No, he is not.

Mrs. DANNELLEY. We think that the State and Federal programs are both needed. The Federal program is doing a tremendous job of seeing to it that a packing plant in New York can produce a product and ship it out to California, and not have to worry that it will be inspected under another set of standards. They are handling our export-import program. But our State programs are needed. These small plants exist better where the control is anywhere from 20 to 800 plants; better than they are going to exist under a system that would control 15,000 to 80,000.

The programs have been blocked by drastic fund cuts. They have been put into a bad situation with their funding. The Federal is no longer funding that on a 50-50 basis. It has caused some of them to seriously consider giving up inspection programs.

We talked to the director of the Maine program last week, and he asked for our help in trying to talk their legislatures into keeping the program, because there is a very serious threat that they will drop theirs.

Senator STEWART. Is that a statutory requirement, that we drop the 50-50 funding, or was that something that the Department did on its own?

Mrs. DANNELLEY. I believe the wording of the Wholesome Meat Act is that the funding may be provided up to 50 percent.

Senator STEWART. So the Department made a decision not to provide it?

I have just been corrected. It was an appropriations act by the Congress that cut that back, and not by the Department.

Mrs. DANNELLEY. I could not argue with that point. I know they have argued in the past Congress—they have not increased the appropriations for the States. What was inconceivable to us was that this cut came without any warning to the States whatsoever that it was coming. Some were already into their fiscal year when the cut came. They were not given any guidance as to what parts

of their programs they could cut back on and not jeopardize their status.

If you look back through your files, we have written to you a number of times about balancing the Federal budget. We are great champions of Government restrictions in spending areas. But there comes a point in a program, such as this, when you are dealing with a perishable product that could make people sick, you could cut back to where you would endanger the program, and no longer protect the consumer.

Senator BOSCHWITZ. Maybe we ought to take a look at this. I understand the appropriations act is already passed in the Senate, and is in conference. Did we cut this appropriation to the States?

Mr. STANSBURY. The funding was set at a constant level for the last 2 years.

Senator BOSCHWITZ. That is, in effect, a cut, and in the House?

Mr. STANSBURY. In both Houses it was the same. It was also the OMB recommendation.

Senator BOSCHWITZ. What is the total appropriation involved in the 50-50 participation in the 32 States? What does that come to?

Mr. STANSBURY. I would have to get the numbers for you.

Senator BOSCHWITZ. Roughly?

Senator STEWART. About \$29 million, according to the chart, in 1979. He pointed out that for 47 States it was \$27 million. For 32 States it was \$29-some-odd million. The 47 was in 1971 or 1972, and the 32 are in 1979.

Senator BOSCHWITZ. So it is just the impact of inflation.

Senator STEWART. There is the level of funding that Dale was talking about.

I do not have any questions. I want to express my appreciation to you for coming, and shedding light on the subject matter.

I have some things I want to take up with the committee later on.

Senator BOSCHWITZ. I join in the chairman's expression of appreciation of your coming, as well as the other witnesses.

Do you have any comments with respect to the bill, and ways that you might improve it if you had the opportunity?

Mrs. DANIELLEY. If you go back through the record, you will find that we support direct interstate shipment. We are also proponents of taking smaller steps if there is a question about the big step. We feel this is a right small step to take. We do have plants in situations, such as was discussed earlier, where they have been selling to another plant. That plant goes under Federal inspection. They no longer have that market available to them. We think this bill would correct that. We see no need to modify it.

Senator BOSCHWITZ. You feel this is a more doable and achievable step, and therefore we should not reach out further and allow State inspected plants to ship in interstate commerce?

Mrs. DANIELLEY. We do support interstate shipments. We would like to see that come about, but we believe this is a viable step in the right direction, and we do support the bill.

Senator BOSCHWITZ. If I might have the opportunity to—my staff wanted to ask one question.

Mr. RUSSELL. Our State of Minnesota is designated, and therefore comes under the—is able to use the small plant handbook. If you

are a small plant in Alabama, and you wanted to voluntarily come under Federal inspection, you would be able to use the small plant handbook. Is there not an incentive basically for the State to become federally inspected, or all federally inspected, given the fact that these small plants cannot use the small plant handbook, if they are not designated?

Mrs. DANIELLEY. The answer to the first question, the plant in Alabama voluntarily applying, according to our understanding, and what we were told by officials of the Department, would not be able to use the existing plant handbook. It is also our understanding that once the State is designated, such as Minnesota, the State we are located in, Pennsylvania, if you do not request inspection during the 3-year period in which it is designated, any time after that you are also not given the right to use that book.

We have small plants in Pennsylvania who have tried to apply for Federal inspection.

Senator STEWART. After the 3-year period?

Mrs. DANIELLEY. After the 3-year period, they did not complete their applications, because they were not permitted the right to operate under the existing plant handbook.

I might also add that we have been involved in some that have, through our efforts, or plant officials, been able to argue the Department in allowing the handbook to apply to certain plants.

Senator STEWART. We will help you with that.

I want to express my appreciation to you.

The subcommittee is adjourned.

[Whereupon, at 10:50 a.m., the subcommittee adjourned, subject to call of the Chair.]

APPENDIX

STATEMENT OF HON. DONALD STEWART, A U.S. SENATOR FROM ALABAMA

This subcommittee convenes today to hear testimony on S.531, a bill introduced by Senator Bentsen which would allow meat slaughtered or processed in a state-inspected plant to be sold for further processing to federally inspected establishments.

Since 1967 and the passage of the Wholesome Meat Act, the restriction of meat inspected by state authorities to an intrastate market has been an issue in Congress. This is not the first time that a bill to lift some of the restrictions placed upon state-inspected meat has come before this subcommittee for consideration.

Under the Wholesome Meat Act of 1967, state inspection facilities were required to adopt standards "at least equal to" federal standards of meat inspection. The states were given three years to attain such standards and an incentive of federal grant money needed for conversion to federal inspection. Since 1970, 18 states have been designated by the federal government and no longer have a system of state meat inspection. Those states which still have a system of state inspection are in a very real sense the fittest that have survived, having shown their system to be at least equal to the federal standards.

It is twelve years since the passage of the Wholesome Meat Act, an Act which has produced a strong and dependable system of state meat inspection. This has been enough time to assure states' compliance with the intent of the law, and to consider removing at least some of the existing restrictions which act as barriers to trade to the many small state-inspected plants across the Nation.

Small meat packing and processing plants under state inspection represent a vital segment of our small business community which deserves the protection and support of public policy. Small businesses must be allowed to experience the opportunities our market provides. Growth is the cornerstone of our economy, and our nation's small businesses must be given a chance to participate in that growth. While state-inspected plants do serve their communities and localities in a manner that larger federally inspected facilities can not, most small plants would like to experience the opportunity to expand their market. This is especially true of the many state plants who feel acutely the barrier of a state boundary that is only miles away.

We have reason to be proud of the standards that have been exacted upon our meat industry, and the job the U.S. Department of Agriculture has done in maintaining and enforcing these standards. My hope is that the testimony presented here today will illuminate the issues raised by lifting some of the restrictions on state-inspected plants, casting light upon the needs of our nation's small businesses, especially those engaged in the production of agricultural commodities.

STATEMENT OF HON. MALCOLM WALLOP, A U.S. SENATOR FROM WYOMING

Mr. Chairman. During 1978 there were 61,000 pages of government regulations issued compared to 20,000 pages in 1970. This is a 305 percent increase in just eight years. Every time we climb on an airplane, buy meat at the supermarket, turn on television, deposit a check or pick up the telephone, the federal government is regulating our actions. Not all these regulations directly affect the small businessman, but he, like the rest of our nation's business world, feels the growing burden of government overregulation. Today we are considering a piece of legislation that I feel will work as an instrument to give one type of businessman, the meat packing plant operator, a level of flexibility to cope with government overregulation and compete in free trade.

