

The original documents are located in Box 60, folder “10/8/76 HR10339 Farmer-to-Consumer Direct Marketing Act of 1976” of the White House Records Office: Legislation Case Files at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald R. Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

Exact duplicates within this folder were not digitized.

APPROVED
OCT 08 1976

\$ 10/8/76
okla.

THE WHITE HOUSE
WASHINGTON
October 4, 1976

ACTION

Last Day: October 9

MEMORANDUM FOR

THE PRESIDENT

FROM:

JIM CANNON *Jim Cannon*

SUBJECT:

H.R. 10339 - Farmer-to-Consumer Direct Marketing Act of 1976

Pres
10/9/76

archive
10/12/76

Attached for your consideration is H.R. 10339, sponsored by Representative Vigorito and 23 others.

The enrolled bill would direct the Secretary of Agriculture to carry out a program to facilitate direct marketing of agricultural commodities from farmers to consumers and would supplement existing disaster relief authority to provide greater Federal assistance in transporting hay to drought stricken areas.

A detailed discussion of the provisions of the enrolled bill is provided in OMB's enrolled bill report at Tab A.

OMB, Max Friedersdorf, Bill Seidman, Counsel's Office (Kilberg) and I recommend approval of the enrolled bill. Max advises that Representative Quie has called to recommend the bill be signed.

CEA (Greenspan) recommends disapproval.

RECOMMENDATION

Sign H.R. 10339 at Tab B.

Approval _____ Disapproval _____





EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

OCT 2 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 10339 - Farmer-to-
Consumer Direct Marketing Act of 1976
Sponsors - Rep. Vigorito (D) Pennsylvania
and 23 others

Last Day for Action

October 9, 1976 - Saturday

Purpose

Directs the Secretary of Agriculture to coordinate a program designed to facilitate direct marketing from farmers to consumers; supplements existing disaster relief authority to provide greater Federal assistance in transporting hay to drought stricken areas.

Agency Recommendations

Office of Management and Budget	Approval
Department of Agriculture	Approval (Informally)
Office of Consumer Affairs	Approval (informally)
Department of Health, Education, and Welfare	No objection (informally)
Department of Justice	Defers to Agriculture
Department of Labor	Defers to Agriculture
Department of Housing and Urban Development	Defers to Agriculture
Council of Economic Advisers	Disapproval
Federal Trade Commission	No recommendation
Council on Wage and Price Stability	No comment (informally)

Discussion

The enrolled bill would authorize two separate and totally unrelated programs: (1) farmer-to-consumer

direct marketing; and, (2) emergency hay assistance. Each program is addressed below separately.

Farmer-to-Consumer Direct Marketing

H.R. 10339 would direct the Secretary of Agriculture to carry out a program to facilitate direct marketing of agricultural commodities from farmers to consumers including:

- a continuing survey of existing methods of direct marketing from farmers to consumers in each State;
- the allocation of funds to State departments of agriculture and the USDA Extension Service for the purpose of conducting or facilitating activities which will initiate, encourage, develop, or coordinate methods of direct marketing from farmers to consumers within or among the States; and,
- annual reporting to the Congress concerning the effectiveness of the Act.

The enrolled bill would authorize appropriations of (1) such sums as are necessary for the survey and reporting provisions and (2) \$1,500,000 annually for direct marketing assistance for fiscal years 1977 and 1978.

Emergency Hay Assistance

Under provisions of the Disaster Relief Act of 1974, the Secretary of Agriculture now pays 67 percent (up to \$27 per ton) of the cost of transporting hay to farmers in counties that have been declared major disaster areas because of continuing drought. At present, the Secretary is spending approximately \$43.7 million annually to provide such assistance to the 241 counties that qualify.

Effective upon enactment and for the remainder of fiscal year 1977, the enrolled bill would require the President to direct the Secretary of Agriculture to pay 80 percent

of the cost of transporting hay, not to exceed \$50 per ton, to farmers or ranchers located in designated disaster counties. Although the cost of this provision would change as counties are added or subtracted from the disaster roles, Agriculture advises that under existing conditions the cost for fiscal year 1977 is estimated at \$8.7 million.

In reporting and testifying on H.R. 10339, the Department of Agriculture expressed sympathy for the intent of the legislation, but opposed enactment for several reasons:

- it is unnecessary in that existing law permits the Department to undertake all activities proposed under H.R. 10339;
- it is economically superfluous in the absence of any substantial demonstrated demand by the public for direct marketing; no market impediments exist to prevent the establishment of direct marketing techniques; and,
- there is little or no evidence to prove that decreased consumer prices would in fact result from this bill.

However, in its report on H.R. 10339, the Senate Agriculture Committee argued that while the Department may have adequate authority to undertake the direct marketing activities, it had not done so. The committee concluded that:

"... a concrete, legislative framework is needed to foster close working relationships between farmers and consumers, two groups which have many common goals and frustrations."

The emergency hay assistance provision was attached to the bill during Senate floor action in a form that would have required net Federal expenditures of several hundred million dollars. Although Agriculture was not successful in having the provision eliminated from the bill in conference, it did manage to substantially reduce the costs of the measure.

Conclusion

Although we continue to have concerns as noted above, we do not believe that the bill is so objectionable as to warrant disapproval. The direct marketing program that would be established by the enrolled bill is very modest, and it is a clear improvement over earlier versions of the bill which would have required specific regional projects in five different parts of the United States. Moreover, H.R. 10339 is generally consistent with existing Extension Service direct marketing programs that are operating in 35 States.

Finally, while the emergency hay assistance provision seems to represent an unnecessary increase in a Federal subsidy to farmers and ranchers, it is relatively modest in cost and appears to be in response to continuing serious drought conditions in parts of the Midwest. As noted above, its cost was substantially reduced as the Congress attempted to reach a compromise with the Administration.

A handwritten signature in black ink, reading "Paul H. O'Neill". The signature is written in a cursive style with a large, prominent initial "P".

Paul H. O'Neill
Acting Director

Enclosures

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

September 30, 1976

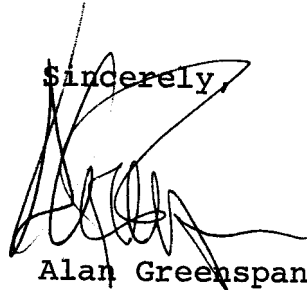
Dear Mr. Frey:

With respect to H. R. 10339, The Farmer-to-Consumer Direct Marketing Act of 1976, the Council of Economic Advisers recommends that the President veto the bill.

The bill provides funds to encourage consumers to buy their groceries in many different ways, excluding only shopping in grocery stores. There is no reason to believe that either consumers or producers would gain from this wasteful program.

The program to increase the subsidy on hay transportation into drought-stricken counties would help some hard-pressed people, but the existing hay subsidy program is adequate to this task. Nonetheless, the President in his veto message should be careful not to appear callous towards the hardships of livestock owners in the drought areas.

