

HOUSE- Agriculture

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LEASE AND TRANSFER OF TOBACCO
ACREAGE ALLOTMENTS

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HEARINGS
BEFORE THE
SUBCOMMITTEE ON TOBACCO
OF THE
COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES
EIGHTY-SEVENTH CONGRESS

FIRST SESSION

ON

H.R. 1022

JUNE 22 AND JULY 25, 1961

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LEASE AND TRANSFER OF TOBACCO ACREAGE ALLOTMENTS

THURSDAY, JUNE 22, 1961

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON TOBACCO,
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 2 p.m., in room 1310, New House Office Building, Hon. Watkins M. Abbitt (chairman of the subcommittee) presiding.

Present: Representatives Abbitt, Cooley, Matthews, Stubblefield, and Short.

Also present: Representatives Watts, Fountain, Henderson, Alexander, Scott, and Lennon.

Christine S. Gallagher, clerk; and John Heimburger, counsel.

Mr. ABBITT. The subcommittee will please come to order.

We have before us H.R. 1022, which will be made a part of the record together with the report from the Department.

(H.R. 1022 and the Department report follow:)

[H.R. 1022, 87th Cong., 1st sess.]

A BILL To amend the Agricultural Adjustment Act of 1938 to provide for lease and transfer of tobacco acreage allotments

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Agricultural Adjustment Act of 1938, as amended, is amended by adding after section 315 the following new section:

"Sec. 316. (a) Notwithstanding any other provision of this Act, the owner and operator of any farm for which a tobacco acreage allotment is established may lease any part of such allotment to any other owner or operator of a farm in the same county for use in such county. Such lease and transfer of allotment shall be recognized and considered valid by the county committee provided the conditions set forth in this section are met.

"(b) Any lease shall be made on such terms and conditions, except as otherwise provided in this section, as the parties thereto agree. No lease shall be entered into for any period in excess of one crop year, but may be renewed from year to year, if the parties so agree.

"(c) The lease and transfer of any allotment shall not be effective until a copy of such lease is filed with and approved by the county committee of the county in which the farms involved are located. If the county committee determines that the farms involved in the lease and transfer are approximately equally productive, the lease and transfer may be approved acre for acre. If the lease and transfer results in acreage allotment for tobacco being placed on a farm which is substantially more productive, such as an irrigated farm as compared with a dry land farm, the county committee shall make a downward adjustment in the amount of acreage allotment transferred so that the production from the transferred acreage will be approximately equal to that which would have been obtained on the farm from which the acreage was leased.

"(d) The lease and transfer of any part of a tobacco acreage allotment determined for a farm shall not affect the allotment for tobacco for the farm from

which such acreage allotment is leased or the farm to which it is transferred, except with respect to the crop year specified in the lease. The amount of acreage allotment which is leased from a farm shall be considered for purposes of determining future allotments to have been devoted to tobacco on such farm: *Provided*, That the acreage so leased and transferred shall not operate to continue the farm's status as an 'old farm'.

"(e) The lease and transfer of allotment acreage under provisions of this section shall not operate to increase the acreage of tobacco on a farm to more than 60 per centum of the cropland on such farm."

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., June 22, 1961.

Hon. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House of Representatives.*

DEAR CONGRESSMAN COOLEY: This is in reply to your request of March 14, 1961, for a report on H.R. 1022, a bill to amend the Agricultural Adjustment Act of 1938 to provide for lease and transfer of tobacco acreage allotments.

The bill provides that the owner and operator of any farm for which a tobacco acreage allotment is established may lease and transfer, on an annual basis, any part of such allotment to any other owner or operator of a farm in the same county.

This Department would favor the enactment of the bill if it were amended as hereinafter suggested.

The Department favors the transferability of allotments and quotas for tobacco and other commodities under conditions which will protect and enhance the position of family farmers.

Transferability of allotments will reduce the production costs and improve the income of small producers who desire to continue to produce by permitting them to acquire additional allotments without the heavy costs involved in buying additional land. It will make it easier for those who do not wish to continue the production of the affected commodity to transfer their resources into some other enterprise.

