

MAINE STATE LEGISLATURE

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JOINT SPECIAL LEGISLATIVE INVESTIGATING COMMITTEE

Testimony of Charles M. White

Re: Department of Agriculture.

State House, Augusta, Friday, Oct. 18, 1940.

Counsel:
Donald W. Webber
Hubert Ryan

Friday, October 18, 1940.

21

CHARLES M. WHITE, having been duly sworn, testified as follows:

(By Chairman Tompkins)

Q. What is your full name?

A. Charles M. White.

Q. And are you employed in the Department of Agriculture?

A. Yes, sir.

Q. What is your position there?

A. Chief of the Division of Markets.

Q. And as Chief of the Division of Markets what are your duties?

A. Generally, the law states that the Division of Markets shall secure improvement in the marketing of farm products and the purchasing of farm supplies. That work has resolved itself into the standardization of farm products as a major activity. We also collect statistics as a division, and in cooperation with other agencies, relating to crops, markets and canning crops and distributing those to interested parties. We do lecture work and educational work wherever opportunity offers that will help the farmers to secure more and better returns for their farm products. I guess briefly, Mr. Chairman, that probably covers it.

Q. As Chief of the Bureau of Markets, is it your duty to see to the branding of potatoes?

A. That is correct.

Q. What is the method employed in inspection and branding of potatoes?

A. There are really two lines of work connected with potato inspection work. Back in 1921 a general standardization law was passed giving the Commissioner of Agriculture authority

to ascertain the quality and condition of fruits, vegetables and other perishable farm products and furnish statements to interested parties.

Now under that authorization in the fall of 1921 we instituted what was known as shipping point inspection, and we have cooperated with the Federal government so that the standards used would be uniform with the United States standards and therefore of real benefit to our shippers and producers in having the quality known at time of shipment, so that when they arrived in the markets the chances ~~were~~ that they will be rejected will be lessened. Now under that plan the use of inspection is entirely voluntary, the shipper or grower is in no way obligated to have it unless he elects to. In that law it is also stated that the fee shall be reasonable, as near as may be, to cover the cost for the service rendered, so while most states have maintained a charge of four dollars per car, after the work became fairly large in volume and the shippers found that it was of real use to them, we were able to reduce that fee to three dollars.

Now naturally, in order to pay our men, our inspectors, we have no appropriation for that purpose, it is a special service for a special group, and we depend on those fees to maintain our payroll; and as far back as when Mr. Shaw was Attorney General he ruled that if at the close of the season we had any of these fees left over they should be rebated back to the men who had the inspection service. Now, naturally, we are confronted with a

rather difficult situation in this way, that when the service starts in the fall we have to use our general appropriation in order to start the payrolls, and then there is what you might call a dry time until the fees are collected in sufficient volume to meet that payroll, because shipments sometimes jump very rapidly and we put on a big crew and we cannot collect our fees and get things revolving in good shape for some weeks or months.

To get back to what you asked. The reason I am stating that is we have charged the three-dollar fee, and I do not think there are more than one or two states in the union that have as low a fee. In addition to that, for the last several years we have been able to make a rebate in June or July of the left-over from those fees amounting to as high as 62 cents a car. There are certain factors that would explain that. Ordinarily the rebate would only amount to thirty-five or forty cents, so that the net cost to the shippers has really been about \$2.65 to \$2.70 a car, which is lower than any other State in the Union.

Now the other feature of our potato inspection work was committed to us in 1935, under the so-called potato branding law. Under the potato branding law, it briefly means that the grade, the net weight, the name of the potatoes and the shipper's name ~~xxxx~~ and address shall appear on each container, and the law provides that if potatoes are offered for sale which are untruthfully branded that action is to be taken to correct it. Now for your information I shall have to quote approximate figures, because I did not realize the line this was going to take and

I haven't the exact figures, but last year the appropriation under the branding law was \$8000. We had three full-time men on the job during the shipping season, and we used two part-time men at peak shipping periods. They made a total of over seven thousand individual checks during the shipping season. Out of those individual checks there was a little over 250 cases of gross misbranding. Now of those more than 250 cases of gross misbranding we were able to have them adjusted and the stock either regraded or remarked to conform with the true quality of the contents in all cases except 28. Those 28 were taken into court and varying fines assessed according to the judges judgment. The interesting thing to you people I think would be that while the tolerance for defects is six per cent the average defects in these court cases were twenty per cent. In other words, the thing I would like to present, Mr. Chairman, is this: that we do try to adjust those cases in a man to man fashion, except when they get to be what you might call rather extreme cases. Furthermore, no man is ever taken into court on a first offense. We give him two or three chances and try to find out if possible whether he is really making a conscientious effort to put his stuff up truthfully branded or whether he is just being careless.

