

(b) To assure the wholesomeness of cranberries on the grocery shelves.

(c) To keep the cranberries in the hands of the trade, and encourage the trade to make disposal of such cranberries as do not have a reasonable prospect for sale during the remainder of the present marketing year.

(d) To carry into the 1960 marketing season only such cranberries as are needed to smooth the transition to the new crop.

(e) To avoid the needless expenditure of sums for processing. (To develop a government program that deals with a processed product would make the program much more expensive, provide proportionately less help for the producer, and run the risk of encumbering the market with a huge carryover, thereby impeding movement of the coming crop.)

9. Some problems remain to be worked out. About eighty percent of the cranberries move through co-ops; the program will work best with respect to these berries. The remaining share of the crop, produced by about 600 growers, presents some difficulties. Here payments will have to be made directly to the producers, and will have to equal the differences between such sums as they have already received from the sale of cranberries and the \$10.34 per barrel objective. This will require individual auditing. Records of the processing plants will be available, however, and should present no insurmountable problems.

10. The cranberry co-operative feels that it should have additional compensation for added cost involved by this year's unique operations: greater than average storage costs, interest charges, costs incurred through stock rotation, testing, and the like. The Department of Agriculture will resist any liberalization of this program.

11. The Department of Agriculture will not utilize a program in any way similar to this one for 1960. - It is recognized that consumer confidence may not be fully restored by the Fall of 1960. However, it is felt that there will be an opportunity, if difficulty threatens in dealing with the 1960 crop, to refrain from the use of irrigation water, to leave berries unharvested, to adopt a marketing order, or to undertake a limited program of purchase and diversion.

March 5, 1960

**MAJOR ASPECTS OF THE DEPARTMENT OF AGRICULTURE'S
PROPOSED CRANBERRY PROGRAM**

1. This would be a payment program, working through the cooperative and with some individual growers, based on paragraph 3 of Section 32.
2. Its purpose would be to make up the major share of the difference between what is actually realized from disposal of the 1959 cranberry crop and the average farm value of the crop during the last two years. The cost of the program would be approximately \$10.5 million. Funds are available. Neither appropriations nor authorization is required.
3. The 1959 crop totaled 1,252,000 barrels. A return of \$10.34 per barrel would bring the farm value of this crop up to the average of the last two years, \$13 million.
4. Approximately \$2.30 per barrel, on the average, has thus far been earned on sales from the 1959 crop. There will be some additional earnings, but not many cranberries are expected to move during the remainder of this season, which is the slack time of year.
5. Payments are contemplated up to a maximum of about \$8.00 per barrel, which, together with the \$2.30 already earned, would bring the return up to the target level.
6. This payment would be made in two installments. One would be made soon; the other would be made at the termination of the marketing season. This final payment would reflect market movement between now and the end of the season. If the market movement is large, the payment would be correspondingly reduced.
7. Associated with the foregoing will be a program of testing by HEW and the trade. This, together with stock rotation by the trade will have the effect of assuring the consumer that every can of cranberries on the grocery shelves is wholesome.
8. The effect of this payments program would be:
 - (a) To provide incomes to cranberry growers which would approach the average income of the last two years.