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SOME NOTES ON THE UTILIZATION OF PRIVATE ORGANIZATIONS IN THE ADMINISTRATION OF FARM PRICE SUPPORT PROGRAMS, 1933-1953

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I.

The delegation of public authority to private groups has not been an uncommon occurrence. Such typical delegations include: (1) statutes or ordinances declaring a specific act a criminal offense unless the actor secures in advance the consent of a named group;[1] (2) utilization of interested groups in the enforcement of the criminal law;[2] (3) and executive appointment of persons to public office from recommendations by private organizations.[3] More common delegations include the statutory infliction of penalties for the violation of rules promulgated by non-official groups, or the statutory granting of professional licenses providing that the applicant conform with or meet rules and standards developed by private or unofficial groups; the right to practice medicine or law being typical examples.[4]

One student of government, writing in 1932, observed that such delegations are motivated "by a recognition that the central organs of government, presumably competent to operate in fields when the interests of all the people are common, are sometimes palpably incompetent to deal with problems affecting specialized units."[5] Louis L. Jaffe argued that the "legislature may legitimately consider that public administration in some cases is inadequate acting alone and in others a positive and unnecessary embarrassment."[6]

At the same time, however, others have not only urged that extreme caution be exercised in delegating the execution of public functions to private groups but contended that on the face such delegation is undesirable. While of the opinion that such delegation could serve a useful public purpose, another student concluded that

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1. City of Spokane v. Camp, 50 Wash. 554, 97 Pac. 770 (1908).
2. Fox v. Mohawk and H. R. Humane Soc., 165 N.Y. 517, 527, 529, 59 N.E. 353 (1901).
3. Parke v. Bradley, 204 Ala. 455, 86 So. 28 (1920).
4. N.Y. PENAL LAW (McKINNEY 1917) 22440; MASS. LAW 1818, c. 113; CAL. LAWS 1901, 56, *repealed,* CAL. LAWS 1921, 1051.
5. Anon., *Delegation of Governmental Power to Private Groups,* 32 COL. L. REV. 80 (1932).
6. Jaffe, *Law Making By Private Groups,* 51 HARV. L. REV. 253 (1937).

"it seems desirable to attempt to chart the permissible limits of this type of delegation."[7] Several years later, Avery Leiserson strongly voiced the opinion that "in the prevailing current of thought in public administration the explicit endowment of private group representatives, responsible to private constituencies, with official responsibility as prima facie suspect."[8]

During the period, when Jaffe, Leiserson, and others were debating the desirability of delegating public authority of a regulatory nature to private groups, the United States Department of Agriculture was embarking upon an experimentation involving the utilization of private organizations in the administration of its agricultural price-support programs. The present study hopes to make a modest contribution to this general problem by reporting the experience of the Commodity Credit Corporation and the Agricultural Adjustment Administration, and its successors,[9] in this undertaking.

In the main, the utilization of private organizations has been motivated by a recognition that these agencies of the United States Department of Agriculture are not adequately organized or qualified to deal with specialized and peculiar problems connected with the extension of price-support to farmers. During the years since 1933, such programs have been put into effect on a large scale; over forty-five federal statutory provisions reveal government's attempt to aid agricultural producers.[10] Private organizations, although not generally recognized and understood by the public, have played a major role in this effort. The question to be answered, therefore, is whether their utilization is desirable public policy or whether it is more compatible with the public interest to always require that public agricultural programs be exclusively administered by agencies of the United States Department of Agriculture. To a description of their activities we now turn.

7. Anon., *Delegation of Power to Private Parties*, 37 COL. L. REV. 446 (1937).

8. Leiserson, ADMINISTRATIVE REGULATION 12 (1942). He went on to add: "The overwhelming trend of opinion favors the elimination of explicit interest representation in all forms by that of advice." Cf. Jaffe *loc. cit.*, p. 220: "Participation in law-making by private groups under explicit statutory 'delegation' does not stand . . . in absolute contradiction to the traditional processes and conditions of law-making, it is not incompatible with the conception of law."

9. The Agricultural Adjustment Agency, 1942-1945; the Production and Marketing Administration, 1945-1953; and the Commodity Stabilization Service, 1953, to the present.

10. For a description and evaluation of the administrative devices and respective programs relied upon to support agricultural prices and incomes, see Reed L. Frischknecht, *Farm Price and Income Support Programs, 1933-1950*, Research Monograph Series No. 1 (Salt Lake City: Institute of Government, University of Utah, 1953), pp. 1-80.