In considering this legislation I do not intend to set in motion the wheels of bureaucracy to promulgate more regulations which further tie the hands of larger

business firms. Were this to happen we would be in effect granting unfair business advantage to smaller-sized operations which is not our intent.

Allowing the interstate movement of certain meat products which are derived from meat which has been slaughtered or processed at state-inspected establishments is timely and will be welcomed by many small meat plants. I had to note with humor a recent weekly news magazine article which listed me as an established owner of a meat packing operation. I truly wish that my experience with the meat packing industry had been as rosy as the article recounted. If they only knew of the headaches one faces trying to meet the many regulations and participate in a highly competitive market.

The members of the Committee may be interested to know that I have rid myself of the many inspectors of OSHA, the health department, and other state and federal agencies only by running for the United States Senate.

When Senator Bentsen contacted me to cosponsor his bill to change the Federal Meat Inspection Act, I not only thought of the operation I had been involved in, but of the many firms throughout the nation that slaughter anywhere from five animals a week to those plants processing a thousand animals a day. Limiting the market of small processing plants, which are usually state-inspected, can and is having a decisive effect on the outlet for their products. The speciality service of small processing plants is a part of the industry that is gradually disappearing. In recent years many of these smaller operations have had to close their doors. A majority of these closings are not due to poor management or inability to compete in the open market; rather, they are a result of restrictive laws that create barriers to the market and dispersion of goods.

The federal government's limitations on state inspected meat packing plants allowing sales of products only to local wholesalers, retailers and other state inspected plants is too restrictive in today's economy. State-inspected plants, which are meeting USDA inspection standards are not able to legally sell to federally inspected plants. This not only causes small plants to close, but negatively affects the entire cattle industry as well. With the problems of state-inspected plants, one would think the small plants would opt for the federal inspection program. That would be a logical procedure if the huge amount of federal paperwork (relative to state programs), did not exist. State-inspected operators should be able to obtain quick solutions to inspection problems at the state level.

S. 531 provides the instrument that will allow state inspected meat packing plants to sell their product in a wider market if these plants have been certified as being "at least equal to" federally inspected plants in their state. The ability of a small state inspected plant to sell partially processed meat to larger federally-inspected plants for further processing will have a two-fold effect. First the smaller plants will be able to sell their product for further processing in new outlets. Second, while not having the federal government come in with overburdening bureaucracy and paperwork, it is clear that the easing of these government restrictions will have an effect on all sectors of the economy. Once these market barriers are relaxed for the small meat packing plants, the cattle industry and ultimately the consumer will obtain greater benefits.

Mr. Chairman, I urge the committee to favorably report S. 531.

STATEMENT OF HON. J. J. PICKLE, REPRESENTATIVE IN CONGRESS FROM THE 10TH DISTRICT OF TEXAS

Mr. Chairman. I appreciate the opportunity of submitting a statement in support of S. 531 by my colleague and friend, Senator Lloyd Bentsen. S. 531 is similar to HR 3584, which I have introduced. Another bill with the same features has been introduced by my fellow Texan, Congressman Sam Hall.

Quite simply, S. 531 and the house bills seek to help provide equality to small businessmen—in this case, small meatpackers. State-inspected meatpacking plants, which enforce the same rigorous inspection standards as federal plants, should get the option to sell their products to any federally-inspected plant in their state. Federal plants would still have the advantage of entering their product directly into their current markets. But the need for this bill is quite apparent, because the present system resembles a double standard.

At the present time, state-inspected plants may sell their products to local wholesalers, retailers or other state-inspected plants. The meat enters the marketplace. It is safe and wholesome. There is no reason why the meat cannot be sold to federally-inspected plants, because the same standards are followed.

This artificial limitation on competition is unfair. It is causing many small meatpacking plants to close, because of this market restriction. As a consequence, small

businessmen who sell their meat to small community packing houses are seeing this vital service dry up. More plant closings could lead to a concentration of business in the hands of a few large plants. We should maintain a spirit of competition in the meatpacking business.

The Commissioner of Health for the Texas Department of Health, Dr. Raymond T. Moore, has endorsed the concept of these bills. I am glad his department is here to testify for S. 531. Dr. Moore recently wrote that "the current restrictions on the movement of state-inspected meats is especially harmful to the small meat business during this period of reduced cattle suppliers and increased prices."

Dr. Moore also pointed out that current policy puts state-inspected products on an inferior footing with foreign-inspected meats. Foreign meats may move through the entire business cycle, but state-inspected meats are denied this access.

So I applaud Senator Bentsen's efforts to end this inequitable double standard and promote competition. I urge all members of the committee to favorably consider S. 531.

STATEMENT OF DONALD L. HOUSTON, ADMINISTRATOR, FOOD SAFETY AND QUALITY SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. Chairman, I appreciate the opportunity to testify on S. 531, which would permit State-inspected meat to be shipped to federally inspected plants for further processing. The Department does not recommend enactment of this bill. We do so, however, recognizing that the bill has considerable merit, and that it raises a difficult public policy question about the ideal configuration of Federal and State responsibility.

Our opposition is based on the knowledge that S. 531 will lead to substantial problems related to administration, enforcement, and duplication of services. Under such a scheme, we believe that S. 531 could disrupt a successful Federal-State relationship that has evolved from the Wholesome Meat Act of 1967. We believe this relationship has brought a high degree of consumer protection, has enabled States to respond to local needs, and has fostered fair competition among all segments of the meat industry.

The idea of allowing State-inspected meat to move in interstate commerce has obvious appeal. Bills similar to S.531 have been introduced in previous Congresses, and in the past, the Department has testified in favor of such legislation. We now have more experience in working with States under the Wholesome Meat Act. Based on this experience, we believe that legislation such as S.531 would have only limited benefits and would create a number of overriding difficulties for both State inspection programs and the Federal program.

While the present bill is more limited in scope than its precursors, it is based upon the same premise. The Wholesome Meat Act of 1967 requires State inspection systems to be "at least equal to" the Federal system. If State inspection is truly the equal of Federal inspection, then it appears to follow that State-inspected product should have at least some of the commercial advantages of federally inspected product.

This line of reasoning can be persuasive. Indeed, as I have stated, strong arguments can be made in favor of this bill. Since many of these arguments are based on the notion that State product is equally inspected, I think it would be useful to discuss briefly the historical background of the "equal to" provision, and to describe how the provision has been administered in practice.

The "equal to" provision: Historical background

The Federal regulatory role in food safety has evolved over the past century in response to specific problems. Federal involvement in meat inspection began with the Meat Inspection Act of 1890. This Act responded to the concerns of foreign governments over the wholesomeness of U.S. livestock and the sanitary conditions under which U.S. meat products were prepared. Several foreign governments imposed trade restrictions on the importation of meat from the United States; as a result, the 1890 Act was enacted. It provided only for inspection of salted pork, bacon, and live animals intended for export.

It was not until 1907 that permanent legislation was enacted to require inspection of domestic meat products. The Federal Meat Inspection Act of 1907 was a response to the appalling conditions in U.S. stockyards and packinghouses exposed by Upton Sinclair's book "The Jungle," and to the public alarm over chemicals being added to meat to give it a fresh appearance. This Act provided for ante- and post-mortem inspection of animals, sanitation inspection within plants, inspection of processed meat foods, and examination of labeling for truthfulness and accuracy.