Now you see in this way we have two distinct services to render. One is^a regulatory service under the potato branding law, and the other is an optional service which the shippers and growers ask for because they believe it will help them to sell their products and save them money by way of not having to make adjustment on the other

end. Does that explain that?

(By Chairman Tompkins)

CHAIRMAN TOMPKINS: It explains it to me because you and I understand it.

A. Let them ask questions.

Q. What is the difference between these two inspections?

A. You mean the method of taking samples?

Q. No; the difference between the inspection the shipper asks for and the inspection as required by law?

A. Well, you see the branding law simply requires truth in branding. That is the principle of that. There is no obligatory inspection except our men, these three full-time men, ~~xxx~~ and the two part time men travel about the shipping area and they catch as catch can these different shippers so as to check on them as frequently as possible. They go from station to station and go into cars or trucks and take representative samples, and if the samples show they are correctly branded, they just go about their business.

Q. They are simply inspectors and do not watch over the shipment of potatoes?

A. It is impossible, because last year we shipped, counting trucks and all, over forty thousand cars.

Q. Now who pays for the inspection?

A. You mean under the branding law?

Q. Yes.

A. Under the branding law there is an appropriation of \$8000, and that covers all inspections under the branding law.

Q. Now who pays for the requested inspection?

A. The optional inspection, the shipper or grower who is interested in that particular lot of potatoes.

Q. And does the cost of that inspection come out of the producer?

A. No more than the cost of freight or bags or the labor of grading the potatoes.

Q. It is not deducted from the price?

A. Not at all.

Q. Now which one of these inspection divisions is it that the shipper gets the refund?

A. The optional. Of course on the State appropriation if there was anything left that would go back into the contingent fund.

Q. I have here a letter of complaint, and among other things it asks: "We would like to know why we as small shippers have to pay travelling expenses were large shippers do not." Now/in connection with this inspection, I presume.

A. Oh, I cannot tell you how long ago it was, but it was in the early days of this optional inspection service. We found that in periods of a rising market that the shippers made little use of shipping point inspection. The reason for that is obvious, because on a rising market the receiver realizes that if he kicked on a shipment that the shipper could divert the shipment and even if it was not up to grade he could still get as much or more for the shipment than the receiver had offered. Consequently shippers feel on a rising market they don't need inspection.

I think you people will realize from a practical viewpoint, unless we have a fairly uniform volume of business

on this optional inspection it requires a force of men in order to give service to those who ask for it, and it is pretty difficult to maintain our payroll. So we talked it over with several group meetings of the shippers, and asked if there was any way that we could get a more uniform spread of inspections throughout the shipping season, and as a result of these conferences the policy was agreed on ~~with~~ these various shippers that if we could be guaranteed by the individual or group of individuals a seasonal volume of 1000 inspections, that we would furnish them inspection at a flat rate of three dollars a year. In other words, if the inspector had to go from his designated station out to some siding, which would involve, just for example perhaps fifty cents to a dollar travelling expense, which of course was charged to that individual shipper, that we would just count that out, because we figured that the uniform volume throughout the season would keep our men employed and give us a uniform income. Now that seems to have worked pretty well in almost all cases. We have made that a general policy. I could cite you an example of where small shippers on the line from Sweden to Carson -- that is on the Arcostook Valley Railroad -- have joined together now and for three years we have furnished them an inspection on that basis. As a matter of fact, we did not adhere to that 1000 car minimum, for the simple reason that in that area there during the shipping season they don't ship that many cars, but those eight men did ship seven or eight hundred cars, and inasmuch as we could put a man in there that would simplify it and we wouldn't lose any money, in fact we would make a little money, and they were given a flat rate. We have

had difficulty with one particular shipper at that point, because he says it has been discriminatory. I have got a letter for the Chairman that I wrote to him under date of January 21, 1938, if you would like to insert that in your records.

CHAIRMAN TOMPKINS: We would like to have that. Another question first. As I understand it, where there is **only** a small number of cars to be inspected, the shipper pays the traveling expenses of the inspector?

A. That is right. In other words, just to take an example: We have Paul's siding, two and a half or three miles outside of Caribou. During the year the chances are more than even there would not be a total of more than fifty cars shipped out of that particular siding. There is not volume enough to maintain a man there all the time. You can see fifty cars would only give an income of \$150, and you couldn't keep a man in there for five months for \$150, so that the practice is that the man stationed at Caribou will go out to Paul's and give them service whenever they need it, and the actual expense, usually five cents a mile for the automobile, is charged from Caribou to Paul's siding and return.