II.

Nonrecourse commodity loans for the purpose of stabilizing agricultural prices were made prior to the establishment of the Commodity Credit Corporation through facilities of the Federal Farm Board created by the Agricultural Marketing Act of 1929.[11] However, only since the establishment of the Commodity Credit Corporation in October, 1933, have such loans been made as a part of a general program to support farm prices.[12]

The Corporation has extensively utilized private lending agencies to make the actual nonrecourse commodity loans to eligible farmers. These lending agencies, some 9,000 in number, at present consist mostly of private local banks, although commodity dealers and producer co-operative associations are also utilized.[13] Their use by the Secretary of Agriculture has been authorized by every major piece of price-support legislation enacted since 1933.[14]

As an administrative device, private lending agencies have enabled the Commodity Credit Corporation, at the Secretary's direction, to make price-support readily available to producers and, at the same time, to utilize to a large extent local lending facilities and the normal channels of trade. At the present time, the Commodity Stabilization Service's Regional Commodity Offices are responsible for the certification of lending agencies, which must execute a formal loan servicing agreement before being certified to make commodity loans to farmers.

The procedure in obtaining a loan is roughly as follows: Applicants for both farm and warehouse storage commodity loans must apply at the office of the County Agricultural Stabilization and Conservation Committee[15] in which the Agricultural Conservation

11. Pub. L. No. 10, 71st Cong., 1st Sess. (June 15, 1929).

12. For a detailed description and history of the Commodity Credit Corporation, its operation and relationships with the Agricultural Adjustment Administration, and its successors, see Reed L. Frischknecht, *The Commodity Credit Corporation: A Case Study of a Government Corporation,* 6 THE WESTERN POLITICAL QUARTERLY 559-569 (1953).

13. *Warehousing Practices, Commodity Credit Corporation, Department of Agriculture,* Hearings before the Sub-committee on Agriculture of the House Committee on Appropriations, 82nd Cong., 2nd Sess. Jan. 16, 1952 (Washington, 1952), p. 3.

14. See Pub. L. No. 10, 71st Cong., 1st Sess. (June 15, 1929); Pub. L. No. 461, 74th Cong., 2nd Sess. (February 29, 1936); Pub. L. No. 430, 75th Cong., 3rd Sess. (February 16, 1938); Pub. L. No. 806, 80th Cong., 2nd Sess. (June 29, 1948); Pub. L. No. 85, 81st Cong., 1st Sess. (June 7, 1949); and Pub. L. No. 897, 80th Cong., 2nd Sess. (July 3, 1948).

15. For a detailed description and analysis of the "farmer committee system," see Reed L. Frischknecht, *The Democratization of Administration; The Farmer Committee System,* 47 THE AMERICAN POLITICAL SCIENCE REVIEW 704-727 (1953).

Program records are maintained for the farm on which the product was produced.[16] A determination of eligibility for price-support of both the producer and the commodity offered as collateral for the loan is then made. An eligible producer is one who has complied with his acreage allotment and marketing quota if such allotments and quotas are in effect.[17] Commodity eligibility is generally limited to the qualities usually handled under normal trade practices, the lower grades generally being ineligible for price-support.[18] In the case of farm storage loans, the commodity must have been stored on the farm at least thirty days prior to its inspection, measuring, sampling, and sealing by a representative of the County Agricultural Stabilization and Conservation Committee. Producers pay a small service fee of not less than $3.00 depending upon the quantity placed under loan.[19] This procedure is not necessary, however, in the case of warehouse storage loans since the warehouse receipt issued to the farmer shows this information as to quantity and quality.[20] The County Agricultural Stabilization and Conservation Committee or its representative, generally the "County Office Manager," next prepares and approves a producer's note, along with a chattel mortgage in the case of farm storage loans, which is then delivered to the private lending agency, generally the farmer's local bank, along with warehouse receipts and supporting documents in the amount specified in the producer's note.[21]

16. Commodity Stabilization Service and Commodity Credit Corporation, *Commodity Loan and Purchase Handbook,* Part II (Washington: Government Printing Office, 1949), pp. 4 and 17.

17. At certain times in the past, other requirements have included compliance with soil conservation practices, wartime production goals and marketing agreements and orders.