The Federal Meat Inspection Act of 1907 gave the Federal Government broad responsibilities for assuring the safety of the meat supply. Federal authority, however, was limited to establishments which prepared meat and meat products for interstate or foreign commerce. State governments retained full authority over establishments which prepared meat that was slaughtered, processed, distributed, and sold within the borders of a single State. This division of authority remained intact for more than 60 years, until the passage of the Wholesome Meat Act.

The Wholesome Meat Act of 1967 was one of several consumer protection initiatives of the Johnson Administration. This legislation greatly expanded the definitions of "adulterated" and "misbranded," brought Federal inspection standards into line with new technology, and closed gaps in enforcement powers, especially over allied industries. Passage of this Act, however, was prompted mainly by concern over the unsanitary conditions in many nonfederally inspected plants and the lack of uniformity among State inspection requirements. Accordingly, the Act required States to develop and effectively enforce requirements, with respect to intrastate operations, at least equal to those under the Federal Meat Inspection Act.

At the time the Wholesome Meat Act was passed, there were about 15,000 nonfederally inspected intrastate plants producing about 15 percent of the Nation's carcass meat and 35 percent of the processed meat supply. But there was no consistent pattern of State inspection for this intrastate product. Only 28 States had laws providing mandatory inspection of both slaughtering and processing. Eight States had no meat inspection statutes whatsoever. Twelve States had laws for voluntary inspection at slaughter, but 4 of these 12 did not extend this voluntary inspection to processing operations. Two States had very minimal requirements, such as licensing standards, but provided no inspection at the packinghouse. Obviously, variance among State laws was great, and consumer protection was, at best, problematic.

The "equal to" provision of the Wholesome Meat Act was the key element in upgrading the inspection of intrastate product. The Act gives the Department of Agriculture clear responsibility for setting a national standard of meat inspection. The Act stresses the need for cooperation between Federal and State authorities in carrying out the consumer protection provisions of the Act. However, the Department is required to monitor State programs. When a State fails to develop or effectively enforce inspection requirements "at least equal to" those under the Federal Meat Inspection Act, the Department is required to "designate" the State. The Department then assumes direct responsibility at the intrastate plants that were formerly inspected under the State program.

The "equal to" provision: How it has worked

The Wholesome Meat Act gave States 24 months to develop at least equal inspection programs, and an additional 12 months where the Secretary had reason to believe that the necessary requirements would be met within an additional year. As an incentive for developing and maintaining inspection programs, States are provided annual Federal grants of up to 50 percent of the total costs of the State program. By 1971, 47 States had developed programs qualifying for "equal to" status. The intrastate inspection network included over 9,000 plants, 5,180 State employed inspectors, and it received \$27 million in Federal grants for that fiscal year.

Since 1970, 18 States have been designated by the Secretary, and no longer conduct intrastate meat inspection programs. All plants in these States are now under Federal inspection. Most of these designations have been voluntary. They have occurred because State governments have found themselves unable to commit the financial resources necessary to maintain State-run programs. The pattern of designation has showed a decline in the past several years. In the past 2 years, only New Hampshire and the Northern Marianas have been designated.

There are now 32 States conducting meat inspection programs for intrastate product. These programs conduct inspection at over 5,000 plants, employ 3,500 inspectors, and will receive grants for fiscal year 1979 totaling \$29.8 million.

I think it is important to note here the nature of our relationship with State inspection programs. While we have the responsibility for evaluating State programs, and for providing grants, we have no direct responsibility for conducting inspection in State plants. We assume responsibility only in the event a State program does not meet Federal standards, and designation occurs. The Wholesome Meat Act requires us to conduct at least annual reviews of each State program. In practice, we have been reviewing State inspection systems on a continuous basis, and analyzing the results quarterly.

These quarterly reports do not include checks on every plant under State inspection. We began by attempting to review all plants quarterly, and then reduced the

number of plants reviewed to one-half. We now review a random sample of State-inspected plants as part of our quarterly review of the State inspection system. Our responsibility for state plants contrasts sharply to our responsibility at federally inspected plants. At Federal plants, we are required to provide continuous inspection, which means that there must be at least one Federal inspector in each Federal plant every day the plant is in operation. The "equal to" provisions of the Wholesome Meat Act should not, then, carry the implication that State plants and Federal plants are under the same inspection system. State inspection programs retain direct authority over plants processing intrastate product.

In carrying out our responsibility to evaluate State inspection programs, we have assumed that "equal to" the Federal system does not mean "identical to." States must meet certain standards to assure the wholesomeness of meat, but there may be considerable variation in the way States choose to meet those standards. The construction standards applied to small plants offers a good example of how a State system might vary from the Federal system, and still remain "equal to."

During the consideration of the Wholesome Meat Act, the Senate Agriculture Committee incorporated language pertinent to small plants in its report on the bill. The Committee noted that it might be unrealistic to expect small, State-inspected plants to make the renovations required to meet all Federal construction standards. Accordingly, the Committee directed the Department to consider plant construction in the light of actual operating conditions when reviewing a State inspection program. States should be allowed to apply "similar" construction standards that would protect consumers, and should not be required to enforce Federal standards which were designed, for the most part, to cover large, high speed operations. If a plant did not meet the exact detail of Federal construction requirements but was capable of producing wholesome, accurately labeled products, it would be accepted as meeting the intent of the law. For example, federal requirements state the minimum height above the floor for cooler rails used to hang carcasses of slaughtered animals. This is a practical requirement which prevents carcasses from touching the floor and thus being contaminated. However, we found this requirement to be unnecessary in small, low volume plants where there was adequate time to quarter the carcasses and handle the product in such a way that the wholesomeness of the meat was being maintained.

I would like to now turn to the specific effects of this bill on State inspection programs, small plants, consumers, Federal and State enforcement, and foreign trade.

State programs

It could be argued that S. 531 would strengthen State programs because it would increase the number of State-inspected plants. I think that the bill would tend to make State inspection an attractive alternative for some plants, and that the number of State-inspected plants might therefore increase. However it does not follow that this would strengthen State programs. From our experience, the strength of an inspection program is not directly related to the number of plants covered. For example, in the past 7 years, Pennsylvania with 686 State plants, New York with 544, and California with 689, have all been designated. Alaska, in the meantime, continues to maintain an equal to program with a total of 21 plants.

There are a number of factors that can result in the designation of a State program, but the main factor has simply been the lack of resources necessary to maintain the required standards. Faced with rising inspection costs and a number of competing demands on their budgets, many States have opted to give up their inspection programs and allow the Federal Government to assume responsibility.

To the extent that S. 531 increases the number of State-inspected plants, the legislation would create an additional burden on some State programs, and may actually have the result of causing further States to choose designation.

Small plants

It could also be argued that S. 531 would help small plants by enabling them to expand their markets. While there is some truth to this, the force of this argument is reduced by two factors. First, many of these plants would not be able to expand because their operations are geared to serving a limited and specialized local market. Second, plants that would be able to expand and compete successfully in the interstate market already have the option of converting to Federal inspection.

The bill probably would help a number of State-inspected plants to enlarge their markets. There are presently 5,083 plants under State inspection and therefore prohibited by law from shipping product in interstate commerce. However, it is difficult to predict just how many of these plants would take advantage of this amendment permitting them to ship product to Federal plants for further process-

ing. Most State-inspected plants are relatively small, and their operations are oriented towards serving local markets. Expansion into interstate trade would, for many of them, entail changes in facilities and capital outlays that they would be unable or unwilling to make.