Q. Now you must keep in mind the difference between the optional inspection and the branding law. Under the branding law you only have three or four inspectors through the County of Aroostook?

A. That is right.

Q. And for the optional inspection, how many men employed?

A. At the peak of the season we have employed as high as sixty-two or sixty-three men.

(By Chairman Tompkins)

Q. Now what is the method of inspecting trucks under the optional inspection?

A. The truck fees are based on a minimum of a dollar, the reason being that they usually carry 100 sacks. A standard carload is 400 sacks. The fee is increased as the size of the truckload is increased, and in that connection I ought to say that the cost of inspecting trucks is much higher than that of inspecting cars, for the reason that the truckman may ask for inspection when the truck is practically loaded, and those trucks are hard to get at, also the fact that there being only say 100 to 200 sacks, we have to take more samples in order to be sure that we have a representative percentage for the load as a whole. Those trucks being loaded sometimes from farmers' cellars where the light is not so good, the sorting as a rule is not so uniform as it is in potato houses where they have well-built racks and good light.

Q. Then you would say that the complaint that this money should be returned to the farmers and not to the shippers is without foundation?

A. Well, that would be my opinion, Mr. Chairman, because I think it would be just as reasonable to expect a shipper who bought potatoes and was fortunate enough to have the market advance while they were in his possession and then sold them, it would be just as reasonable for the farmer to expect him to divide that profit.

Q. Wouldn't it be quite an intricate job to reimburse the farmer?

A. It would not only be intricate, but it would finally work

down to such a meagre figure that the farmer would not know he had got anything anyway.

(By Chairman Tompkins)

Q. And wouldn't it be the duty of the shipper to reimburse the people from whom he had bought his potatoes rather than the duty of the State?

A. Oh, absolutely. He is the one that trades with the individual, not us.

Q. You had a letter you said you would like to read.

(Letter read off record)

Q. Do you find many complaints similar to this coming from Aroostook County?

A. I cannot recollect any within the last three years.

Q. Is this one shipper the only complainant you have had in regard to your optional ~~ex~~ inspection service up there?

A. That is right.

Q. And as to the branding inspection service, do you have any complaint?

~~XXXXXXXX~~

A. Oh yes; you can't take a man into court and have him like you.

Q. Do you get many repeaters on these violations of the branding law?

A. Very few. I might add there, I think it is only fair to tell the Committee that we do have lots of trouble with the truckers. Our experience is that 95 per cent of them are just the same as just as good as any other class, and are decent sort of people, but that other five per cent, the roads are long, there are a lot

of them, and a few of them seem to be determined to mark cull potatoes as No. 1, and we just don't like it.

(By Chairman Tompkins)

Q. Just for the information of the Committee, the disease that has developed to an alarming extent apparently in the potato crop in Maine, known as necrosis, is it difficult to detect this disease by mere physical examination?

A. Yes, sir, that is right.

Q. How do the inspectors go about to inspect for this disease?

A. We snip the stem end. You don't have to take hardly anything off to reveal it. If the disease extends into the potato deep enough to cause a waste of over five per cent, it throws it out of U.S. 1; if it makes a ten per cent waste, it throws it out of U.S. No. 2. In order to give the men who were unfortunate enough to have this trouble a chance to ship their potatoes and still tell the truth about them, three years ago Commissioner Washburn promulgated the utility grade, and this allows them to have a total of defects of twenty-five per cent, provided that not over eleven per cent is serious, in other words not over eleven per cent will cause more than ten per cent waste. The reason for that is simply this, just as your man has indicated: a man might take a crop that the external appearance of the tuber was bright and clean but perhaps fifteen or eighteen per cent of them affected with this trouble, so that actually he has got from eighty to eighty-five per cent of desirable No. 1 potatoes. According to the United States grades those would

have to be marked culls, because there is over six per cent defects, so the State of Maine created this utility grade so that they could legally ship those without misrepresentation.

(By Mr. MacNichol)

Q. I would like to ask a question in regard to this voluntary inspection. Do many of the small shippers subscribe to that or would it be outside of their means if they were apart from the regular shipping points? It would almost be denied to them on account of the cost, would it not?

A. No. Last year we made a total of a little over 24,000 inspections.

Q. In most private business they would average that and make the cost the same to all. I should think that would be a fairer way for the State to do, instead of turning the money back, make this available to the small shippers at the same cost.

A. Well, it is.

Q. But if I want to ship a carload of potatoes from Princeton and I have got to go to Houlton and pay a man to come down and inspect them, I have got to pay ~~the~~ his mileage, and pay his subsistence, which automatically denies me the right to ship that carload of potatoes under inspection.