18. For example, in the case of loans on the 1950 crop of dry edible beans, the beans had to meet the following requirements: "The beans must be dry edible beans of the classes pea, medium, white, Great Northern, small white, flat small white, small red pinto, cranberry, red kidney, large lima and baby lima. Beans placed under loan must be (1) grade No. 2 or better, or (2) be beans not commercially cleaned which have a moisture content of not more than 18 per cent and which, after deduction of foreign material, contains not more than 10 per cent of other defects as these terms are defined in the U. S. Standards for Beans . . . . Beans tendered for loan must not be musty, sour, heating hot, weevily, or materially weathered; must not have any commercially objectionable odor; and must not otherwise be of distinctly low quality." See Production and Marketing Administration and Commodity Credit Corporation, *1950 Crop Dry Edible Beans Price Support Program* (Washington: Government Printing Office, 1950), p. 1.

19. See Production Marketing Administration and Commodity Credit Corporation, *General Provisions 1950 Crop Price Support Programs for Grains and Related Commodities* (Washington: Government Printing Office, 1950), p. 1.

20. Commodity Stabilization Service and Commodity Credit Corporation, *Commodity Loan and Purchase Handbook,* Part II, p. 17.

21. *Ibid.,* pp. 13, 20-22.

The majority of loans are made by private lending agencies. However, farmers may obtain a loan directly from the Commodity Credit Corporation by applying to the County Agricultural Stabilization and Conservation Committee office, followed by actual disbursement by the State Agricultural Stabilization and Conservation Committee office. If the loan is privately made, the Commodity Credit Corporation stands ready at all times to purchase the producer's note, at face value plus accrued interest, upon the demand of the lending agency. In 1947, Mr. N. E. Dodd, the Under Secretary of Agriculture and Vice-Chairman of the Board of Directors of the CCC, testifying before the Senate Committee on Agriculture and Forestry stated:

> I would like to make it clear to the committee, [that] we require a good deal of money or borrowing power at the time you set up these loans.
>
> Now, not that you use the money. It may be that you will never use any of the money if the loans turn out all right. But before we can go out and say that we will make a wheat loan or a corn loan or a cotton loan, you are required to have — and we do set it aside on the books — as a commitment against that much money . . . . That requires a substantial sum of money to underwrite those loans . . . . The county banks are the ones that make the loans. All we do is underwrite paper.[22]

Lending agencies which finance and service price support loans will receive from farmers, effective with the 1954 program an interest rate of 1¾ per cent per annum and a fee of ½ per cent per annum for service.[23] This will return to lending agencies a total rate of compensation of 2¼ per cent per annum, as compared to 3 per cent per year now in effect on 1953 crop loans.[24] This reduction is in line with the recent trend of interest rates on short-term government and commercial borrowings. The Commodity Credit Corporation, therefore, performs primarily an underwriting function in price support operations, with local private financial concerns by and large providing the actual funds for price support.

22. *To Continue the Commodity Credit Corporation,* Hearings before the Senate Committee on Agriculture and Forestry, 80th Cong., 1st Sess., on S. 350, February 24, 1947 (Washington, 1947), p. 6. See also Pub. L. No. 806, 80th Cong., 2nd Sess. (June 29, 1948).

23. For a resume of these services see *Commodity Credit Corporation Charter,* Hearings before the Senate Committee on Agriculture and Forestry, 80th Cong., 2nd Sess., on S. 1322, January 19, 1948 (Washington, 1948), pp. 85-86.

24. United States Department of Agriculture, *USDA Reduces Payment Rate to Agencies Financing CCC Loans for 1954 Programs.* (Washington: Mimeographed, April 23, 1954), p. 1.

In addition, the Commodity Credit Corporation has utilized producer co-operative associations for the purpose of making commodity loans to their members, who pay a nominal fee, generally $5.00 or $10.00, for a lifetime membership. During the 1930's, the Corporation in many cases supplied the funds necessary to establish such co-operatives.[25] Since that time, nonrecourse loans have sometime been made — to tobacco co-operative associations, for example — to cover advances made by them to member producers at support prices. The member producer and the commodity must meet the same type of eligibility requirements as in the case of loans made on other commodities by lending agencies or State Agricultural Stabilization and Conservation Committee offices. The actual procedure has been described as follows:

