

Mr. LEGGE. We have the records of the livestock cooperatives, and their record is very good, as a class. They are growing rapidly in number and in the percentage of their business.

Mr. BYRNS. I understand the exchange members, of course, handle the bulk of the livestock. I wondered whether the board could deal with them, even if they wanted to, under the law?

Mr. LEGGE. I can not see any provision in the law which enables us to furnish aid to private operators.

Mr. BYRNS. For the same legal reason that Mr. Stone gave with reference to handling tobacco?

Mr. LEGGE. Yes. Congress, in passing the law, established the principle of cooperative effort among the farmers themselves as a basic principle, and we think you were right. Our experience so far confirms our judgment as to what we think is the right approach, that is, collective action on part of original producers.

Mr. BYRNS. Would your board have any right to aid livestock growers or raisers, whether they are operating on a large or a small scale, who are not members of this cooperative association?

Mr. LEGGE. I think we would have the right if they had some set-up that complied with the Capper-Volstead law requirement as to a cooperative organization. There is a serious question, however, when there is such an organization in existence that we believe to be functioning efficiently, as to whether or not we should encourage the duplication in the same market on the part of another group of producers.

Mr. BYRNS. I do not know whether you care to give your reasons for the record or not, but I understand the board has refused aid to livestock growers because they insist on the right to permit commission companies of long service and reputable standing to sell their livestock. Is that true; and if so, why?

Mr. LEGGE. No, that is not technically correct, Congressman. We can not extend financial aid to the commission companies.

Take, for instance, the wool cooperative. They have made a contract with an old-time wool firm, one of the largest in existence, and it does all their selling for them. This commission firm gave up all their other business to devote their efforts to the sale of the cooperative's products, which they are selling for them on a contract basis. So we did not stick to the principle of not dictating how they shall sell.

But when it comes to extending financial aid to the commission merchants, we do not feel that the law contemplates our doing that.

Mr. AYRES. Even though the commission firm is doing business exclusively with the cooperative?

Mr. LEGGE. Oh, no; if the cooperative wants to contract with the commission firm to represent them as an exclusive sales representative, that is another matter. That is what has been done in the case of wool and what is being done in connection with some of the fruit and vegetable groups. Instead of the farmers setting up their own marketing machinery they have contracted with somebody else, on a basis satisfactory to them, to do their marketing for them.

Mr. STONE. We would not be permitted to advance money to the commission company, as a company.