

dairy farm in about 1911 at a time when there was not an adequate supply of healthy milk, of clean, sanitary milk in the vicinity of Annapolis. There was no way that they could commercially acquire the volume of milk that they needed for the midshipmen.

Today, of course, we have, with due deference to the chairman's views on this subject, I think we have the finest quality milk in the world in Maryland.

Chairman PROXMIRE. The second finest.

[Laughter.]

Representative MATHIAS. In the Maryland milkshed we have adequate quantities. About 35 percent of our area milk production goes into surplus in, say, a typical month such as June of last year. We can supply at competitive prices all of the milk the Naval Academy wants.

But, perhaps most significantly, and it is a matter of principle, for every hundredweight of milk that is produced at the Naval Academy Dairy Farm, some farmers have a hundredweight of milk go into surplus, and they receive less than a break-even price for the milk.

So, I think this is a case where there is no longer a need for the Government to continue in competition with taxpaying free enterprise farmers.

The Comptroller General has adequately confirmed that there will be a saving to the Government if we get out of private business in this particular case. I think that the land may very well have a reasonable Government use in the future. But whether you use it for another Government use or whether you sell it, there is a saving because you are not having to go out and buy something else for a Government facility that may be established in that area.

So, I think that by all odds the time has come to close the Naval Academy Dairy Farm. It has been a good neighbor and a good friend to Maryland farmers. It has provided needed leadership in farm management and leadership in stock raising. But all of these things do not justify the continued violation of the principle of Government competition of free enterprise.

(The prepared statement of Representative Mathias follows:)

PREPARED STATEMENT OF REPRESENTATIVE CHARLES McC.
MATHIAS, JR.

Mr. Chairman, I appreciate this chance to participate in your inquiry into government business and procurement operations, and particularly the chance to discuss with you the case for closing the Naval Academy Dairy Farm at Gambrills, Maryland.

In my judgment, the Naval Academy Dairy Farm is a relatively small example of the general tendency to continue operations long after they have outlived the conditions which prompted them. Establishment of a dairy farm to serve the midshipmen at Annapolis may have been necessary in 1911, when a consistent supply of healthy, high-quality milk could not be assured through commercial channels. But in 1967, when the Maryland dairy industry has assumed a high position in the Nation, and actually produces far more milk each year than the commercial market can absorb, the Dairy Farm is a Government operation in direct competition with tax-paying private enterprise, and should be closed as soon as an orderly liquidation can be accomplished.

Mr. Chairman, the Federal Government's general policy of reliance on private enterprise to furnish needed goods and services has been reiterated within the past year by the President (in a memorandum of March 3, 1966, to heads of Departments and Agencies), by the Bureau of the Budget (in BoB Circular A-76, March 3, 1966), and by the Department of Defense (in DoD Directive