Sincerely,



Alan Greenspan

Mr. James Frey
Assistant Director for
Legislative Reference
Office of Management and Budget
Washington, D. C. 20503



Department of Justice
Washington, D.C. 20530

October 1, 1976

Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D. C. 20503

Dear Mr. Lynn:

In compliance with your request, I have examined a facsimile of the enrolled bill (H.R. 10339), "To encourage the direct marketing of agricultural commodities from farmers to consumers."

This bill would direct the Secretary of Agriculture to conduct a survey of methods for direct marketing by farmers to consumers and to sponsor programs to facilitate such direct marketing. It would also increase from \$27 to \$50 per ton the maximum subsidy provided by the federal government for the cost of transporting hay to emergency relief areas. This increase is effective until October 1, 1977.

With respect to the direct marketing program, this bill is less extensive than prior similar proposed legislation (H.R. 7488) on which we have commented. There is a substantial question whether the bill is necessary. The activities it requires are largely informational and are already within the authority of the Department of Agriculture. These activities might also be undertaken by farmer cooperatives. However, we do not perceive any substantial anticompetitive effect from these informational activities. We defer to the Department of Agriculture as to the desirability of or necessity for the special statutory authority provided in this bill.

With respect to the emergency hay program, the legislative history provides little factual support that an increase in the hay transportation cost subsidy for the emergency relief program is warranted. Again, however, we have no basis independently to assess the necessity for this increased subsidy. As an emergency provision, it does not seem to have significant anticompetitive effects.

The Department of Justice defers to the Department of Agriculture as to whether this bill should receive Executive approval.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael M. Uhlmann". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Michael M. Uhlmann
Assistant Attorney General

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

OCT 1 1976

Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D. C. 20503

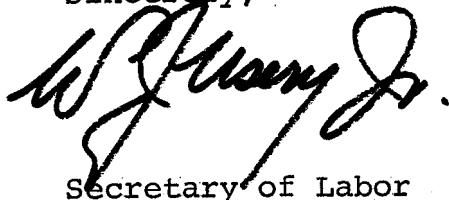
Dear Mr. Lynn:

This is in response to your request for our views on H.R. 10339, an enrolled enactment entitled the "Farmer-to-Consumer Direct Marketing Act of 1976."

This Act is primarily intended to encourage the direct marketing of agricultural commodities from farmers and farmer organizations to consumers and consumer organizations. The program would be administered by the Secretary of Agriculture through the Extension Service. Activities would include the holding of conferences on direct marketing, the compiling of applicable laws and regulations, and the furnishing of technical assistance.

Since the program authorized in H.R. 10339 would not have a significant impact on the programs administered by this Department, we defer to the views of the Department of Agriculture because of its more direct interest in the legislation. We have no objection to Presidential approval of this Act.

Sincerely,



Secretary of Labor



THE GENERAL COUNSEL OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

OCT 1 1976

Mr. James M. Frey
Assistant Director for
Legislative Reference
Office of Management and Budget
Washington, D. C. 20503

Attention: Miss Martha Ramsey

Dear Mr. Frey:

Subject: H. R. 10339, 94th Congress
Enrolled Enactment

This is in reply to your request for our views on the enrolled enactment of H. R. 10339, the "Farmer-to-Consumer Direct Marketing Act of 1976".

The enrolled bill is designed to encourage the direct marketing of agricultural commodities from farmers to consumers. Under the measure, the Secretary of Agriculture would be required to carry out a program to achieve this purpose, including a continuing survey of existing direct marketing methods and an allocation of funds to State Departments of Agriculture and the Extension Service of the Department of Agriculture to provide assistance for direct marketing within the States.

In addition, section 8 of the enrolled bill would direct the Secretary of Agriculture, in connection with any emergency hay program for farmers or ranchers under section 305 of the Disaster Relief Act of 1974, to pay 80 percent of the cost of transporting hay (up to a \$50 per ton maximum) to stricken areas. This authority would expire on October 1, 1977.

In our view, section 8 of the enrolled enactment is highly undesirable. The Department of Agriculture is presently carrying out an emergency hay transportation assistance program, under which two-thirds of hay transportation costs up to \$27 per ton is being paid by the Federal Government. In our opinion, section 8 represents a costly extension of a program which presently is providing an adequate level of assistance. We would also point out that existing law provides sufficient flexibility to adjust payments under the hay transportation assistance program, should circumstances warrant such action. Since, however, H. R. 10339 involves programs of primary concern to the Department of Agriculture, we would defer to that Department's recommendation with regard to Presidential action on the measure.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robert R. Elliott".

Robert R. Elliott

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: October 2

Time: 600pm

FOR ACTION:

Bill Beach *al*
Max Friedersdorf *cc* (for information):
Bobbie Kilberg *al*
Dawn Bennett al
Bill Seidman

Jack Marsh
Jim Connor
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: October 4

Time: noon

SUBJECT:

H.R. 10339-Farmer-to-Consumer-Direct Marketing Act
of 1976

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President

Date: October 2

Time: 600pm

FOR ACTION: Paul Leach
Max Friedersdorf
Bobbie Kilberg
Bill Seidman
Dawn Bennett

cc (for information): Jack Marsh
Jim Connor
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: October 4

Time: noon

SUBJECT:

H.R. 10339-Farmer-to-Consumer Direct Marketing Act
of 1976

ACTION REQUESTED:

___ For Necessary Action

___ For Your Recommendations

___ Prepare Agenda and Brief

___ Draft Reply

For Your Comments

___ Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

*No OBJECTION
RBP*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon
For the President

Date: October 2

Time: 600pm

FOR ACTION:

Paul Leach
Max Friedersdorf
Bobbie Kilberg

cc (for information):

Jack Marsh
Jim Connor
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: October 4

Time: noon

SUBJECT:

H.R. 10339-Farmer-to-Consumer Direct Marketing Act
of 1976

ACTION REQUESTED:

 For Necessary Action For Your Recommendations Prepare Agenda and Brief Draft Reply For Your Comments Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

10/4

No objection.

B. Rott

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon
For the President

Date: October 2

Time: 600pm

FOR ACTION:

Paul Leach
Max Friedersdorf
Bobbie Kilberg

cc (for information):

Jack Marsh
Jim Connor
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: October 4

Time: noon

SUBJECT:

H.R. 10339-Farmer-to-Consumer Direct Marketing Act
of 1976

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

*Recommend Approval. [Signature]
Rep. Givie called to
recommend bill be
signed.*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon
For the President

10/6/76

12:30 p.m.

Trudy Fry showed the attached memo from Mr. Friedersdorf to Dr. Cavanaugh.

Per Dr. Cavanaugh: No need to "dex" to San Francisco -- can just be added to the bill file here.

cmf

Handwritten signature or initials, possibly "RQ", in black ink.

