

C O P Y

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June 8, 1964

The Honorable Orville L. Freeman
Secretary
Department of Agriculture
Washington, D. C.

Dear Mr. Freeman:

The House Appropriations Committee in House Report No. 1387 has once again reminded us of the urgent need for controlling excessive beef imports by its recognition of the depressing effect beef imports have on cattle prices. This report, which confirms the views I have expressed on many occasions states:

"Cattle prices in the U. S. have dropped drastically in recent months and many cattle producers are facing financial ruin. At the same time imports of livestock meat and meat products have been increasing. Such imports have increased by more than 400% in the last few years. While recent negotiations have resulted in some 'voluntary' reductions in meat imports from Australia and New Zealand, the volume still coming in is creating a surplus on the domestic market which is continuing to depress cattle prices."

In pointing out the efforts of the Department to bolster the sagging market, the Committee alluded to your announcement that Section 32 would be used to buy up surplus meat for use in the school lunch program and similar worthy causes. However, in view of the over-all purpose of Sections 32 and 22, "to maintain purchasing power of American agriculture at somewhat near a par with purchasing power of labor which is protected by minimum wage guarantees and bargaining rights and with industry which can make automatic mark-ups to assure adequate return on investments," the Committee stated that use of Section 32 would not be effective unless meat imports from abroad were curtailed through the use of Section 22. So strong was the Committee view on this matter it was led to say "Sections 22 and 32 must work together." Section 22, which sets up the Administrative machinery for you to initiate effective import relief, provides:

"22(a) Whenever the Secretary of Agriculture has reason to believe that any article or articles are being or are practically certain to be imported into the United States under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with any program or operation undertaken under this title..or Section 32, Public Law 32, 74th Congress, approved Aug. 24, 1935, as amended..he shall so advise the President, and, if the President agrees that there is reason for such belief, the President shall cause an immediate investigation to be made by the United Tariff Commission, which shall give precedence to investigations under this section to determine such facts."

"22(b) In any case where the Secretary of Agriculture determines and reports to the President with regard to any article or articles that a condition exists requiring emergency treatment, the President may take immediate action under this section without awaiting the recommendations of the Tariff Commission, such action to continue in effect pending the report and recommendations of the Tariff Commission and action thereon by the President."

The Department's view in the past has been that Section 22 was not applicable to beef because it was not a price supported commodity. That view should now change. It would appear the plain language of the statute suggests that Section 22 is applicable whenever operations undertaken under Section 32 are materially interfered with, regardless of whether beef is covered by the regular price support program. I and many others share the position held by the House Appropriations Committee.

In view of the above and since it cannot be denied that beef imports will materially interfere with your intended implementation of Section 32, I urge that you proceed under Section 22 to limit beef imports. If you do not choose to use Section 22, then: (1) On what basis can the Department justify its use of Section 32, and to what extent can its use be expected to furnish protection to the cattle industry? The Appropriations Committee has stated "it is impossible to maintain a balance between supply and demand through buying up of surpluses--using Section 32 funds or otherwise--when unlimited amounts can enter the country from abroad in direct competition with American production." Is not the use of Section 32 alone merely requiring taxpayers to purchase the surpluses created by imports? (2) Do you still contend that you do not have the legal authority to initiate Section 22 action? If so, why? (3) If you do have legal authority to act under Section 22, what policy reasons are preventing you from acting to protect this important segment of U. S. agriculture?

Your comments will be appreciated.

Sincerely yours,
BCE DOLE, M.C.