A. I don't know. That is a moot question. Perhaps I might say we have stretched our imagination in the case of Eton, down near Danforth. We lost money, plenty of it, in trying to give him service. You see where we depend on fees we could not go too far on that.

Q. You are getting three dollars, and last year you returned around \$18,000, did you not?

A. No; I think it was around \$11,000.

(By Mr. MacNichol)

Q. That would pay for another two or three men?

A. That is quite true, but you take an isolated case like that, you would have to include such instances as Palmyra, have to go over into Oxford County, where a very few are shipped, and you would very quickly find you were penalizing the men who were paying three dollars for the sake of perhaps twenty or twenty-five shippers. Would that be exactly fair to increase the fee? We did about 24,000 inspections last year. Suppose we maintained the fee at three dollars without a rebate on 23,000 in order to furnish service to another thousand?

Q. I don't think you would have to increase it.

A. You are indicating we should use that rebate?

Q. I am not saying you have got to use it all. I am just taking the situation of a man in Washington County who wants to ship a carload of potatoes on one of these voluntary inspections, he can't do it. He can at an abnormal cost.

A. I will grant you that the cost would be practically prohibitive.

Q. That man is denied the right, while another man, because he happens to live in Houlton, where they are shipping ten thousand cars, has that right.

A. What would be your answer -- to maintain a man there?

Q. No; but I was wondering if there was any way that service could be made available more uniformly to men in Oxford County. I don't know as they ever want them. I can see how the complaint of that person that wrote in could be justified in some way.

A. Of course that particular complaint comes right from Presque Isle. They ship quite a few potatoes out of Presque Isle.

(By Senator Laughlin)

Q. In grading potatoes, say such as No. 1, do you take into account those that are chipped with a hole and cut?

A. If the waste amounts to more than five per cent, or the appearance of the potato is merely affected?

Q. I bought some Number 1's a while ago, and a very large percentage were chipped with a hole or cut. It didn't look like No. 1 to me. If that is a matter of size, that is all right, but if it is a matter of quality it is all wrong.

A. This branding law, we investigate whenever we have complaints, in addition to keeping men in the field, but I think you will agree it is quite a problem to cover about 3000 retail stores with a limited force. We would be glad to investigate complaints any time. Our experience shows that over 90 per cent of them like to do the right thing, and the other five or ten per cent give us an awful headache.

CHAIRMAN TOMPKINS: As a matter of fact, Mr. White, it is very possible it might happen that those potatoes that were sold as U.S. Grade No. 1, something might happen after they came into the hands of the storekeeper?

A. That is right.

CHAIRMAN TOMPKINS: And as a matter of fact, Mr. White, isn't it true in the big markets the Maine potatoes are often subjected to substitution by potatoes from other States?

A. We had instances of that last winter that we investigated. Of course we have no authority outside the State except to get the assistance of the Department of Agriculture and other States, and we were able, in a few instances where we could get the facts, to stop the use of secondhand containers that were being used.
(By Senator Laughlin)

Q. I saw some bags open in a store in Portland, Idaho potatoes on one side and Maine on the other, and the Maine were all chipped and cut, and after looking at them I would not have for a moment thought of buying the Maine potatoes.

A. What was the grade mark?

Q. No. 1.

A. I wish we had had that. We would like to investigate that.

Q. The next time I see it I will call it to the attention of the department.

A. We would be very happy to get that.

CHAIRMAN TOMPKINS: As a matter of fact, Mr. White, most of the potatoes that are furnished to our Maine stores are furnished through the truck shipments?

A. That is right.

Q. And it is through the truck shipments that you have the most trouble?

A. That is right. They give us more trouble, Senator, I will say double the trouble that the carload shippers do.

SENATOR LAUGHLIN: In inspection they strictly conform to the law on size, don't they?

A. That is right.

SENATOR LAUGHLIN: I suppose they run them through the grader and wouldn't catch these defective potatoes because they are running through the grader too fast.

A. They could if they would, but they don't always elect to. They have a belt on these graders after they run through the sizing chain, and the men are supposed to stand on each side of it and pick the defective potatoes out.

SENATOR LAUGHLIN: That is what I supposed. I never have seen them grade potatoes. I have seen them grade oranges and California fruits.

A. It is good deal the same principle.

SENATOR LAUGHLIN: I supposed it was the same principle and they should be able to catch defective potatoes.

A. That is right.

(Witness excused)

The foregoing is a true transcript of my shorthand notes in the above matter.


Reporter.