The Department believes that the sale of allotments, or their leasing for a period of years, would be preferable to leasing on a year to year basis. The permanent transfer of allotments would make a more substantial contribution toward establishing stable family-sized economic units of production, which will, in turn, result in more efficient production. In addition, the administrative expense and difficulties would be substantially less than handling transfers on an annual basis. The Department, therefore, believes that H.R. 1022 should be amended to permit permanent transfers and leases for a period of years as well as transfers on an annual basis.

Further, the Department would prefer legislation applicable to all marketing quota commodities which would permit such transfers of allotments, subject to appropriate limitations and regulations. There is no reason for discriminating against the producers of any of these commodities in this regard.

Certain safeguards should be established, either in the legislation or by regulations thereunder, applicable to any transfers whether permanent or temporary. These include—

(1) Adjustments of allotments and history acreage when transfers are made to farms which have a substantially higher yield per acre;

(2) Reasonable limits on the size of the resulting allotments on farms to which transfers are made both in terms of number of acres and in relation to the cropland on the farm;

(3) Appropriate adjustments in crediting of allotments and acreage histories for the farms from which and the farms to which transfers are made;

(4) Appropriate restrictions on the establishment of new allotments, and appropriate changes in minimum acreage provisions, for farms from which allotments are transferred;

(5) Administrative provisions to assure that transfers will be made in an orderly manner and adequate records kept; and

(6) Appropriate restrictions upon the geographical limits within which transfers may be made.

This Department will be glad to assist your committee in drafting appropriate amendments to accomplish the changes suggested herein.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

ORVILLE L. FREEMAN, *Secretary*.

Mr. ABBITT. Our first witness is Mr. Godfrey from the Department of Agriculture.

We will now hear from you, Mr. Godfrey.

STATEMENT OF HORACE GODFREY, ADMINISTRATOR, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY JOE WILLIAMS, DIRECTOR, TOBACCO DIVISION; JOE TODD, DEPUTY DIRECTOR, TOBACCO DIVISION; AND HOWARD ROONEY, OFFICE OF GENERAL COUNSEL, U.S. DEPARTMENT OF AGRICULTURE

Mr. GODFREY. Mr. Chairman and members of the subcommittee, I am Horace D. Godfrey, Administrator, Agricultural Stabilization and Conservation Service, U.S. Department of Agriculture.

On a number of occasions, the Department has, in the past, opposed legislation providing for the lease and transfer of tobacco allotments. As a matter of fact, present legislation authorizes the transfer of tobacco allotments, but this authority has not been used since 1938, except in the event land was retired from agricultural production through acquisition by an agency having the right of eminent domain.

Since this administration came into office, we have been giving this matter very careful consideration. That accounts for our delay in reporting on H.R. 1022.

We have concluded that the tobacco marketing quota program, as well as quota programs on other crops, should be made more flexible. For example, we have, this year, 576,331 tobacco allotments. The total acreage allotted is 1,190,323 acres. Thus, the average tobacco allotment is only 2.07 acres per farm. But that only tells part of the story.

For flue-cured tobacco, which accounts for 60 percent of our acreage, the average allotment is 3.5 acres per farm. Yet, 43 percent of the 203,842 flue-cured allotments are 2 acres or less.

It is readily apparent that many tobacco allotments simply do not constitute economic operating units. A flue-cured tobacco allotment of 1 acre or less—and we have 37,500 of them—does not justify building a curing barn. Even if a barn is built, a half-filled barn does not cure tobacco satisfactorily.

Small allotment problems are by no means limited to tobacco. Forty percent of the upland cotton allotments are less than 5 acres. One-third of the peanut allotments are 5 acres or less.

In order to permit some flexibility and to enable farmers with small allotments to obtain efficient operating units, the Department favors enactment of H.R. 1022 if certain modifications are made. In the first place, we feel that it should apply alike to all commodities for which acreage allotments and marketing quotas are in effect. It is very confusing to farmers to have one set of rules for tobacco, another for cotton, and still a third for peanuts.

