

In essence, if commodities are rejected upon offer by the shipper, it is his responsibility to see that USDA markings are obliterated. He accepts the responsibility unequivocally, and he agrees to payment of damages if he breaches it.

When a shipment of USDA-donated foods is received in damaged condition and the entire shipment is not to be rejected back to the shipper, consignees are required to accept all commodities which are usable for human consumption. Such commodities are recovered and used. Unusable portions that may have salvage value may, upon demand of the delivering carrier, be turned over for railroad salvage.

A review of the prices paid for foods used in the Department's various food programs indicates that there is little or no increase in cost as a result of the Department's relabeling requirements and procedures with respect to rejected foods.

These procedures originated in consequence of complaints received by the Department over a period of years. The complaints usually were confined to the policy question of whether we would allow foods originally packed for the exclusive use of the Department of Agriculture to be sold in commercial retail channels.

Labels on all packaged foods distributed domestically by USDA contain the statement:

Purchased by the
U.S. Department of Agriculture
Washington, D.C.

Not to be sold or exchanged

Nearly always, when any products bearing this kind of label appeared in salvage stores or other retail outlets, the Department was flooded with complaints or tips that stolen goods were being offered for sale. Consequently, we decided that something should be done to avoid this confusion and misunderstanding, short of barring its commercial sale entirely.

Originally, the first remedial step taken was to require that sellers remove from the label the portion stating not to be sold or exchanged. This requirement went into effect in the late fifties.

In 1960 the Department adopted an even more restrictive policy regarding foods rejected by us. At that time, the Department stated that all USDA markings required under the contract must be removed after rejection and before entry into commercial channels of trade. The only exception involves products which are rejected to railroad carriers. They are not required to obliterate markings on containers or products rejected to them but are required to stamp the containers with the words "Railroad salvage."

We believe that these restrictions on the commercial sale of USDA labeled products have served a worthwhile purpose and have been carried out at no appreciable cost to the Government.

Mr. WYDLER. Why that exception?

Dr. MEHREN. Because this is a standard part of railroad and transport procedure. They are subject to every requirement of wholesomeness and honesty of presentation that other products are, but it is a part of the damage claim of a consignee or a shipper against the railroad. It is, I believe—Mr. Grange can check me if I am not right—a part of standing procedure and standing law that railroads may claim usable products fit for consumption honestly labeled and use part of