I should also point out that these plants already have the option of gaining access to the interstate market simply by converting to Federal inspection. Under the present system, these plants have a choice. They can opt for State inspection and operate within a system which is often viewed as being more responsive to local needs. Or they can choose Federal inspection and become eligible to ship their product to other Federal plants and across State lines.

The process of applying for Federal inspection is neither unreasonably costly nor burdensome. Our guidelines for plant facilities present for the most part a range of acceptable alternatives rather than exact specifications in all instances. We have found that most plants, even the very smallest, can meet Federal inspection requirements without undue cost or effort. This is shown by the fact that following the designation of a State program, virtually all plants remain in operation under Federal inspection.

The effect on consumer confidence

The Federal inspection system was designed to provide uniformity and confidence for consumers in the safety of the meat supply. The mark of federal inspection assures consumers that meat has been examined by inspectors who enforce the same standards nationwide, and that it has been slaughtered and processed in plants that must adhere to the same national standards. One of the great strengths of the present system is that it has inspired such confidence that consumers have largely come to take it for granted.

However, there may be confusion on the part of consumers if S. 531 becomes law. If State-inspected plants were permitted to ship to Federal plants for further processing where the meat might enter interstate commerce, the direct control and responsibility of the federal inspection system over interstate product would be diminished. The mark of Federal inspection would no longer mean that meat had been slaughtered and processed under a uniform Federal system. The mark would signify only that the meat had been subject to Federal inspection during at least one stage in the slaughtering, processing, and distribution chain.

The argument that consumer confidence might be diminished under this bill does not imply that State inspection systems are inferior to the Federal inspection system. Rather, the argument is based on the fact that this bill would result in a diffusion of responsibility.

Earlier I described the division of Federal and State authority under the Wholesome Meat Act. The Federal program is responsible for evaluating State inspection programs, but has no direct authority over the inspection of product at intrastate plants. The State inspection system is directly responsible for intrastate product, and this product bears the mark of State inspection. The only product that can bear the mark of Federal inspection is product that has been slaughtered and processed under direct Federal inspection. Consumers in Texas have shown that they are willing to accept meat inspected by their own State program. But I am not sure consumers in California would be willing to accept meat that has been partly inspected by the Texas program and partly inspected by the Federal program. Under this bill, the clear lines of responsibility we now have would become blurred.

Enforcement: Duplication of effort and added costs

The Wholesome Meat Act provides for two types of inspection systems serving different types of market: the Federal system serving the interstate and foreign markets and the State systems serving the intrastate market. Under the present division of authority, the Federal program reviews State plants only on a random basis as a means of evaluating State inspection programs. However, if State plants were permitted to ship product to Federal plants for further processing, Federal involvement at particular State plants would increase significantly.

A Federal plant receiving State inspected product suspected of being adulterated may have to check inspection procedures and slaughter and processing operations at the plant where the product originated. Upon receiving a product known to be adulterated, Federal inspectors would be required to take action to see that other adulterated product was not being shipped from the plant of origin. In either case, Federal inspectors would be carrying out activities that are now the responsibility of the State program. Because the State program would continue to carry out these same responsibilities, there likely would be unavoidable duplication of effort.

Excessive duplication of effort might be avoided by working out cooperative arrangements between State programs and the Federal program. However, it would

not preclude the industry from "shopping around" for inspection in an attempt to reduce a perceived regulatory burden. Since a plant which produces product for further processing could operate under either Federal or State inspection, plant management may be able to influence inspectors to look the other way or not apply the regulations too strictly. If inspectors did not go along with plant management, they could find themselves working elsewhere when the company switched to a new system. This is especially true of federally inspected slaughter plants whose products are sent to other areas for cutting up or processing. Giving the industry the ability to switch from one system to another is a potential problem, which must not be overlooked.

This bill would also complicate significantly our own enforcement activities. Presently, our compliance officials must take action when ever State-inspected product has been found to cross State lines. The shipment of State-inspected product to Federal plants for further processing could affect our ability to monitor the illegal interstate shipment of State product. Since it would become legal for Federal plants to receive State product, we would have to make certain that Federal plant did not act merely as a clearinghouse or broker for the interstate shipment of State-inspected product. Under the present law, once State-inspected product has crossed State lines, it is in violation of the Act and our compliance officers can take action. Under the proposed amendment, we would have to make two further determinations: first, whether the product was destined for a Federal plant, and second, whether further processing actually occurred at the Federal plant. We would be faced with the difficult and time-consuming task of tracking the movement of State-inspected product to determine compliance with the law.

The effect on imports and exports

International trade in meat and poultry has become increasingly important in recent years for American producers, packers, and consumers. In 1978, the United States exported 1.5 billion pounds of meat and poultry products to 77 foreign countries. Imports for 1978 totaled 2.1 billion pounds from 36 eligible countries. This trade could be hampered by the passage of S. 531. It would become more difficult for our inspection program to assure that imports meet U.S. safety standards, and it would become more difficult for USDA to certify on behalf of domestic producers that their products meet foreign requirements.

Both imports and exports of meat are based on strict regulatory agreements with foreign governments, which draw a clear line between State-inspected and federally inspected products. These regulations state that the United States will accept only meat that has been inspected by a national system of inspection that is equal to our Federal inspection System, and that our trading partners will accept only meat that has been inspected by our Federal inspection system. We do not accept imports from plants that have been inspected by a State, local, or provincial system, or meat that has gone from these plants to a plant inspected by the national program. Similarly, foreign governments do not accept meat from our State-inspected plants, and in many cases, these governments would have to change their own laws or regulations before they could accept meat that had been shipped from State plants to Federal plants for further processing.

If we were to allow State-inspected product to be shipped to Federal plants where it would become eligible for export, we would have to allow countries exporting to the United States to do the same. However, there are strong reasons for not allowing foreign countries to export to use meat that was originally inspected under State or local programs. Not only is there a complex network of local jurisdictions in many countries who now export to us, but the inspection standards enforced by these jurisdictions can vary widely. Faced with a multitude of local programs and local problems (such as chemical residues), or inspection personnel would not be able to conduct the degree of monitoring necessary to assure that foreign product met U.S. Standards.

As a result, we likely could not accept locally inspected product as imports. But we then could not expect foreign governments to accept State-inspected product from the United States. The only way out of this dilemma would be to develop procedures to assure foreign governments that no State-inspected product processed at Federal plants would enter foreign commerce. However, this would involve a complicated scheme of segregation and labeling within Federal plants which would be extremely cumbersome and expensive for both us and plant management.

Let me conclude, Mr. Chairman, by stating that we fully understand the reasons behind this legislation. Small, State-inspected meat plants serving local markets are important to their communities and they are important to our national economy. We should do what we can to see that these enterprises remain healthy and vital. However, we believe that the limited benefits this legislation would bring to these

businesses are outweighed by the difficulties that would be created for both the Federal and State inspection programs. This completes my written testimony. I will do my best to answer whatever questions you may have.

STATEMENT OF FOY V. McCASLAND, DVM, MPH, CHIEF, BUREAU OF VETERINARY
PUBLIC HEALTH, TEXAS DEPARTMENT OF HEALTH

We appreciate the opportunity to testify in support of this bill, especially since we feel its passage is vital to the survival of many small meat processing firms, small livestock producers and state inspection programs.

One goal of the Federal Wholesome Meat Act was the development of state inspection systems which would be "equal-to" the federal system. A comprehensive federal review system was planned to insure that this "equal-to" status would be maintained. In Texas, our state program was certified "equal-to" the federal program in April of 1971 and has been reviewed and recertified every three months since that time. Even with this long history of continuous "equal-to" certification, state inspected plants and state inspected products continue to receive unwarranted discrimination. This is especially evident when we see foreign plants and foreign inspected products being granted far superior privileges to those given to state inspected products.