In the second place, the Department feels that the sale of allotments, or their leasing for a period of years, would be preferable to leasing on a year-to-year basis. The permanent transfer of allotments would make a more substantial contribution toward establishing stable family-sized economic units of production, which will, in turn, result in more efficient production. This would also enable farmers to do a better job of planning and managing their farming operations.

In addition, the administrative expense and difficulties would be substantially less than handling transfers on an annual basis.

The Department, therefore, believes that H.R. 1022 should be amended to permit permanent transfers and leases for a period of years as well as transfers on an annual basis.

Finally, certain safeguards should be established, either in the legislation or by regulations thereunder, applicable to any transfers whether permanent or temporary.

These include:

1. Adjustments of allotments and history acreage when transfers are made to farms which have a substantially higher yield per acre. H.R. 1022 contains this provision for tobacco, but it needs to be extended to other commodities.

2. Reasonable limits on the size of the resulting allotments on farms to which transfers are made both in terms of the number of acres and in relation to the cropland on the farm. H.R. 1022 contains a cropland limitation for tobacco which would need to be extended to other commodities and consideration needs to be given also to adding an acreage limitation for each commodity.

3. Appropriate adjustments in crediting of allotments and acreage histories for the farms from which and the farms to which transfers are made. This is also covered in the bill for tobacco but should be extended to other commodities.

4. Appropriate restrictions on the establishment of new allotments, and appropriate changes in minimum acreage provisions, for farms from which allotments are transferred.

5. Administrative provisions to assure that transfers will be made in an orderly manner and adequate records kept. Consideration should be given to establishing closing dates to avoid transfers after planting.

6. Appropriate restrictions upon the geographical limits within which transfers may be made for crops other than tobacco which the bill limits to the county.

The Department feels that the transferability of allotments for all commodities will reduce the production costs and improve the incomes of small producers who desire to continue to produce by permitting them to acquire additional allotments without the heavy costs involved in buying additional land. It will make it easier for those who do not wish to continue the production of the affected commodity to transfer their resources into some other enterprise and at the same time would provide some compensation for the release.

This Department will be glad to assist the committee in drafting appropriate amendments to accomplish the changes which we have recommended.

Mr. ABBITT. We will now hear from Mr. Royster. As you know, we are always pleased to have you here before the committee.

**STATEMENT OF FRED S. ROYSTER, MANAGING DIRECTOR, BRIGHT
BELT WAREHOUSE ASSOCIATION**

Mr. ROYSTER. Thank you, Mr. Chairman, and gentlemen of the committee.

I am F. S. Royster, managing director, Bright Belt Warehouse Association.

Mr. Chairman and members of the committee, this proposed bill has been discussed by our board of governors. We are prepared to support the provisions of the Matthews bill. We think that probably there should be an amendment as to the limit of size of acreage that one farmer could lease under the proposal.

Mr. Chairman and members of the committee, as to the Department's recommendations, we are strongly opposed to the sale of allotments and, also, to long-term leases. We think the provisions of the Matthews bill providing for an annual lease is sufficient, that it would not be advisable to go beyond that point.

Mr. COOLEY. I do not think the committee would look with favor upon the sale of allotments, for very obvious reasons.

What would be the objection to permitting the leasing of allotments for 3 to 4 or 5 years?

What I have in mind is this: I was home the other day talking to a friend of mine and he said that if he could lease an acre here and an acre over there and nine-tenths of an acre some place else he could get enough acreage allotment to justify his building a barn and buying needed equipment, but he might not do it otherwise.

These people with the small allotments can not operate as an economic unit. I believe there should be some control as to the amount of acreage a man might acquire by lease or transfer; otherwise everybody would be very unhappy about too large an acreage being leased by one farmer. It looks to me like we could allow the leasing of 3 or 4 or 5 acres so that the farmer could justify building the facilities on his own land necessary to cure and handle the tobacco.

Would you give us your views on that?

Mr. ROYSTER. Well, Mr. Chairman, I would think this: that it would be all right even for a period of 4 or 5 years which would justify the investment in capital improvement in order to handle the allotment.