THE WHITE HOUSE

WASHINGTON

October 6, 1976

MEMORANDUM FOR: STAFF SECRETARY

FROM: MAX FRIEDERSDORF *U.B.*

SUBJECT: Enrolled Bill HR 10339 - Farmer to Consumer
Direct Marketing Act of 1976

I submit the following comments as an addendum to HR 10339.

There are strong Congressional pros and cons on this bill.

Congressman Al Quie, Jim Abdnor, and Larry Pressler strongly recommend the bill be signed to provide relief to drought stricken farmers in the midwest.

In addition, the President has received a joint letter from Senators Abourezk, Burdick, McGovern, Proxmire, Humphrey, Culver, Nelson, Mondale and Clark urging the President sign the bill. In the event of a pocket veto these Democratic Senators could be expected to strongly criticize the Administration for its insensitivity to the upper midwest farmers suffering from the drought.

Both Congressman John Rhodes and Guy Vander Jagt have been contacted by the Republican opponent of Congressman Joseph Vigorito (D-Pa.) who maintained that the bill was passed to assist Vigorito's re-election because Vigorito's Republican opponent has charged that in 12 years in Congress Vigorito has not had or sponsored one bill which has been signed into law.

Hyde Murry of the House Agriculture Committee believes the legislation is substantively bad and if the President decided to pocket veto, he would couple the announcement with the statement that he was liberalizing the drought disaster assistance program.

According to Hyde the bill affects four states, Minnesota, Wisconsin, South Dakota and North Dakota and would raise the assistance from \$27.50 per ton of hay to \$50 per ton.

I believe the perception of a pocket veto as anti-farmer would over shadow any announcement of liberalized drought disaster assistance. I recommend approval of the bill.

cc: Jack Marsh, Jim Cannon, Art Quern, Jim Lynn

FARMER-TO-CONSUMER DIRECT MARKETING ACT OF
1976

SEPTEMBER 13, 1976.—Ordered to be printed

Mr. VIGORITO, from the committee of conference,
submitted the following

CONFERENCE REPORT

[To accompany H.R. 10339]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 10339) to encourage the direct marketing of agricultural commodities from farmers to consumers, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate numbered 1.

Amendment numbered 2:

That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows:

On page 1, lines 4 and 5 of the Senate engrossed amendments, strike out "September 30, 1978, and September 30, 1979" and insert in lieu thereof *and September 30, 1978*

And the Senate agree to the same.

Amendment numbered 3:

That the House recede from its disagreement to the amendment of the Senate numbered 3 and agree to the same with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

EMERGENCY HAY PROGRAM

Sec. 8. In carrying out any emergency hay program for farmers or ranchers in any area of the United States under section 305 of the Disaster Relief Act of 1974 because of an emergency or major disaster in such area, the President shall direct the Secretary of Agriculture to pay 80 percent of the cost of transporting hay (not to exceed \$50

per ton) from areas in which hay is in plentiful supply to the area in which such farmers or ranchers are located. The provisions of this section shall expire on October 1, 1977.

And the Senate agree to the same.

JOSEPH P. VIGORITO,
BOB BERGLAND,
GEORGE E. BROWN, JR.,
FREDERICK W. RICHMOND,
PAUL FINDLEY,
JAMES P. JOHNSON,
Managers on the Part of the House.

HERMAN E. TALMADGE,
GEORGE MCGOVERN,
HUBERT HUMPHREY,
WALTER D. HUDDLESTON,
DICK CLARK,
ROBERT DOLE,
MILTON R. YOUNG,
HENRY BELLMON,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 10339) to encourage the direct marketing of agricultural commodities from farmers to consumers, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

(1) Short title (Amdt. No. 1).

The Senate amendment amends the short title of the House bill to reflect the present calendar year.

The Committee of Conference adopted the Senate amendment.

(2) Authorization of appropriations (Amdt. No. 2).

The House bill authorizes appropriations for technical assistance in implementing the direct marketing program for only the 1977 fiscal year.

The Senate amendment extends the authorization for appropriations through the 1979 fiscal year.

The Committee of Conference agreed to an authorization of appropriations through the 1978 fiscal year.

(3) Emergency hay program (Amdt. No. 3).

The Senate amendment adds a new section which requires the President—in carrying out any emergency hay program under section 305 of the Disaster Relief Act of 1974—to direct the Secretary of Agriculture, at the option of the farmers and ranchers, to either—

(a) purchase hay in areas where it is plentiful, transport it into the area where the farmers or ranchers are located, and sell it to them at no more than \$40 a ton; or

(b) pay the costs of transporting a farmer's or rancher's cattle from the emergency area to a location where adequate grazing land is available and then back to the stricken area within a reasonable time after grazing conditions there have improved sufficiently to support the cattle. No farmer or rancher would be prohibited from selling or otherwise disposing of livestock after they have been transported outside the emergency area; however, if he does so, no return transportation payment will be made.

The new section added by the Senate amendment also provides that—

(i) hay is to be made available under section 305 of the Disaster Relief Act to help farmers and ranchers maintain their cattle herds during any period such assistance is needed as the result of an emergency or major disaster (as those terms are defined in section 102 of the Disaster Relief Act. Prior to a determination by the President that such a situation exists, a request must be made by the Governor of the affected State);

(ii) a farmer or rancher may purchase hay under the program sufficient to permit the maintenance of up to 180 days' supply. However, the quantity of hay sold under the program may not exceed 40 pounds a cow per day in the case of dairy cows; 20 pounds a cow per day in the case of replacement heifers; and 20 pounds a head per day in the case of beef cattle; and

(iii) the Secretary may utilize the facilities of the Commodity Credit Corporation in carrying out any emergency livestock feed program under section 305 of the Disaster Relief Act.

The House bill contains no comparable provision.

In lieu of the language proposed to be inserted by the Senate amendment, the Committee of Conference agreed to a provision requiring the Secretary of Agriculture to pay 80 percent of the cost of transporting hay (not to exceed \$50 per ton) from areas in which hay is in plentiful supply to disaster or emergency areas where farmers or ranchers are located. The new section will expire on October 1, 1977. Under the present hay transportation assistance program being conducted under section 305 of the Disaster Relief Act, the Government is providing up to two-thirds of the actual cost to transport hay (not to exceed \$27 per ton) to drought-affected areas in Minnesota, North Dakota, South Dakota, and Wisconsin. Except for the increase in the transportation assistance, the new section of the bill does not affect the existing program.

JOSEPH P. VIGORITO,
BOB BERGLAND,
GEORGE E. BROWN, Jr.,
FREDERICK W. RICHMOND,
PAUL FINDLEY,
JAMES P. JOHNSON,

Managers on the Part of the House.

HERMAN E. TALMADGE,
GEORGE MCGOVERN,
HUBERT HUMPHREY,
WALTER D. HUDDLESTON,
DICK CLARK,
ROBERT DOLE,
MILTON R. YOUNG,
HENRY BELLMON,

Managers on the Part of the Senate.