Two of the major inequities are:

1. State inspected plants are unable to move their products into interstate or foreign commerce or into federally inspected plants. However, federally inspected plants and approved foreign inspected plants have none of these limitations. Such limitations are also harmful to the small livestock producer since these smaller plants provide a major market to them.

2. State inspected plants cannot sell their surplus raw meat materials to federal plants; but federal plants have no such limitations on their market.

The current inequities, if continued, will eventually bring an end to state inspection which, I believe, is contrary to the intent of the Wholesome Meat Act and is not in the best interest of the livestock producer, meat industry, consumer or taxpayer. The eventual elimination of state meat inspection by such discriminatory policies is certainly contrary to the idea of decentralizing government and returning authority as close to the people as possible.

The state programs are just as concerned as the federal program about the rising cost of meat inspection. We have continually evaluated the efficiency of our programs and implemented actions to reduce costs. Admittedly, we have some advantages. The average annual salary of our state meat inspector is \$13,920 whereas the federal inspector's salary is about \$19,122. In 1977, the federal system spent \$10,649,069 to inspect 300 plants in Texas while Texas spent \$6,227,862 to inspect 554 plants. These figures may be carried further to show that the state spent \$11,241 to inspect the average state plant while federal spent \$35,496 to inspect the average federal plant. Admittedly, some allowance must be made for differences in plant size. Since state programs are smaller and more compact, we are able to reduce the amount of forms, rules, etc. without any reduction in inspectional control.

Most small plant owners prefer state inspection because experience has taught them that "big government" is by its very nature and design for big business. They can look at the organizational charts and see why it is more difficult for them to communicate with the federal system. It is not a matter of who is less strict in dealing with them, but who is able to communicate and respond to their problems in a reasonable amount of time. The state system usually has more experience and expertise in dealing with the small plants whereas, the federal program's experience has been predominantly with the larger plants and, in most cases, they are better able to inspect these plants.

The provisions to prohibit interstate movement of state inspected products was made because most states, at that time, did not have inspection programs which met federal standards. Texas and other state programs are now recognized as "equal-to" the federal program and are continuously monitored for compliance with all applicable requirements. It is, therefore, time that such outdated restrictions be removed and that state inspected product be allowed equal treatment by law.

Even though this bill will not completely remove all inequities, it will provide hope for the survival of the small firms and the state programs. We, therefore, respectfully request your consideration and support of Senate bill 531.

STATEMENT OF JOAN DANNELLEY, PROJECT COORDINATOR, AMERICAN ASSOCIATION
OF MEAT PROCESSORS

The American Association of Meat Processors, which we will refer to throughout this testimony as AAMP, is the non-profit meat trade group which represents the small to medium size independent meat processors in the United States. We welcome the opportunity to present testimony on S. 531, Senator Lloyd Bentsen's bill to permit state inspected meat products to be sold to federally inspected establishments. AAMP's membership includes over 1,400 independent, family-owned meat businesses located throughout the United States and Canada. We have also been asked by the following non-profit meat trade groups to present testimony on their behalf: Alabama Meat Packers & Processors Association, Arkansas Meat Processor & Locker Association, California Association of Meat Processors, Iowa Meat Processors Association, Idaho State Meat Packers Association, Illinois Association of Meat Processors, Indiana Meat Packers & Processors Association, Kansas Meat Processors Association, Kentucky Association of Meat Processors, Maryland Association of Meat Processors, Maine Independent Meat Packers Association, Michigan Meat Provisioners Association, Minnesota Association of Meat Processors, Missouri Association of Meat Processors, Nebraska Association of Meat Processors, North Carolina Meat Processors and Country Ham Curers Association, North Dakota Freezer & Meat Processors Association, New York State Locker & Freezer Provisioners Association, Northwest Meat Processors Association, Ohio Association of Meat Processors, Oklahoma-Texas Meat Processors Association, Pennsylvania Association of Meat Processors, South Carolina Frozen Food Locker Association, South Dakota Association of Meat Processors, Virginia Association of Meat Processors, and the Wisconsin Association of Meat Processors.

Combined, these groups represent over 2500 meat plants in the United States. Many of these small business people operate their meat plants under state meat inspection programs while others operate with federal inspection in states which no longer maintain state meat inspection programs. The plants which are operating under state meat inspection are generally satisfied with their present inspection status * * * except for the discrimination against them insofar as free and unhindered sales of their meat to federally inspection meat plants is concerned. Federally inspected small meat plants, for the most part, are also operating satisfactorily in their present situations * * * except for the problems they often experience in working with the federal bureaucracy.

Why, then such a fuss? Why don't these small plants, if they want to sell to federally inspected meat plants, simply apply for federal inspection? Why not let the federal government inspect all meat plants and solve the whole problem? Why do small plants fear a possible takeover of their state meat programs by federal authorities?

We'll tell you why * * * bureaucracy. The operators of most small plants do not want to face the massive bureaucracy with which federally inspected plants must deal on a regular basis. The state and federal programs, contrary to the unfounded allegations of some opponents of the present system, are equal but they are far from being the same. State program organizational structures are simple and direct. If a problem can't be solved working with the inplant inspector, the plant operator and/or the inspector can appeal to the inspector's supervisor. Unresolved problems can then be taken directly to the state offices, most of which are staffed with only a small number of people. People in the state program offices are normally in tune with what is going on in the state's program. There is little or no passing the buck from one bureaucrat to another until everyone is so frustrated that they give up rather than try to solve the problem.

Now, let us compare this with the federal meat inspection bureaucracy. We start with the inplant inspector; he has a circuit supervisor and, in some areas, the circuit supervisor will have another supervisor under his direction to whom the inspector reports before reporting to the circuit supervisor; each state is assigned an area supervisor who is in charge of the state; then there is a regional office which is in charge of more than one area; and, finally, there is Washington.

The organizational chart of the Washington hierarchy alone fills a sheet of paper 8½" x 14", without even considering the field offices. We on the AAMP staff have become accustomed to working our way through the Washington maze in order to find answers; but, we have many years of experience behind us and are familiar with the duties of many of the meat inspection officials. Small meat plant operators are not quite so fortunate. Unless they have someone like AAMP assisting them, they must take their problems to an inspector who, if the inspector is unable to provide a solution, must bring in his circuit supervisor who can refer it to the area office, from where it goes to the Regional office and finally, if not yet solved, to

Washington. The policy makers in the state programs are only about one step removed from the inspector while policy makers in the federal program are many bureaucratic layers above the action in the field. With the copies of our written testimony, we have provided copies of organizational charts from both the federal and state governments which clearly illustrate this point.

We can understand some of the reasons for the size of the federal meat inspection bureaucracy. Federal program people are involved not only in inspection activities, but also in the establishment of regulations which are then passed on to the state programs. In addition, the USDA must monitor the state systems, provide laboratory facilities, administer the import-export program and answer to Congress * * * and all of this requires specialization and a diversification of jobs.

Small plant operators find it extremely difficult to deal with such a complex bureaucracy. They need a direct line of communication with their official policymakers. It has been contended that this kind of direct contact with policymakers engenders a proneness to influence by politicians and businesspeople. We have seen no evidence of this. What it does mean is that, when small plant management disagrees with an action by the administrator of the state meat inspection program, they are in a position to discuss the disagreement directly with the people responsible for setting the policy. Speed in solving problems and clarifying policies is crucial to the survival of small plants. Because the owners or managers of small plants are usually part of the production team and because of their limited resources, problems need to be solved quickly without involving a staff of legal people at the plant level to clear the waters through the murky federal bureaucracy.

