

Part III

HISTORICAL DEVELOPMENT

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The first official Federal food grade standards were established for potatoes in 1917. The Food Production Act of August 10, 1917, encouraged the development and use of standards as part of producing the food needed for the military and U.S. allies. Although military needs were the major impetus for establishing a grading system, it was intended that the civilian food market would benefit too. The Government hoped the grading system would encourage farmers to grow higher quality produce, reasoning that since high quality food would sell at higher prices, the farmer would receive more for what he produced and therefore would be persuaded to grow better quality food.

The primary reason for grades was to make wholesale transactions simple and more efficient, thereby cutting food costs to consumers in the long run. Because a common language would be used nationally at wholesale, transactions would be simplified and time would be saved by wholesalers. Some of the cost reduction would be transferred to the consumer, and thus the consumer would benefit from wholesale grades by paying lower prices for food.

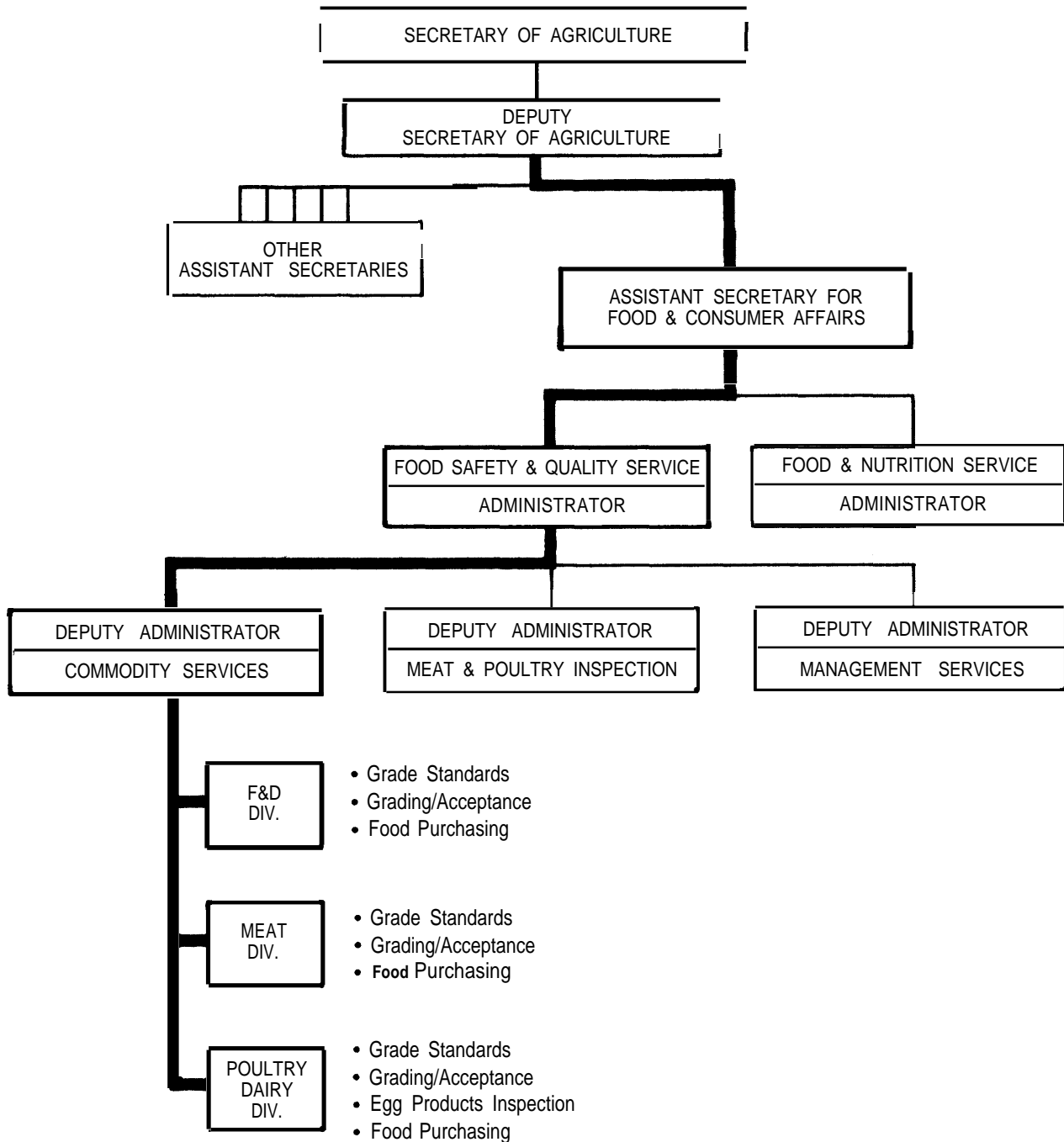
As the years went by, the USDA established wholesale grades for specific food products at the request of the food industry. In 1946, the Agricultural Marketing Act gave USDA the authority for the standardization of food quality grades and voluntary grading and inspection services. Section 203 (7, U.S.C. 1621-1627) of this Act states that:

The Secretary of Agriculture is directed and authorized (h) to inspect, certify, and identify the class, quality, quantity, and condition of agricultural products when shipped or received in interstate commerce. . . , to the end that agricultural products maybe marketed to the best advantage, that trading may be facilitated, and that consumers may be able to obtain the quality product which they desire

As a result of this Act and growing congressional pressure, a memorandum was released by the Secretary of Agriculture on November 2, 1953, establishing the Agricultural Marketing Service (AMS) and placing the grading system required by the 1946 Act under its jurisdiction, where it has remained until recently. * The AMS administrator reported to the Assistant Secretary for Marketing and Consumer Services. AMS was organized into four major food divisions: dairy, fruits and vegetables, poultry, and livestock. Other divisions within AMS handled cotton and cottonseed, grain, and tobacco grading, areas which do not enter into this discussion as they are commodity rather than food-grading programs. In 1977, the food grading functions were shifted to USDA's Food Safety and Quality Service. Figure 3 depicts a proposed organizational structure of this new agency.

¹Wayne D. Rasmussen, Historian, Economic Research Service, Interview.

Figure 3.
**Proposed Organization Structure of USDA's
 Food Safety and Quality Service**



SOURCE: USDA, AMS Office of Information