> When eligible tobacco delivered by an individual grower to the auction warehouse does not receive a purchase offer above the support price established for the grade and type, the tobacco is assigned to the association .... Payment of the support price to the grower is made by the auction warehouse for the account of the association. The association obtains the funds required to reimburse the warehouse from a bank acting as fiscal agent for CCC. The bank, in turn, obtains funds by draft on CCC payable at a Federal Reserve Bank.
>
> The associations assume control of all tobacco delivered by them, pledge the tobacco to CCC as collateral for its loan, and arrange for necessary redrying, packing, storage, etc., and for its sale upon approval by the Corporation. Upon sale of the tobacco, the proceeds are apportioned to interest and principal. If a gain results after all the collateral has been sold and the principal

25. See *Commodity Credit Corporation Charter*, Senate Hearings, January 19, 1948, p. 52. Testimony of N. E. Dodd, the Under Secretary of Agriculture: "*Mr. Dodd:* When we had the first peanut and the first tobacco loans in much of the South there was no marketing set-up that was available to the farmers where the Government on the one hand could operate directly with the farmer.

"So we encouraged the setting up of cooperatives . . . [to take] over the actual making of the loan .... We had no such organization [county and terminal warehouses] . . . in the tobacco and peanut fields. They were unable to finance themselves through any local agencies to the extent necessary to handle this great volume of business.

"So Commodity Credit even advanced the money for setting up the organization itself .... In addition to that, we offer the co-op a payment for every operation they do.

"They take in this tobacco. We pay them for buying it. We pay them for packing it and putting it in the hogshead. If they sell it, we pay them for selling it. It is a charge on Commodity Credit for each of the operations, rather than having our own facilities to do those things."

> and interest have been paid, the gain is distributed by the association to the participating producers or is retained by the association as a reserve. If the amount realized from the sale of the collateral is not sufficient to pay the loan in full, CCC assumes the loss.[26]

Price-support nonrecourse loans are made exclusively through this mechanism, which has also been used extensively in supporting the prices of peanuts and cotton.[27] These loans are made to co-operative associations because the individual producers lack adequate facilities for preparing the commodity for storage in a condition which will meet the requirements set by the Commodity Credit Corporation to protect its investment in the commodity as collateral for a loan.

The Commodity Credit Corporation and other USDA agencies have also utilized private purchasing agencies in their price-support operations. Processing firms, corporations, and producer co-operative associations have been relied upon to extend price-support to agricultural producers through direct purchase programs. Their use has been prompted by expediency in some cases,[28] by necessity in others,[29] with the private organizations often-times taking the initiative in offering their services, generally at cost, to Departmental agencies. It cannot be said with any marked degree of assurance

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26. Corporation Audits Division, General Accounting Office, *Report on the Audit of the Commodity Credit Corporation, Fiscal Years 1948 and 1949* (Washington: Government Printing Office, 1950), p. 105.

27. *To Establish a Farm Price Support Program,* Hearings before the Senate Committee on Agriculture and Forestry, 80th Cong., 1st Sess., January 23, 1947 (Washington: 1947), p. 49. For example, "The CCC announced on June 30, 1951, that it would make loans available on the 1950 crop cotton to cooperative marketing associations through May 15, 1952." See Production and Marketing Administration and Commodity Credit Corporation, *Active and Announced Price Support Programs Approved by Board of Directors through June 30, 1951* (Washington: Fiscal Branch, PMA, Mimeographed, 1951), p. 1.

28. *Long-Range Agricultural Policy,* Hearings before the House Committee on Agriculture, 80th Cong., 1st Sess., Part 4, June 3, 1947 (Washington, 1947), p. 510. For example, see testimony of John Brandt, President, National Cooperative Milk Producers Federation: "*Mr. Brandt:* A group of men representing the National Cooperative Milk Producers Federation, on August 18, 1933, met with the then Secretary of Agriculture and his staff here in Washington, and we discussed what might be done, in an emergency of this kind, to stop the further unwarranted decline in the price of butter . . . .

"We agreed at that time, as members of the Land O'Lakes Creameries, to handle the surplus . . . until the Department could get its forces organized to do the job, which they thought would take 10 days' time."

29. *General Farm Program,* Hearings before the House Committee on Agriculture, 81st Cong., 1st Sess., Part II Serial P, April 7, 1949 (Washington, 1949), p. 213: "*Secretary Brannan:* We cannot buy hogs at the farmer's gate nor, in fact, can we buy them at the stockyards.