Apply for federal inspection, plant operators are told * * * you will automatically receive the right to sell your meat to any other meat plant. On the surface, it would seem that it should be a breeze to transfer a plant from state meat inspection to the federal meat inspection program. After all, state systems are equal to the federal program and must abide by federal regulations. If the plant is operating satisfactorily under state inspection, shouldn't it be easy to apply for and receive federal inspection?

No, it is not! The major hurdle facing the small existing meat plant applying for federal inspection is the facility requirements. These are set forth in a document known as "Handbook 191". Many of the small plants were built prior to enactment of the Federal Meat Inspection Act. While they were built according to generally accepted industry specifications for the production of wholesome products, they were not bound by guidelines laid down by any governmental agency. Consequently, as these plants were brought into the meat inspection systems, many were often unable to meet the federal facility requirements in "Handbook 191" designed primarily for big packing plants. Thus, in the years immediately following passage in 1967 of the meat inspection act, many were forced to close because of the expense involved in meeting the long established federal facility requirements. At the time, it did not seem to matter whether wholesome products could be produced under sanitary conditions in small plants * * * the question was whether or not small plants met the arbitrary facility requirements that had long been established for big plants operating under federal inspection.

After working with AAMP for some time, the federal program officials began to realize that not all of their facility requirements were necessary for the production of wholesome, unadulterated products in small plants. They came to the realization that the traditional methods of operation in many small plants enabled them to produce wholesome products by the way they operated without requiring extensive renovations. For example, overhead rails, which support trolleys by which sides and quarters are moved about in meat plants, are required by federal regulation to be 11 feet high in beef coolers. It is a sensible requirement where beef carcasses are handled as sides since it prevents the meat from dragging on the floor. Many small plants did not meet this specification because they were designed to handle beef in quarters rather than sides. Eventually, the USDA published a document entitled "Federal Facilities Requirements for Small Existing Meat Plants" which permitted the lower rail heights for handling beef quarters, plus many other such variations. As the title suggests, these variations applied only to existing facilities and are not applicable to the construction of new plants or to the expansion of old ones.

As the result of the issuance and use of the "Small Existing Plant Handbook", thousands of small establishments are successfully operating today under inspection, turning out product that is sanitary and wholesome. Many of these plants are located in states operating their own programs accepted by the USDA as being equal to federal, and many others are in states in which meat inspection has been taken over by federal.

When states are designated for federal takeover, small existing plants are placed under federal inspection if they measure up to the "Small Existing Plant Handbook", even though they don't meet "Handbook 191" requirements. However, if a plant operating under an equal to state program applies for federal inspection, management of the plant is told that the provisions of the "Small Existing Plant Handbook" do not apply and that the facility must meet the standards in "Handbook 191". We can see, therefore, that obtaining federal inspection on an individual plant basis is not as easy as it sounds even though the state program under which it is operating is certified as equal to federal by the United States Department of Agriculture.

Rather than use your valuable time to present a lengthy dissertation on the problems small plants face as they voluntarily apply for federal inspection, we will limit our remarks on this area to the above. Our written testimony includes additional information which deals more fully with this point.

The purpose of the Federal Meat Inspection Act is to prevent the consumer from obtaining unwholesome product and to insure a wholesome supply of meat at all times. What protection is being provided to the consumer by prohibiting state inspected meat from moving freely into federally inspected plants? Are rank and file consumers * * * and we are not referring to professional consumerists based in Washington, we are talking about the individual consumer who foots the bill for all of this protection * * * aware that they are being denied a source of wholesome product simply because of an antiquated provision in the Federal Meat Inspection Act? Has anyone bothered to give consumers a fair explanation of the problem so that they can express an informed opinion? We doubt it.

As long as we continue to deny state inspected meat the right to move into federally inspected plants, we are saying that state inspected product is inferior and is not to be trusted. We maintain that this is not the consumer's view of inspection. We doubt that most consumers are even aware that both the federal and state meat inspection systems exist nor to what extent their meat is inspected. What they do know is that they are constantly supplied with wholesome, disease free meat. Consumers in 32 states continue to express their confidence in state inspected meat by purchasing and consuming millions of pounds of state inspected meat every year.

Most small meat plants are not involved in exporting their products. In fact, we are not aware of any AAMP members who export meat products. So, we will not engage in a lengthy discourse on the effect that the sale of state inspected meat to federally inspected meat plants will have on exports.

But, speaking of foreign countries, we know that the USDA is not conducting continuous on-site meat inspection in foreign countries which export to the United States. Foreign systems are certified by the USDA as meeting USDA requirements and the foreign governments, with the help of one or maybe two USDA veterinarians, conducts the inspection of those plants exporting meat to the United States. It is our understanding that a number of these countries operate in a manner similar to our state inspection systems. In order for firms in those countries with provincial systems to export meat to our country, the central government in their country certifies the provincial system as meeting USDA requirements and oversees the operation of that system. In this way, the USDA is not involved in direct certification of these individual provincial systems but instead deals direct with the central government of the country.

This is similar in many respects to our system. The USDA sets the requirements, the state operates the program and the USDA oversees the operation of the state programs to insure that they are operating in line with the USDA's requirements. Yet, this state inspected meat, which is receiving intense inspection by people who are often trained in federal training facilities under a program monitored by the USDA, is not permitted the same privilege of free movement into federally inspected establishments which is enjoyed by foreign products. If imported meat, which is often subject to less inspection than domestic meat, is permitted access to U.S. markets, is it fair to deny state inspected meat to be used by federally inspected establishments?

One point needs to be made absolutely clear. In no way should any of the criticisms of the Federal inspection program we've presented above be considered as a condemnation of the federal meat inspection programs. The program is needed, has been well run, judging by the low incidence of illness and death related to consumption of meat which has been inspected by either federal or state officials, the programs have accomplished their goal of providing consumers with a continuous supply of wholesome meat. The federal program has its place in inspecting large plants, in dealing with export problems, providing guidance and assistance to the states in maintaining their programs and providing laboratory capabilities. Large

packing plants need the assurance that they can produce meat in one state to sell it in other states without having to subject the product to differing standards in different states.

State inspection programs also have their place alongside the federal program. It is our experience that, by and large, small meat plants function more efficiently and economically under state inspection programs because of the less cumbersome bureaucracies in state programs.

In the past year, there have already been a number of road blocks thrown into the path of survival of state inspection programs. Funds which were previously provided by the federal government at the 50% funding level have been kept at the same dollar level as was granted to the states in 1978. No allowances were made for inflation, pay increases for state program employees or increases in the number of plants which must be inspected. No advance notice was given to the states that a funding cut was forthcoming and this pressure may cause the downfall of some of the state inspection programs. At a time when state governments are looking for ways to "save" taxpayers dollars, it is tempting to state legislators to throw the inspection programs into the lap of federal officials. The funding cut will be yet another incentive to states thinking about discontinuing their programs.

The dollars trimmed from state budgets due to discontinuance of state inspection systems looks good on paper. But, taxpayers are going to have to foot the bill regardless of whether they do it through state or federal taxes. It becomes a matter of which will cost them less in terms of tax dollars. We believe it can be done cheaper through state programs. In support of this, we are providing with our written statement information which we have obtained from a number of the state inspection programs.