FARMER-TO-CONSUMER DIRECT MARKETING ACT OF 1976

JUNE 30 (Legislative day, JUNE 18), 1976.—Ordered to be printed

Mr. HUDDLESTON, from the Committee on Agriculture and Forestry,
submitted the following

REPORT

[To accompany H.R. 10339]

The Committee on Agriculture and Forestry, to which was referred the bill (H.R. 10339) to encourage the direct marketing of agricultural commodities from farmers to consumers, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

SHORT EXPLANATION

H.R. 10339 is directed toward the encouragement of the direct marketing of agricultural commodities from farmers to consumers. The bill—

(1) requires the Secretary of Agriculture to carry out a program to facilitate the direct marketing of food commodities from farmers to consumers, for their mutual benefit, under which there would be (a) a nationwide survey of existing direct marketing operations; (b) an allocation of funds to the State departments of agriculture and the Extension Service of the USDA, to provide assistance for direct marketing within the respective States; and (c) an annual report by the Secretary on activities carried out under the Act to further direct marketing;

(2) defines "direct marketing from farmers to consumers" to mean the marketing of agricultural commodities at any marketplace established for the purpose of enabling farmers to sell their agricultural commodities directly to individual consumers in a manner calculated to lower the cost and increase the quality while providing increased financial returns to farmers; and

(3) authorizes the appropriation of (a) funds in the amount of \$1.5 million for each of the fiscal years 1977, 1978, and 1979,

for the technical assistance provided and (b) such sums as are necessary to conduct the annual report and nationwide survey.

COMMITTEE AMENDMENTS

1. On page 1, line 4, strike out "1975" and insert in lieu thereof "1976".

The *Committee* amendment is technical and amends the short title of the bill to reflect the present calendar year.

2. On page 5, line 16, strike out the words "the fiscal year beginning October 1, 1976" and insert in lieu thereof the following: "for each of the fiscal years ending September 30, 1977, September 30, 1978, and September 30, 1979".

The *Committee* amendment extends from one to three years the authorization for appropriations for technical assistance in implementing the direct marketing program.

PURPOSE AND NEED FOR THE LEGISLATION

H.R. 10339 provides for a direct marketing program from farmers to consumers to be initiated and coordinated by the Secretary of Agriculture.

In recent years, an enhanced interest has developed among farmers and consumers for direct farmer-to-consumer food marketing. In the case of consumers, the interest results from consumer preferences for fresh and unprocessed foods, and increased prices of food marketed through conventional retailing channels. To many smaller farmers, especially producers of fruits and vegetables, direct marketing can mean increased financial returns and, in some cases, the continued existence of the farm as a viable economic enterprise.

A program of direct marketing contains the promise of substantial economic benefits to the Nation. The program will aid smaller farmers, whose farms are interspersed with urban concentrations throughout the more populated areas of the country, to stay in business. The program will make it possible for more consumers to purchase fresh, field-ripened produce, often at lower prices than are otherwise available. Although the bill places primary reliance upon private individuals and groups to take initiatives toward new methods of direct marketing, on an economically self-sustaining basis, it encourages flexibility and innovation in those instances where direct marketing appears to be feasible and beneficial. Furthermore, the successful operation of a direct food marketing facility within a town or city can have beneficial side effects, among which is attracting people into the downtown shopping district and thus stimulating retail trade.

There are various impediments to direct marketing arrangements that are built into our economy which may prevent successful operations without the program of technical assistance authorized by H.R. 10339.

Although theoretically a direct marketing program could be carried out by the Department of Agriculture under existing legal authorities, this might not actually occur without an explicit statutory mandate and the limited measure of funding which the bill provides. Further, the *Committee* believes that the basic concept of direct marketing has

proven workable and that the prudent steps authorized by the bill to facilitate direct marketing are warranted.

SECTION-BY-SECTION ANALYSIS

Section 1—Short title

The first section provides that the Act may be cited as the "Farmer-to-Consumer Direct Marketing Act of 1976."

Section 2—Purpose

Section 2 declares that it is the purpose of Congress to promote, on an economically sustainable basis, the development and expansion of direct marketing of agricultural commodities from farmers to consumers, and provides that the Secretary of Agriculture shall initiate and coordinate a program to accomplish that objective as set forth in the Act.

Section 3—Definition

Section 3 defines "direct marketing from farmers to consumers" as used in the bill to mean the marketing of agricultural commodities at any marketplace established for the purpose of enabling farmers to sell their agricultural commodities directly to individual consumers in a manner calculated to lower the cost and increase the quality while providing increased returns to farmers.

Section 4—Nationwide survey

Section 4 provides that the Secretary, acting through the Economic Research Service or whatever agency he deems appropriate, shall conduct a continuing, nationwide survey of direct marketing from farmers to consumers in each State. The initial survey, to be completed no later than one year following the date of enactment of the Act, shall include the number and types of such marketing arrangements in operation, the volume of business conducted by them, and the impact of such marketings upon financial returns to farmers (including the economic viability of smaller farmers) and upon food costs and quality to consumers.

Section 5—Assistance for direct marketing

Subsection (a) provides that the Secretary shall allocate the funds appropriated for the section to promote the establishment and operation of methods of direct marketing from farmers to consumers to the State departments of agriculture and the Extension Service of the United States Department of Agriculture. The Secretary shall allocate funds to any particular State on the basis of the feasibility of direct marketing from farmers to consumers within that State as compared to other States, and shall allocate funds within a State to the State department of agriculture and to the Extension Service on the basis of the types of activities which are needed in the State and on the basis of which of these two agencies, or combination of them, can best perform those activities.

Among the activities to be carried out by the State departments of agriculture and the Extension Service to promote traditional farmer-to-consumer marketing, section 5 specifies the following: sponsorship of conferences designed to share information among interested persons

and groups concerning the establishment and operation of direct marketing arrangements; compilation of relevant laws and regulations; formulation of drafts of enabling legislation; preparation and dissemination of practical information on the establishment and operation of direct marketing; and providing technical assistance for the purpose of aiding interested individuals or groups in the establishment of arrangements for direct marketing from farmers to consumers.

Subsection (b) provides that the Secretary shall take into account consumer preferences and needs which may bear upon the establishment and operation of arrangements for direct marketing from farmers to consumers in the implementation of section 5.

Section 6—Annual report

Section 6 provides that the Secretary shall periodically review the activities carried out under the Act, and shall report to the Committee on Agriculture of the United States House of Representatives and the Committee on Agriculture and Forestry of the United States Senate, within one year of the date of enactment and annually thereafter, with respect to the effectiveness of the Act.

Section 7—Funding authorization

Section 7 authorizes appropriations for the purpose of carrying out the Act as follows: for sections 4 and 6, such sums as are necessary; for section 5, \$1.5 million annually for the fiscal years 1977, 1978, and 1979.

COMMITTEE CONSIDERATION

I.

On May 12, 1976, the Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices held a hearing on S. 1985, S. 2610, and H.R. 10339. Each of these bills is designed to encourage the direct marketing of agricultural commodities from farmers to consumers.