"The only practical way to buy hogs is from the packer after slaughtering, processing, curing, and so on."

that private organizations have not accepted official governmental responsibility in this area of public administration.[30]

The first organization called upon was the Land O'Lakes Creameries, which, in the late summer of 1933, agreed to stabilize the price of butter at parity levels by making timely purchases in the open market with its own funds. John Brandt, President of the National Co-operative Milk Producers Federation in 1947, testifying at a Congressional hearing, observed:

> How did we do it? We have offices in Philadelphia, Boston, New York, Chicago, all of your main distributing points. That night I got in touch with all of our branch managers, and I said, 'Now, fellows, tomorrow morning before the markets open, you go out on the street [warehouses] and buy butter . . . .'
> So I said, 'Then, when the Exchange opens, you go up and bid a cent above yesterday's market, and see what will happen.' They bought a little butter on the Exchange and before the Exchange opened, that got around the street . . . .
> So we went on the Exchange, and without buying, but possibly a carload or two of butter in any one day on the street, created a sentiment . . . . If nobody else wanted it, we were willing to take it . . . .[31]

The Agricultural Adjustment Administration later purchased the butter from the Land O'Lakes organization at the price the latter had paid for it, plus administrative costs.[32]

Because of an unusually heavy crop, the Commodity Credit Corporation in 1937 made loans to the Prune Credit Corporation and the Prune Products Corporation to enable them to purchase, respectively, standard and substandard quality fruit. In this case, producers were paid the parity price on some 56,000 tons, with loans totaling $2,357,000 to both corporations. Subsequent liquidation was accomplished without loss to the Commodity Credit Corporation.[33]

The butter market was again glutted in 1938, the market price

30. Cf. Leiserson, *op. cit.*, pp. 11-12.

31. *Long-Range Agricultural Policy and Program*, Hearings before the Senate Committee on Agriculture and Forestry, 80th Cong., 1st Sess., Part I, October 9, 1947 (Washington, 1947), p. 128.

32. *Ibid*: "*Senator Ellender:* How much did it cost the government to operate through you? *Mr. Brandt:* To operate through us? It cost them a quarter of a cent. That is about what we charged in brokerage, plus the actual operating expense . . . which was about three-quarters of a cent per pound . . . . We handled only 11,000,000 pounds . . . , and we stabilized the market . . . ."

33. Commodity Credit Corporation, *Report of the President of the Commodity Credit Corporation*, 1940, (Washington: Government Printing Office, 1940), p. 15.

being considerably below parity. The Land O'Lakes organization was again urged by USDA officials to stabilize the price of butter at 85 per cent of parity through purchases in the open market. They declined to attempt this alone, so a new corporation, the Dairy Products Marketing Association, was organized under Delaware law. This Corporation was composed of the major dairy marketing co-operatives, including Land O'Lakes.[34] The Commodity Credit Corporation lent the new corporation the necessary funds; the Surplus Marketing Administration, USDA, agreed to repurchase the butter if necessary at the purchase price, plus operational costs, for relief distribution through the Federal Surplus Commodities Corporation. Until the spring of 1942 and price control, the Dairy Products Marketing Association stood ready to purchase all offers of butter, and made purchases which amounted to about $250,000,000. The Corporation was able to rather effectively stabilize the market price. This it did without loss — it actually made a slight profit; the Commodity Credit Corporation was also reimbursed in the full amount of its original loan.[35]

Also, in the fall of 1938, the Pacific Coast Hog Stabilization Corporation received from the Commodity Credit Corporation a $2,300,000 loan to make advancements to hog growers, since the 1937 supply was some forty-four million pounds in excess of market requirements and the prospects for good prices of course were nonexistent.[36] Similar loans have been made to producer co-operative associations to support prices of peanuts and tobacco.[37]

Utilization of the services of such private purchasing organizations declined with the passage of the Agricultural Adjustment Act of 1938 and its provision for individual producer nonrecourse loans on dairy products.[38]

However, the major factor which made continued utilization of private organizations unnecessary was of course World War II with its unprecedented demand for all agricultural products accompanied by prices well above 100 per cent of parity for almost all such commodities.

34. *Long-Range Agricultural Policy and Program,* Senate Hearings, Part I, October 9, 1947, p. 113.
35. *Long-Range Agricultural Policy,* House Hearings, Part IV, June 3, 1947, pp. 512-514.
36. Commodity Credit Corporation, *Report of the President of the Commodity Credit Corporation,* 1940, p. 14.
37. Corporation Audits Division, General Accounting Office, *Report on Audit of the Commodity Credit Corporation, Fiscal Years 1946 and 1947,* I (Washington: Government Printing Office, 1950), pp. 34, 43.
38. Pub. L. No. 430, 75th Cong., 3rd Sess., (February 16, 1938).