We have to look beyond the black and white figures on a piece of paper to determine whether or not the USDA could handle all 50 state programs cheaper than providing supporting funds for the state programs. Costs can be quoted in several ways. A comparison can be made of the total number of dollars spent in inspecting a given number of plants. Costs can be quoted as a cost per pound of meat inspected. Depending on which method you use, you can make either the state program or the federal program look more cost efficient.

Look below the surface of both methods. Figures quoted which are based on a cost per pound of meat inspected will almost always make the federal program look attractive. This is because the federal program still inspects predominantly large packing plants. These plants employ a large number of people who specialize in handling one phase of production. The inspectors in these plants have the opportunity of looking at thousands of pounds of meat in a given time period. The small plant, which is operated by a small number of people, all of whom are expected to be able to perform all phases of the processing activities, will take much longer to handle the same number of pounds. Inspectors in the smaller plants will, because of this, have a higher per pound cost of inspection. Since the majority of plants inspected in state inspection systems are small, their per pound cost of inspection will be much higher than the federal.

But, we can play with figures, also. If you refer to the 1978 Meat & Poultry Inspection Report to Congress by the Secretary of Agriculture, you will notice that there are 304 USDA inspection officials which have charge of 114 meat plants in North Carolina. The state of North Carolina uses a total of 202 inspection officials to inspect 263 plants. The USDA's employee to plant ratio is almost 3 to 1 while the state's is about 1 employee per plant. It looks good on paper and makes the North Carolina program appear to be quite a bit more efficient than the corresponding federal system. But, we realize, as you do, that there's more to the picture than what appears on paper.

The point we're trying to make is this * * * we must look at the composition of the figures before we can use them to justify the costs of either program. Let me give you the highlights of some of the material which we have submitted along with this oral statement: Florida did a cost study for their new governor which shows that, in salaries alone, it would cost the USDA at least \$357,000 additional if the USDA were to take over their program. The average Texas meat inspector earns \$13,920 while the average federal meat inspector earns \$19,122. These are only two of the many examples of differences in employee costs between the federal and state systems. We do not see how the USDA could justify making any kind of statement that they can do the same job cheaper than the states are doing it. In order to accomplish this, the USDA would either have to cut back on the number of inspectors they use by forcing meat plants into an exempt status or cut back on the intensity of inspection provided. Would this really be serving the purpose of the Federal Meat Inspection Act?

Both state and federal programs are needed. The USDA and the state programs need to work together, complementing each other's programs, without the constant feeling that the state system is inferior to the federal. Either the states are doing the job or they aren't. If the USDA can show to Congress that the job is being inadequately handled by the state programs, then the USDA should assume the responsibility for administering these programs. If they can't prove that the states are doing an inadequate job, and we believe that the USDA cannot provide this evidence, then they have no reason to oppose S. 531.

The state programs are doing a tremendous job of providing consumers in their states with a wholesome supply of meat. The passage of S. 531 would be a step in the right direction in eliminating the feeling of competitiveness which has always seemed to prevail as these programs are discussed. We have included in this oral statement only the highlights of the problems faced by small meat plant operators as they face the possibility of having to apply for federal inspection. We are attaching a more detailed statement of these concerns and ask that this be included as part of the official record on S. 531.

We urge your favorable consideration of this legislation and appreciate the opportunity to express our views to you.

STATEMENT OF GENE SCHROEDER, CHAIRMAN, PRODUCTS STANDARDS, LABELING AND INSPECTION COMMITTEE, NATIONAL CATTLEMEN'S ASSOCIATION¹

The overriding purpose of the Federal Meat Inspection Act is to assure the American consumer that meat and meat food products are handled and processed in such a manner as to be wholesome and safe for human consumption. To that end there can be no legitimate objection. The National Cattlemen's Association supports programs which provide that kind of assurance as they are beneficial to all who make up the food marketing chain, including the final and most important link of the chain—the consumer. By the same token, however, care must be taken so that such programs take into account the positive values inherent to maintaining and strengthening the competitive marketing system and that they not discriminate against domestic meats in favor of those from competing foreign countries.

NCA POLICY

Part III—Inspection legend and interstate movement

(2) *The meat inspected under state programs officially designated as being "equal-to" Federal Standards be accorded the same freedom of movement in interstate commerce as is accorded meat imported into the United States from foreign countries.*

While S. 531 does not afford "equal-to" plants the same opportunity to move meat directly into interstate commerce as is afforded meat from competing foreign countries, it would put such plants on more equal status.

The Meat Inspection Act requires a state to apply to the Federal government for certification of its meat inspection program as being "equal-to" that of the Federal inspection system. Essentially, the same system and procedure apply to plants in foreign countries which ship meat to the United States.

It is at this point, however, that similarities in treatment and equality in application of the law seem to end. It is at this point imported meats are given an apparent edge. While meat coming from foreign plants is allowed relative free rein to move into interstate commerce, the same product from an "equal-to" plant is *not* allowed to move directly into interstate commerce nor can such product be sold to a Federally inspected plant for movement into interstate commerce.

At this point, questions are raised regarding discriminatory action by the Federal government in favor of competing foreign meats and the sincerity of the Federal government when it says it supports the strengthening and maintenance of small business and the competitive marketing system.

In the market place cattlemen are in the unenviable and unfortunate position of having the price for their product set by others. Their only real bargaining position is that they have the opportunity to seek bids from more than one buyer. But, if the number of potential buyers is diminished, the opportunity for getting a truly representative or competitive bid is also diminished.

¹ The National Cattlemen's Association is the national spokesman for all segments of the nation's beef cattle industry—including cattle breeders, producers, and feeders. The NCA represents approximately 280,000 professional cattlemen throughout the country. Membership includes individual members as well as 51 affiliated State cattle associations and 13 affiliated national breed organizations.

Thus, steps should be taken to enhance the competitive market structure, rather than detract from it. Maintaining competition in the market place will benefit both producer and consumer. S. 531 offers a positive step in the direction of enhancement as opposed to detraction.

As we understand the issue it seems there are three main objectives to the proposal to allow meat from "equal-to" plants to move into interstate commerce:

(1) *Such a system would not circumvent Federal inspection.*—Under S. 531 meat could move in interstate commerce only if it had been purchased by an FI plant. The meat would be derived from a plant which would have sanitation requirements and procedures "equal-to" the receiving FI plant and the intent of the Meat Inspection Act would be met.

Further confirmation of the meat's wholesomeness could be provided through a random sampling system similar to that applied to meat from foreign countries upon arrival in U.S. ports of entry.

(2) *Many "equal-to" plants are already good enough to be FI certified.*—Plants good enough to be FI certified will have met the same standards applied to FI plants and should be given equal access to the market.

(3) *The bill would not mean that similar treatment would have to be given to uncertified plants in foreign countries.*—We do not believe that every foreign country has an "equal-to" inspection system. If, as a result of passage of S. 531 or similar proposed legislation, each foreign country institutes such a system and currently uncertified plants are upgraded to an "equal-to" system, there would be no reason to deny them similar treatment.

Conclusion

It is vitally important that the meat inspection system continue to assure consumers of a safe and wholesome product. It is also vitally important that the system allow sufficient flexibility to maintain and strengthen the competitive marketing system and that domestic products not be unfairly discriminated against in favor of meat from competing foreign countries. S. 531 is an acceptable, positive move in the right direction to meet these criteria.

U.S. SENATE,
COMMITTEE ON APPROPRIATIONS,
Washington, D.C., July 30, 1979.

Hon. HERMAN E. TALMADGE,
*Chairman, Senate Committee on Agriculture, Nutrition, and Forestry, Russell Senate
Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN: Please see the enclosed correspondence sent to me by one of my constituents, Mr. Mike McCown, L. M. McCown and Son Company, P.O. Box 10068, Charleston, West Virginia 25312, in support of S. 531, legislation concerning the interstate movement of certain meat food products.