The Subcommittee received testimony from Senator John Tower, Representative Joseph P. Vigorito, the United States Department of Agriculture, the Georgia Farm Bureau Federation, the Dairy Farmer Distributors of America, the National Milk Producers Federation, the Consumer Federation of America, the Cooperative League of the U.S.A., and the National Farmers Union.

With the exception of the United States Department of Agriculture (whose views are described later in this report), each of the witnesses and organizations gave general endorsement to the concept of direct marketing of agricultural commodities from farmers to consumers.

During the hearing, testimony was presented on the two present trends that exist, which this legislation addresses. On the one hand, the number of farmers, particularly those with small scale operations, has been continuously decreasing, eliminating thousands of families from the agricultural economy. On the other hand, consumers have found their food buying dollars buying less and less, to the point that for many American consumers, food buying choices have become critical budget decisions.

II.

Although the United States Department of Agriculture believes that it possesses sufficient legislative authority under the Smith-Lever, Capper-Volstead, Agriculture Marketing Act of 1946 and other acts to undertake all the actions outlined in H.R. 10339, they have not done so. The Committee believes that a concrete, legislative framework is needed to foster close working relationships between farmers and consumers, two groups which have many common goals and frustrations.

Under the legislation, increased numbers of farmers would be brought into closer and more direct contact with consumers, and thereby serve to increase farmer awareness of consumer demands for both the products and services involved in marketing. In addition, consumers would gain a greater understanding of the supply and quality problems with which farmers have to contend.

DEPARTMENTAL VIEWS

I.

The Department of Agriculture opposes the enactment of the legislation. The statement presented by Dr. Don Paarlberg on S. 1985, S. 2610, and H.R. 10339 at the hearing before the Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices reads as follows:

Mr. Chairman and Members of the Subcommittee, it is a pleasure to present to this subcommittee the Department of Agriculture's comments on S. 2610, S. 1985 and H.R. 10339.

We view the intent of these bills to provide financial support for development of economically viable arrangements whereby farmers can deal directly with consumers in the marketing of farm products. We note that these bills differ in that the Senate bills provide funding for the development of innovative methods of direct marketing from farmers to consumers which is not included in the House Act.

As you know, the basic philosophy of the Secretary of Agriculture is that U.S. farmers should become more market oriented. Legislation such as proposed by these bills would bring increased numbers of farmers into closer and more direct contact with consumers, and serve to increase farmer awareness of consumer demands for both the products and services involved in marketing. In addition, legislation such as this could bring about a greater understanding by consumers of the supply and quality problems with which farmers have to contend.

However, we feel that this proposed legislation is unnecessary. The Department of Agriculture already possesses sufficient legislative authority under the Smith-Lever, Capper-Volstead, Agriculture Marketing Act of 1946 and other acts to undertake all the actions outlined in the proposed legislation.

More importantly, the Department cannot support this bill because of the new Federal spending it would require in fiscal year 1976 and succeeding years.

We do not see direct marketing arrangements as a replacement for the mainstream of our present food marketing system. Direct marketing activities would seem to have the highest potential in certain specialized situations with respect to surplus crops, and seasonal and localized market situations. Direct participation in exchange arrangements between farmers and consumers currently accounts for less than two percent of food sales and is an activity with which neither group has wide familiarity.

There are problems in developing direct marketing arrangements between farmers and consumers. Major among these is the desire of farmers to obtain the highest possible price and the equally strong desire of consumers to buy the food supplies as cheaply as possible. This conflict has been met head-on by the Department in assisting both groups in organizing and establishing direct marketing activities.

II.

The Department of Agriculture also submitted adverse reports on S. 1985 and S. 2610. The reports read as follows:

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., October 7, 1975.

HON. HERMAN E. TALMADGE,
Chairman, Committee on Agriculture and Forestry, U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your request of June 25, 1975, for a report on S. 1985, a bill "To encourage the direct marketing of agricultural commodities from farmers to consumers".

This Department recommends that the bill not be enacted.

S. 1985 provides for substantially increased research and technical assistance by agencies of the Department of Agriculture. In its intent to foster arrangements for the marketing of fresh and processed farm products direct from farmers to consumers, the bill has substantial merit. However, the Department of Agriculture already possesses sufficient legislative authority under the Capper-Volstead and other acts to undertake all the actions outlined in the proposed legislation. From this perspective, then, the bill is unnecessary.

More importantly, the Department cannot support this bill because of the substantial new Federal spending it would require in fiscal year 1976 and succeeding years. If larger budget deficits are to be avoided now and in the future, every agency, including the Department of Agriculture, must exercise extreme fiscal restraint.

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

Sincerely,

J. PHIL CAMPBELL,
Acting Secretary.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., March 3, 1976.

HON. HERMAN E. TALMADGE,
Chairman, Committee on Agriculture and Forestry, U.S. Senate,
Washington, D.C.

Dear Mr. CHAIRMAN: This is in reply to your request of November 7, 1975, for a report on S. 2610, a bill "To encourage the direct marketing of agricultural commodities from farmers to consumers."

This Department recommends that the bill not be enacted.

S. 2610 provides for substantially increased research and technical assistance by agencies of the Department of Agriculture. In its intent to foster arrangements for the marketing of fresh and processed farm products direct from farmers to consumers, the bill has substantial merit. However, the Department of Agriculture already possesses sufficient legislative authority under the Smith-Lever, Capper-Volstead, Agriculture Marketing Act of 1946 and other acts to undertake all the actions outlined in the proposed legislation. From this perspective, then, the bill is unnecessary.

More importantly, the Department cannot support this bill because of the new Federal spending it would require in fiscal year 1976 and succeeding years. The bill provides that \$2,500,000 be provided for each of the years ending September 30, 1976, 1977 and 1978 for the purpose of carrying out the provisions of sections 5 and 6 for a total of \$7,500,000. It is estimated that a total of \$1,500,000-\$2,000,000 would be required through September 30, 1978 to carry out the provisions of section 4. If larger budget deficits are to be avoided now and in the future, every agency, including the Department of Agriculture, must exercise fiscal restraint.

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

Sincerely,

JOHN A. KNEBEL,
Under Secretary.

COST ESTIMATE

In accordance with section 252 of the Legislative Reorganization Act of 1970, the Committee estimates that the costs which would be incurred by the Federal Government in carrying out the bill would not be in excess of \$1.5 million for each of the fiscal years 1977, 1978, and 1979 for the technical assistance authorized by section 5. It is estimated that a total of \$1.5 to \$2.0 million would be required through September 30, 1979, to carry out the survey required by section 4.

The Committee's estimate is in accord with the cost estimate furnished by the Department of Agriculture.

