
**APPENDIXES
AND GLOSSARY OF TERMS**

RECENT STUDIES MENTIONING FOOD GRADING

Though the food-processing industry is strongly against changing the present USDA grading system, other sectors of the economy, several Federal reports, and some individuals within the Federal Government favor changes in the grading system. Changes have been advocated in such Government reports as the Report of the National Commission on Food Marketing, dated June 1966; the Report of the 1969 White House Conference on Food, Nutrition, and Health; the Report of the Consumer Panel of the National Nutrition Policy of 1974, conducted by the Senate Select Committee on Nutrition and Human Needs; and the 1975 GAO Report on Food Labeling. This section reviews changes proposed by these reports without judgments on the merits of the proposed changes.

The Report of the National Commission on Food Marketing

The Commission on Food Marketing, established by Public Law 88-354, began its work in January 1965. The bipartisan Commission was chartered to study and appraise the marketing structure of the food industry.

Of the various reports mentioned above that dealt with food grading, the Food Marketing Commission was the only report which treated economic and marketing consequences of food grades in detail. The Commission said that Federal grades was one of the several factors which contributed to the rapid reconcentration in cattle slaughtering after World War II because the wide use of Federal grades for beef made it easier for new firms to compete for customers on equal terms with packers whose names were already well known.¹ It noted that eggs and butter use retail grades and have low firm concentration. In early 1966 the top 13 firms produced only 10 percent of the fresh U.S. table eggs, and butter was the least concentrated of any dairy product.² The Commission report's implication is that grades seem to produce less concentration and therefore more competition for products carrying retail grades,

The Commission's majority opinion concluded that consumer grades should be developed and required to appear on all foods for which such grades are feasible, that are sold in substantial volume to consumers, and that belong to a recognized product category. Besides providing consumers with the choices and unbiased information they need to get the most satisfaction for their money, the Commission also hoped that consumer grades would reduce the excessive use of promotion and contribute to a better performance of the food industry. The Commission also concluded that uniform nomenclature in the form of A,B,C should be utilized except for foods for which other nomenclature is well established.³

However, a minority opinion felt there was insufficient evidence to allow the Commission to recommend development and implementation of consumer grades. The minority opinion maintained that administrative rigidity would make meaningful consumer grades unfeasible, that quality judgments are personal, and therefore meaningful Federal quality standards for consumers could not be devised, and that the Commission had no evidence to support its view that the cost for consumer grades would be nominal. Finally, the minority disagreed with the majority conclusion that consumer grades would reduce the amount of advertising. They felt, rather, that consumer grades would increase the amount of advertising to offset the "equalizing" effect of grading. The minority opinion concluded that not having studied what the result would be, the majority is guilty of willfully tampering with an important component of our economy without knowledge.⁴

The Report of the 1969 White House Conference on Food, Nutrition, and Health

The White House Conference convened representatives of all sectors of food production and distribution system to investigate America's food supply, nutritional needs, and nutritional capabilities in order to recommend a national food policy. Food

¹USDA publication. *Report of the National Commission on Food Marketing, Food from Farmer to Consumer*, June 1966, p. 25.

²*Ibid.*, pp. 33-45.

³*Ibid.*, p. 109.

⁴USDA Publication. *Report of the National Commission on Food Marketing, Food From Farmer to Consumer*, June 1966, p. 130 and 153.

grading was among the many subjects discussed, and the following recommendations were made by the panel on food quality:⁵

- (1) That designations for the grades be standardized so that a simple system is used and is consistent for all types of food for which grades are appropriate.
- (2) That grading standards should be evaluated periodically to determine that they continue to aid the consumer in understanding food quality.
- (3) That grading standards should be adopted to give consideration where feasible to the nutritive content.
- (4) That a single code of regulatory requirements pertaining to grading standards prevail in all jurisdictions; i.e., Federal, State, and municipal. The term "requirements" would imply that the panel was recommending that these standards be mandatory for all foods graded.

The members of the panel on food quality believed that quality should be available without requiring employment by the consumer of technical knowledge of nutrition or elaborate facilities for home preparation.⁶

The Report of the Consumer Panel of the National Nutrition Policy Study of 1974

Members of the Senate Select Committee on Nutrition and Human Needs accepted recommendations of the consumer panel during the period June 19-21, 1974. Among the many recommendations made are several on food grading (written by Syd Margolius, consumer author).⁷ The report concluded that consumers are unable to compare food quality and that grade labeling continues to be one of the consumer's main wants. The panel's recommendations for change were seen as necessities if the consumer is to use grades for comparing food products. The report recommended the following:

- (1) Quality grades need to be simplified, and the nomenclature needs to be uniform. Present grades were recognized as confusing for consumers.
- (2) Mandatory retail grades are needed on products which have their wholesale grades used

⁵White House Conference on Food and Nutrition, "Food Quality: Guidelines and Suggested Administrative Structure," p. 144.

⁶Ibid., p. 142.

⁷U.S. Senate, Select Committee on Nutrition and Human Needs, *National Nutritional Policy Study—1974*, pp. 1980-1983,

by growers and processors in their transactions. This would exclude some foods from retail grading.

- (3) Changes in the present standards must be made. The panel believed that too much emphasis is given to uniform appearance and color rather than to nutritional considerations or even eating qualities such as taste and tenderness.

The report also disputed industry's claims that Government grades would inhibit manufacturers from trying to develop new products or better and more exciting variations. Products that have been sold with grades at retail—such as meat, poultry, and juice concentrates—have been improved or had new variations developed. Products with grades have achieved consumer acceptance and confidence, and producers and processors have been encouraged to improve quality in order to achieve a higher quality grade. Both consumer and wholesaler gain from use of grades at the retail level, the report concluded.

The 1975 GAO Report on Food Labeling

This report devoted a chapter to the USDA quality grading program.⁸ It recognized that the absence of clear and meaningful information concerning the quality of food hinders consumer efforts to compare the values of competing products.

Consumers, the report noted, are presently having difficulties in comparing the value of products because the nomenclature is often very technical and difficult to understand and grade designations vary from product to product. The report concluded, however, that despite the problems which hamper consumer use of USDA grades, those consumers who understand the system seem to find it useful in comparing the value of competing products.

Based on their findings, GAO recommends that the Secretary of Agriculture revise existing regulations to make grade designations uniform and easier for consumers and industry to understand, in order to assist consumers trying to use the USDA grading system. While the report does support uniform grades, it does not commit itself to a recommendation that such grades be mandatory at the retail level because of the possible increase in food costs, nor does the report assess the present USDA grade standards as being a valid measurement of food quality.

⁸*Food Labeling: Goals, Shortcomings, and Proposed Changes*, U.S. General Accounting Office, January 29, 1975, pp. 36-42.