I respectfully request that Mr. McCown's letters be placed in the Committee's record and that his comments be taken into consideration.

With kind regards, I am,
Sincerely yours,

ROBERT C. BYRD.

Enclosures.

L. M. McCOWN & SON Co.,
Charleston, W. Va., July 10, 1979.

DEAR SENATOR BYRD: I want to thank you for the prompt reply to my letter of July 2, 1979 concerning S. 531. In the last paragraph of your letter you say "should S. 531 come before the Senate." That is what I am worried about. Similar bills have died in committee. This bill needs someone with influence such as you to get it out of committee and have it acted upon. As one of your constituents I would appreciate your help.

Thank you.

MIKE McCOWN.

L. M. McCOWN & SON Co.,
Charleston, W. Va., July 2, 1979.

DEAR SENATOR BYRD: I would appreciate it if you would use some of your power to push legislation (S. 531) which was introduced by Lloyd Bentsen (D., Texas) and Malcolm Wallop (R., Wyoming). This legislation would allow state-inspected meat packing plants, located in states that have been certified as having inspection

requirements "at least equal to" federal requirements, to sell their products to federally inspected plants. Since there are many federally inspected processing plants in our area this legislation could greatly help our small slaughtering plant. Thank you.

MIKE McCOWN.

THE NATIONAL ASSOCIATION
OF STATE DEPARTMENTS OF AGRICULTURE,
Washington, D.C., October 4, 1979.

HON. DONALD W. STEWART,
Chairman, Subcommittee on Agricultural Research and General Legislation, Russell Senate Office Building, U.S. Senate, Washington, D.C.

DEAR CHAIRMAN STEWART: The Subcommittee on Agricultural Research and General Legislation has scheduled a hearing October 11 on S. 531, a bill to amend the Federal Meat Inspection Act to allow state-inspected meatpackers to sell their meat food products to federally-inspected plants. The National Association of State Departments of Agriculture (NASDA) strongly endorses this legislation.

The Federal Meat Inspection Act Amendments of 1967 (Wholesome Meat Act) permits the states to carry-out inspection of small meat packers engaged in intra-state commerce providing state inspection standards are at least equal to federal standards. By 1970, forty-nine states had established or upgraded their inspection programs to meet the high federal standards. The states have proved themselves more than willing to assume this responsibility and thereby relieve the federal government of the considerable financial burden of inspecting all plants.

Today, however, state meat and poultry inspection programs are in serious trouble. Sixteen states have been "designated" by USDA or have voluntarily turned their programs back to the federal government since the high watermark in 1970. Much of the problem derives from the inability of state-inspected plants to ship their products in interstate commerce even though they have met standards of quality equal to or higher than federal standards. Another problem is that states in recent years have been forced to assume more than half of the cost of inspection despite the clear intention of Congress in 1967 that the federal government share costs on an equal, 50-50 basis.

S. 531 will go a long way toward resolving the first problem by opening-up new markets for small meat packers who are fast becoming an endangered species. NASDA enthusiastically supports S. 531, just as we have supported every effort in the Congress in past years to make the necessary changes to assume state-inspected plants of more equitable treatment.

We appreciate your willingness to conduct a hearing on this matter, and we respectfully ask that this letter be included in the hearing record.

Yours very truly,

JAMES B. GRANT,
Executive Secretary.

THE STEAK SPECIALISTS, INC.,
Atlanta, Ga., January 2, 1980.

SENATE AGRICULTURE COMMITTEE,
*Russell Senate Office Building,
Washington, D.C.*

SIR: With regard to the Bentsen Bill S. 531 I wish to convey my feelings that I am against this legislation.

My meat company is USDA inspected, and I was formerly the manager of a state inspected plant. In my opinion the Federal inspection standards are higher and more stringent than those I experienced with state regulations and procedures. I admire the Federal standards and procedures and therefore do not believe that state inspected plants should be permitted to ship product interstate.

Your attention to my opinion will be appreciated.

Truly yours,

C. BARRY PRUSIN, *President.*

NATIONAL SALES, INC.,
Jackson, Miss., December 27, 1979.

SENATE AGRICULTURE COMMITTEE,
Russell Senate Office Building,
Washington, D.C.

DEAR SIR: We are writing to you to express our opposition to the Bentsen Bill S. 531, which would amend the Federal Meat Inspection Act to permit state inspected plants to ship product interstate.

National Sales, Inc., is a meat purveyor which has had federal inspection since 1959. When its plants were built, our company incurred a significant additional capital investment in order to satisfy the requirements of the Federal Meat Inspection Act. Further, it continues to incur higher operating costs than it would if it were not under federal inspection.

Although state inspected plants are purported to be "equal to" federally inspected plants, our observations are that this is not the case, and consequently both our capital investment and our cost of operation are higher than those of non-inspected and state inspected plants.

We oppose the proposed legislation on two bases. First, interstate shipments from state inspected plants will be extremely difficult to monitor. Without proper controls, the consuming public would be subject to abuse by any unethical meat purveyor who might be provided a loophole by way of S. 531. Further, we object to the legislation on the basis that it will create unfair competition for companies such as ours who market interstate and operate under federal inspection.

We will appreciate your consideration of our position in opposing the Bentsen Bill.

Very truly yours,

TRAVIS W. BAIN.

ALLEN BROTHERS INC.,
Chicago, Ill.

Re Bentsen Bill S. 531.

SENATE AGRICULTURE COMMITTEE,
Russell Senate Office Building,
Washington, D.C.

GENTLEMEN: We are strongly opposed to S. 531 to permit state inspected plants to ship product interstate.

The mark of federal inspection means to the consumer that meat had been slaughtered and processed under a uniform federal system. This bill S. 531, would signify only that meat had been subject to federal inspection during at least one stage in the slaughtering, processing and distribution chain. This bill would add confusion to the consumer now knowing that the federal mark of inspection is product that has been slaughtered and processed under direct and constant federal inspection.

We do not feel state inspection is or ever will be equal to federal inspection. We as a federal inspected plant have an inspector in our plant each day we operate, the federal government knows what we do thru our inspector, now, a bill to allow meat to come into our plant without this same supervision would certainly weaken the federal inspection system, much worse, if state inspected meats put in interstate were shipped directly to the end user such as a hospital, school or any place serving food "misbranded" or "adulterated" product both could be possible without constant inspection.

We urge you to consider the weakening of federal inspection and oppose the Bentsen bill S. 531 bearing in mind it is the responsibility of those engaged in the handling food for the consumption of the public do so in a manner prescribed and regulated by the U.S. Department of Agriculture, therefore strengthen if anything, but do not weaken the system that now safeguards the consumer.

We beg you to oppose the Bentsen Bill S. 531.

Sincerely,

MELVIN SOLOMON, *President.*

[S. 531, 96th Cong., 1st sess.]

A BILL To amend the Federal Meat Inspection Act to allow the interstate movement of all meat food products which are processed by federally inspected establishments and which are

derived from meat which has been slaughtered or processed at certain State-inspected establishments.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 5 of the Federal Meat Inspection Act, as amended (21 U.S.C. 605), is amended by inserting immediately after the first sentence thereof a new sentence as follows: "The provisions of sections 3 and 4 of this Act shall not apply to meat food products which are processed by a federally inspected establishment and which are derived from meat which has been slaughtered or processed at a State-inspected establishment in a State whose meat inspection requirements have been determined by the Secretary to be at least equal to the Federal requirements."