○

FARMER-TO-CONSUMER DIRECT MARKETING ACT
OF 1975

NOVEMBER 1, 1975.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. FOLEY, from the Committee on Agriculture,
submitted the following

REPORT

together with

MINORITY VIEWS

[To accompany H.R. 10339]

The Committee on Agriculture, to whom was referred the bill (H.R. 10339), to encourage the direct marketing of agricultural commodities from farmers to consumers, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

Page 5, line 15, strike "Sec. 8" and insert in lieu thereof "Sec. 7".

Page 5, strike lines 20 and 21 in their entirety, and insert in lieu thereof "for the fiscal year beginning October 1, 1976."

BRIEF EXPLANATION OF THE LEGISLATION

The bill provides as follows:

1. The Secretary of Agriculture is required to carry out a program to facilitate direct marketing of food commodities from farmers to consumers under which there would be—

A nationwide survey of direct marketing operations.

Allocation of funds to the State departments of agriculture and the Extension Service, to provide technical assistance for direct marketing within the respective States.

An annual report made to the Agriculture Committee of the Congress, detailing the progress in carrying out this legislation.

2. Funds are authorized in the amount of \$1.5 million for the fiscal year beginning October 1, 1976, for the technical assistance program under section 5 and such amounts as are necessary to conduct the surveys required under section 4.

PURPOSE AND NEED FOR THE LEGISLATION

The bill provides for a direct marketing program from farmers to consumers to be initiated and coordinated by the Secretary of Agriculture.

In recent years, there has developed an enhanced interest among farmers and consumers for direct farmer-to-consumer food marketing. In the case of consumers, this interest results from consumer preferences for fresh and unprocessed foods, and increased prices of food marketed through conventional retailing channels. To many smaller farmers, especially producers of fruits and vegetables, direct marketing can mean increased financial returns and, in some cases, the continued existence of the farm as a viable economic enterprise.

A program of direct marketing will bring the promise of substantial economic benefits to the nation. It can allow smaller farmers whose farms are interspersed with urban concentrations throughout the more populated areas of the country, in particular, to say in business, by providing backup assistance to help them to market their produce directly. It can allow more consumers to purchase fresh, field-ripened produce, often at lower prices than are otherwise available. Although the bill places primary reliance upon private individuals and groups to take initiatives toward new methods of direct marketing, on an economically self-sustaining basis, it can encourage flexibility and innovation in those instances where direct marketing appears to be feasible and beneficial. Furthermore, the successful operation of a direct food marketing facility within a town or city can have beneficial side effects for the business community by attracting people into the downtown shopping district and thus stimulating retail trade.

There are various impediments to the direct marketing arrangements that are built into our economy which may prevent successful operations without the program of technical assistance provided for in this legislation.

Although theoretically some program provided for under this bill might be carried out under existing legal authorities, the Committee is concerned that it might not actually occur without this explicit statutory mandate and the limited measure of funding which this bill provides. Further, the Committee believes that the basic concept of direct marketing has proven workable and that the prudent steps taken in this bill to facilitate direct marketing are warranted.

SECTION-BY-SECTION ANALYSIS

Section 1—Short Title

The first section provides that this legislation may be cited as the "Farmer-to-Consumer Direct Marketing Act of 1975."

Section 2—Purpose

Section 2 declares that it is the purpose of Congress to promote, on an economically sustainable basis, the development and expansion of direct marketing of agricultural commodities from farmers to consumers, and provides that the Secretary of Agriculture shall initiate and coordinate a program to accomplish that objective as set forth in the Act.

Section 3—Definition

Section 3 defines "direct marketing from farmers to consumers," as used in the bill to mean the marketing of agricultural commodities at any marketplace established for the purpose of enabling farmers to sell their agricultural commodities directly to individual consumers in a manner calculated to lower the cost and increase the quality while providing increased returns to farmers.

Section 4—Nationwide Survey

Section 4 provides that the Secretary of Agriculture, acting through the Economic Research Service or whatever agency he deems appropriate, shall conduct a continuing, nationwide survey of direct marketing from farmers to consumers in each State. The initial survey, to be completed no later than one year following the date of enactment of this legislation, shall include the number and types of such marketing arrangements in operation, the volume of business conducted by them, and the impact of such marketings upon financial returns to farmers (including the economic viability of smaller farmers) and upon food costs and quality to consumers.

Section 5—Assistance for Direct Marketing

Subsection (a) provides that the Secretary of Agriculture shall allocate the funds authorized for the section to promote the establishment and operation of methods of direct marketing from farmers to consumers to the State departments of agriculture and the Extension Service of the United States Department of Agriculture. The Secretary shall allocate funds to any particular State on the basis of the feasibility of direct marketing from farmers to consumers within that State as compared to other States, and shall allocate funds within a State to the State department of agriculture and to the Extension Service on the basis of the types of activities which are needed in the State and on the basis of which of these two agencies, or combination of them, can best perform those activities.

The Committee expects that the Secretary, in allocating funds within any State under section 5, will take into account such factors as the relative experience and historical involvement of the department of agriculture and extension personnel, and the customary division of responsibility among them in performing research, education, direct action, and other activities which will facilitate direct marketing most effectively within the State.

Among the activities to be carried out by the State departments of agriculture and the Extension Service, to promote traditional farmer-to-consumer marketing, section 5 specifies the following: sponsorship of conferences designed to share information among interested persons and groups concerning the establishment and operation of direct marketing arrangements, compilation of relevant laws and regulations, formulation of drafts of enabling legislation, preparation and dissemination of practical information on the establishment and operation of direct marketing; and providing technical assistance for the purpose of aiding interested individuals or groups in the establishment of arrangements for direct marketing from farmers to consumers.

Subsection (b) provides that the Secretary of Agriculture shall take into account consumer preferences and needs which may bear

upon the establishment and operation of arrangements for direct marketing from farmers to consumers in the implementation of section 5.

Section 6—Annual Report

This section provides that the Secretary of Agriculture shall periodically review the activities carried out under this legislation, and shall report to the Committee on Agriculture of the United States House of Representatives and the Committee on Agriculture and Forestry of the United States Senate, within one year of the date of enactment and annually thereafter, with respect to the accomplishments pursuant to the legislation.

Section 7—Funding Authorization

This section authorizes appropriations for the purpose of carrying out this legislation as follows: For section 4 and 6, such sums as are necessary; for section 5, \$1.5 million for the fiscal year beginning October 1, 1976.

COMMITTEE CONSIDERATION

On July 23, 1975, the Subcommittee on Domestic Marketing and Consumer Relations held a full day of public hearings on H.R. 7488 and related bills designed to encourage the direct marketing of agricultural commodities from farmers to consumers.

At that time, the Subcommittee received testimony from Mr. Edward Mezvinsky, a Member of Congress from Iowa, the United States Department of Agriculture, the National Farmers Organization, the Cooperative League of the U.S.A., the Consumer Federation of America, the National Farmers Union, the Department of Agriculture of the State of Pennsylvania, and the National Grange.