III.

The practice of utilizing interest groups in public administration "may run counter to a legal tradition that all public functions should be exercised by public officials,"[39] but the complexities associated with administration in a "mixed" capitalistic economy[40] seem to habitually modify tradition, legal and otherwise. In this area ot governmental activity, the practical aspects of extending price-support to farmers have required the extensive utilization of private organizations in the administrative processes. The evidence clearly indicates that their use has been beneficial to the producers, the federal government, and the private organizations themselves.

With respect to the major device used to support farm prices — the nonrecourse commodity loan program — these private agencies have provided flexible financing at a very nominal cost to both producers and the Commodity Credit Corporation. In addition, they have enabled the government to extend price-support to farmers without having to incur the added expense necessary to create and maintain special units for the processing of commodities like cotton and tobacco, which is necessary to put them in acceptable condition as collateral for loans and commodity purchase.[41] In general, the cost to the government for these services has been small, yet the encouragement to the extension of private business has been material. R. G. Austin, a noted student of agricultural programs, has observed that "the farmer associations now operating under the CCC are doing a most creditable job, and of themselves, cannot be accused of excessive cost to the economy . . . ."[42] In 1948, Under Secretary of Agriculture, N. E. Dodd, informed a Congressional Committee that he knew "of very few losses that have occurred to the Commodity Credit through any lending agency making errors or absconding with the capital"[43] lent to it by the Corporation.

The direct utilization of private organizations in the administration

39. Leiserson, *op. cit.*, p. 11.

40. Paul A. Samuelson has observed: "Since some time in the nineteenth century . . . , there has been a steady increase in the economic functions of government . . . our's is a mixed free-enterprise economic system in which both public and private institutions exercise economic control." Samuelson, ECONOMICS, AN INTRODUCTORY ANALYSIS 34 (1948).

41. Jaffe, *loc. cit.*, p. 212: "Those performing the operation or constituting a part of the relation to be regulated are likely to have a more urgent sense of the problem and the possibilities of effective solution: experience and experiment lie immediately at hand."

42. Austin, *Government Programs in Tobacco*, 32 JOURNAL OF FARM ECONOMICS 401 (1950).

43. *Commodity Credit Corporation Charter*, Senate Hearings, January 19, 1948, p. 58.

of price-support programs has become established fact, and, in this author's opinion, a justifiable development, which has recognized the wisdom of direct participation by these groups in the sphere of their peculiar and common interests. In any attempt to adequately solve the problem of extended price-support to growers of perishable commodities, increased reliance upon such private organizations offers, this author believes, potentialities the surface of which has hardly been scratched.[44] It is to be regretted that this promising line has thus far not been relied upon more extensively.

Avery Leiserson has also wisely observed, that "specific methods of interest representation . . . are justified only if they can be organized under conditions which will insure their operation in the public interest."[45] In the case under study, protection of Congressional intent and the public interest, especially in terms of guaranteeing uniform and impartial service to all eligible farmers and freedom from arbitrary action by such private organizations, is assured. Any eligible farmer who does not want to join a co-operative association or use local banks can obtain a nonrecourse loan upon his cotton, tobacco, peanuts, etc., directly from his County or State Agricultural Stabilization and Conservation Committee. In addition, all private lending agencies risk revocation of their "lending agency certificate" by the Commodity Credit Corporation in the event investigation uncovers abuse of farmers in this respect or failure to observe rigid administrative and fiscal procedures.

Over a decade ago, Louis L. Jaffe concluded that the problem remains unsettled as to whether "public administration shall be the exclusive mode"[46] of conducting public business. An evaluation of this case study reveals that the possibility of utilizing private organizations to conduct public business of a *service* nature in other areas of public administration, on a contractual basis, might well be made by students of public administration. However, as Leiserson has suggested, there is a definite need for the charting of permissible limits to such utilization and the determination as to whether some guiding rules can be devised to prevent indiscriminate and improper use. This requires a pragmatic approach and a consideration of the institutional factors surrounding each possible extension of private organizations into public administration.

44. Frischknecht, *op. cit.*, pp. 70-71.
45. *Op. cit.*, p. 11.
46. *Loc. cit.*, p. 212.