With the exception of the United States Department of Agriculture (the views of which are described later in this Report), each of the above witnesses and organizations gave general endorsement and support to H.R. 7488, although several of the witnesses recommended changes in, or additions to, H.R. 7488.

The Subcommittee on Domestic Marketing and Consumer Relations held an open business meeting, on October 2, to consider H.R. 7488. The Subcommittee adopted six amendments and reported the bill favorably, as amended, to the full Committee on Agriculture. To avoid questions raised concerning the procedural handling of the bill, the bill was reconsidered on October 7, 1975, and on that date, the Subcommittee in the presence of a quorum again adopted the identical six amendments, and in the presence of a quorum, favorably reported H.R. 7488, as amended, to the full Committee on Agriculture.

The six amendments adopted by the Subcommittee were as follows: The Subcommittee adopted an amendment offered by Mr. Brown, to include the State departments of agriculture, along with the Extension Service, as the two agencies that would be responsible for carrying out the technical and other assistance for direct marketing authorized by section 5.

H.R. 7488, as originally introduced, provided solely for the Extension Service to administer section 5. The Committee acted because both

the State departments of agriculture and the Extension Service have been the primary moving forces, insofar as governmental agencies are concerned, in farm direct marketing activities.

Two amendments offered by Mr. O'Amours were adopted by the Subcommittee. One of these amended the definition of "direct marketing from farmers to consumers," in section 3, to make explicit that such marketing be conducted in a manner both to lower the cost and increase the quality of food to consumers. The other amendment by Mr. D'Amours shortened from two years to one year, following the date of enactment of this Act, the period within which the Secretary of Agriculture must complete the initial nationwide survey of direct marketing operations under section 4.

The Subcommittee also adopted three amendments offered by Mr. Richmond to require that the survey of direct marketing operations include an assessment of the impact of such marketings upon, among other things, food quality to consumers, and to provide that the Secretary shall take into consideration consumer preferences and needs in carrying out his responsibilities.

On October 30 the full Committee on Agriculture considered a clean bill, H.R. 10339, which incorporated all of the amendments adopted by the Subcommittee but also made certain changes in the bill which was approved by the Subcommittee, with a view toward achieving a broader bipartisan consensus in support of the bill and to meet the Administration's objections. The primary changes from the Subcommittee-approved version of the bill eliminated all funding for the current fiscal year, deleted a major section, and reduced the 3-year funding authorization from \$7.5 million to \$4.5 million. The Committee adopted a technical change in the bill and on the motion of Mr. de la Garza, adopted an amendment to Section 7, reducing the authorization from three fiscal years to one year (fiscal year '77). In the presence of a quorum, the Committee by a voice vote reported H.R. 10339, as amended, to the House of Representatives, with the recommendation that it do pass.

ADMINISTRATION POSITION

In a letter dated August 28, 1975, to Chairman Foley from the Honorable Richard A. Ashworth, Deputy Under Secretary of Agriculture, the Department of Agriculture expressed the view that H.R. 7488, as originally introduced, "has substantial merit". The Department took the position that the original version of the bill not be enacted, however, primarily on the basis of the "substantial new Federal spending it would require in fiscal year 1976 and succeeding years."

The amended bill reported by the Committee on Agriculture eliminates all funding authorization for fiscal year 1976, deletes a major section from the bill and the funding for that section, and reduces the funding for section 5 from 3 years to 1 year.

The letter expressing the views of the Department of Agriculture, on H.R. 7488, as originally introduced, follows:

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., August 28, 1975.

HON. THOMAS S. FOLEY,
Chairman, U.S. House of Representatives, Committee on Agriculture,
Longworth House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your request of May 23, 1975, for a report on H.R. 7488, a bill "To encourage the direct marketing of agricultural commodities from farmers to consumers."

This Department recommends that the bill not be enacted.

H.R. 7488 provides for substantially increased research and technical assistance by agencies of the Department of Agriculture. In its intent to foster arrangements for the marketing of fresh and processed farm products direct from farmers to consumers, the bill has substantial merit. However, the Department of Agriculture already possesses sufficient legislative authority under the Capper-Volstead and other acts to undertake all the actions outlined in the proposed legislation. From this perspective, then, the Bill is unnecessary.

More importantly, the Department cannot support this bill because of the substantial new Federal spending it would require in fiscal year 1976 and succeeding years. If larger budget deficits are to be avoided now and in the future, every agency, including the Department of Agriculture, must exercise extreme fiscal restraint.

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

Sincerely,

RICHARD A. ASHWORTH,
Deputy Under Secretary.

CURRENT AND FIVE SUBSEQUENT FISCAL YEAR COST ESTIMATE

Pursuant to clause 7 of Rule XIII of the Rules of the House of Representatives, the Committee estimates the cost to be incurred by the Federal Government during the current and the five subsequent years as a result of the enactment of this legislation would be as follows:

The Committee estimates that the cost of the bill to the U.S. Government for the fiscal year 1977 would, in no event, be in excess of \$2.5 million. The estimate is derived by adding to the \$1.5 million for fiscal year 1977 authorized to be appropriated for section 5, an amount of \$1,000,000 as the estimate which has been provided informally by the U.S. Department of Agriculture of the cost of the survey authorized by section 4.

Any additional cost of the bill over the five-year period will be dependent on future authorizations voted by Congress.

INFLATIONARY IMPACT STATEMENT

Pursuant to clause 2(1)(4), Rule XI of the Rules of the House of Representatives, the Committee estimates that enactment of H.R. 10339 will have no inflationary impact on the national economy. The costs to the government should be more than counter-balanced by the

salutary effects of the Act in reducing the costs and improving the quality of food purchased by the nation's consumers, and in improving the economic viability of smaller farmers thus enhancing the competitive nature of the agricultural economy.

BUDGET ACT COMPLIANCE (SECTION 308 AND SECTION 403)

The provisions of clause 1(3)(B) of Rule XI of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974 (relating to estimates of new budget authority or new or increased tax expenditures) are not considered applicable. There was no estimate and comparison prepared by the Director of the Congressional Budget Office under clause 1(3)(C) of Rule XI of the House of Representatives and section 403 of the Congressional Budget Act of 1974 submitted to the Committee prior to the filing of this report.

OVERSIGHT STATEMENT

No summary of oversight findings and recommendations made by the Committee on Government Operations under clause 2(b)(2) of Rule X of the Rules of the House of Representatives was available to the Committee with reference to the subject matter specifically addressed by H.R. 10339, as amended.

No specific oversight activities, other than the hearings accompanying the Committee's consideration of H.R. 10339 and related bills were made by the Committee, within the definition of Rule XI of the House of Representatives.

MINORITY VIEWS OF HON. STEVEN D. SYMMS
ON H.R. 10339

I oppose this bill not because it fails to present a good idea, but because it just isn't needed.

Farmer-to-consumer direct marketing. It has a very appealing ring, doesn't it? As a matter of fact, this means of marketing agricultural products apparently is becoming increasingly popular as individual farmers and farm groups are assuming a more active role in marketing their products than they have at any time in recent years. I think this trend is evidenced by the fact that farmers within reasonable distances from population centers are not only putting more efforts into farmer markets and roadside stand activity, but are also making more acres available to urban and suburban dwellers for "grow-your-own" and "pick-your-own" produce operations. One national farm organization has even sponsored a direct farmer-to-consumer meat marketing campaign.

I want to make it very clear that I am in full support of the direct marketing concept. In fact, my family runs a roadside fruit stand in Idaho where we sell produce from our farm directly to consumers.

The point I want to make, however, is that the emerging trend of farmer-to-consumer marketing is coming about because economic conditions are such that this practice is beneficial to both producers and consumers—that is, producers are receiving compensation for the extra effort they put forth in marketing their products while at the same time consumers are paying lower prices for these products than they would otherwise have to pay in the supermarket. This is the way it should be. If economics dictates that direct marketing should continue to flourish, fine and good.

On the other hand, no matter how many laws the Congress might pass affecting direct marketing, such as H.R. 10339, direct farmer-to-consumer marketing approaches will probably never be feasible for certain commodities and in certain locations because of transportation problems, including both distance and cost, perishability difficulties with some commodities, health and sanitation requirements, etc.

So, I ask, what is the need for H.R. 10339? Absolutely none, in my opinion. This bill represents very little more than legislation for the sake of legislating. It does authorize \$1.5 million or more for the Department of Agriculture to study and support the farmer-to-consumer marketing concept. I submit that this bill is a total waste of the taxpayers' money, for the reasons I have just stated. Furthermore, I am amazed at some of the proponents of H.R. 10339 who are the very same people who opposed so strenuously government intervention in our foreign agriculture markets, inasmuch as this bill takes a significant step in increasing the government's role in our domestic agricultural markets.

I cannot stress strongly enough the notion that even though H.R. 10339 has an attractive title and ranks right up there with motherhood and patriotism, it is an unnecessary and fiscally wasteful bill. \$1.5 million or more does not sound like a great amount, but remember that a number of \$1.5 million boondoggles add up to \$70 billion in deficits.

Yours for a free society,

STEVEN D. SYMMS.

Ninety-fourth Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the nineteenth day of January,
one thousand nine hundred and seventy-six*

An Act

To encourage the direct marketing of agricultural commodities from farmers to consumers.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Farmer-to-Consumer Direct Marketing Act of 1976".

PURPOSE

SEC. 2. It is the purpose of this Act to promote, through appropriate means and on an economically sustainable basis, the development and expansion of direct marketing of agricultural commodities from farmers to consumers. To accomplish this objective, the Secretary of Agriculture (hereinafter referred to as the "Secretary") shall initiate and coordinate a program designed to facilitate direct marketing from farmers to consumers for the mutual benefit of consumers and farmers.

DEFINITION

SEC. 3. For purposes of this Act, the term "direct marketing from farmers to consumers" shall mean the marketing of agricultural commodities at any marketplace (including, but not limited to, roadside stands, city markets, and vehicles used for house-to-house marketing of agricultural commodities) established and maintained for the purpose of enabling farmers to sell (either individually or through a farmers' organization directly representing the farmers who produced the commodities being sold) their agricultural commodities directly to individual consumers, or organizations representing consumers, in a manner calculated to lower the cost and increase the quality of food to such consumers while providing increased financial returns to the farmers.

SURVEY

SEC. 4. The Secretary shall provide, through the Economic Research Service of the United States Department of Agriculture, or whatever agency or agencies the Secretary considers appropriate, a continuing survey of existing methods of direct marketing from farmers to consumers in each State. The initial survey, which shall be completed no later than one year following the date of enactment of this Act, shall include the number of types of such marketing methods in existence, the volume of business conducted through each such marketing method, and the impact of such marketing methods upon financial returns to farmers (including their impact upon improving the economic viability of small farmers) and food quality and costs to consumers.

DIRECT MARKETING ASSISTANCE WITHIN THE STATES

SEC. 5. (a) In order to promote the establishment and operation of direct marketing from farmers to consumers, the Secretary shall provide that funds appropriated to carry out this section be utilized by

State departments of agriculture and the Extension Service of the United States Department of Agriculture for the purpose of conducting or facilitating activities which will initiate, encourage, develop, or coordinate methods of direct marketing from farmers to consumers within or among the States. Such funds shall be allocated to a State on the basis of the feasibility of direct marketing from farmers to consumers within that State as compared to other States and shall be allocated within a State to the State department of agriculture and to the Extension Service on the basis of the types of activities which are needed in the State and on the basis of which of these two agencies, or combination thereof, can best perform these activities. The activities shall include, but shall not be limited to—

- (1) sponsoring conferences which are designed to facilitate the sharing of information (among farm producers, consumers, and other interested persons or groups) concerning the establishment and operation of direct marketing from farmers to consumers;
 - (2) compiling laws and regulations relevant to the conduct of the various methods of such direct marketing within the State, formulating drafts of enabling legislation needed to facilitate such direct marketing, determining feasible locations for additional facilities for such direct marketing, and preparing and disseminating practical information on the establishment and operation of such direct marketing; and
 - (3) providing technical assistance for the purpose of aiding interested individuals or groups in the establishment of arrangements for direct marketing from farmers to consumers.
- (b) In the implementation of this section, the Secretary shall take into account consumer preferences and needs which may bear upon the establishment and operation of arrangements for direct marketing from farmers to consumers.

ANNUAL REPORT

SEC. 6. The Secretary shall periodically review the activities carried out under this Act and shall report to the Committee on Agriculture, United States House of Representatives, and the Committee on Agriculture and Forestry, United States Senate, within one year of the date of enactment of this Act, and annually thereafter, with respect to the effectiveness of this Act. The Secretary shall include in such report a State-by-State summary of the results of the survey conducted under this Act, and a summary of the activities and accomplishments of the Extension Service and the State departments of agriculture in the development of direct marketing from farmers to consumers during the previous year.

AUTHORIZATION OF APPROPRIATIONS

SEC. 7. (a) For purposes of carrying out the provisions of sections 4 and 6, there are authorized to be appropriated such sums as are necessary.

(b) For purposes of carrying out the provisions of section 5, there is authorized to be appropriated \$1,500,000 for each of the fiscal years ending September 30, 1977, and September 30, 1978.

EMERGENCY HAY PROGRAM

SEC. 8. In carrying out any emergency hay program for farmers or ranchers in any area of the United States under section 305 of the Disaster Relief Act of 1974 because of an emergency or major disaster in

H. R. 10339—3

such area, the President shall direct the Secretary of Agriculture to pay 80 percent of the cost of transporting hay (not to exceed \$50 per ton) from areas in which hay is in plentiful supply to the area in which such farmers or ranchers are located. The provisions of this section shall expire on October 1, 1977, and shall become effective on October 1, 1976, or on the date of enactment of this Act, whichever is later.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*