If, as I understand the intent of Congressman Matthews' bill, it is to make available income to people who have so-called uneconomic allotments which I daresay I have reservation about that, but nevertheless, I do not understand that the intent of Mr. Matthews' bill is to build up into fewer hands the allotments that go into tobacco.

Therefore, I think to extend it beyond 1 year would be going into the direction that I mentioned.

Mr. COOLEY. Let me say that I think your reasoning is fair.

Mr. ABBITT. I would like to ask, is not this a new step, and we should see how we get along year by year for a little while?

Mr. ROYSTER. I would quite agree with that, Mr. Chairman.

Mr. ABBITT. To see how we would get along?

Mr. ROYSTER. I, and the people I represent, have approached this with care and caution. I sat in this same chair about a year ago and opposed this bill.

Mr. ABBITT. And I agreed with you.

Mr. ROYSTER. However, upon further analysis and so forth and so on, we are prepared to go as far as the Matthews bill goes with a limitation, but beyond that we are not prepared to go.

Mr. ABBITT. Thank you so much.

Mr. WATTS. I would like to comment, Mr. Royster, that I pretty much occupy the position that you did last year. I was opposed to the bill. I have modified my thinking on it to a certain degree. I think I can go along with the Matthews bill with possibly two changes.

I certainly would not want to enlarge it over a year in the face of the explanation that you gave because it is not the purpose for that to happen.

Furthermore, I think the closer we keep these bases to the little farm and the closer control we keep of them, the better shape our program will remain in over the years.

I agree with you that there ought to be some limitation as to the number of acres that a man can lease, not necessarily on a percentage basis but on maybe a flat basis.

Have you got a copy of the bill before you?

Mr. ROYSTER. Yes, sir; I do have.

Mr. WATTS. On page 2.

Mr. ROYSTER. Just 1 minute, please. What section?

Mr. WATTS. On page 2 commencing with line 11, I would like to talk about that.

Mr. ROYSTER. What I have got is the amendment. Let me get an actual copy of the bill. All right, sir.

Mr. WATTS (reading):

If the county committee determines that the farms involved in the lease and transfer are approximately equally productive, the lease and transfer may be approved acre for acre. If the lease and transfer results in acreage allotment for tobacco being placed on a farm which is substantially more productive, such as an irrigated farm as compared with a dryland farm, the county committee shall make a downward adjustment—

It is my contention that would cause a lot of pulling and hauling of the county committee. And my suggested amendment would be this:

If the county committee determines that the farms involved in the lease and transfer are—

and take out the word “approximately”—

equally productive, the lease and transfer may be approved acre by acre. If the lease and transfer results in acreage allotment for tobacco being placed on a farm which is—

and leave out the word “substantially”—

more productive—

and then strike—

such as an irrigated farm as compared with a dryland farm—

or for any reason.

We have a lot of farms in our part of the country that will produce twice as much tobacco as another farm. It is not a question of irrigation or otherwise. It is a question of fertility and location and things of that nature.

The county committee shall—in other words, what I am trying to say is where they are not equal that the county committee should make the adjustment in all instances, because then you have no argument as between the producer who is getting it and the man who is leasing it trying to persuade the committee they ought to allot him acre per acre.

I discussed it with Mr. Matthews and he had no objection, unless there is some reason or other you can think of that might be an objection to it.

It would not be a substantial amount of work to make that adjustment in each case. It would not be a substantial task.

Mr. ROYSTER. I think the verbiage you suggest would be quite an improvement.

You may recall when I testified as to opposition to the bill a year ago, this is one of the points that I objected to. I think your verbiage would greatly improve the bill.

Mr. WATTS. Leaving the word “substantially” in means you leave it open for determination for one thing in one county, and the influence of one party versus the influence of another. If you just state in there that they shall be adjusted, there will not be any overage in production.

Mr. ROYSTER. Well, I think in all probability that the application of the provisions of the bill if enacted, transfers will be certainly in a great majority of cases on an acre-for-acre basis. I think we might as well realize that. I think we might as well accept the fact that it will result in some increased production. However, we are in a somewhat better position in flue-cured and in a substantially better position in burley on supplies than we were a year ago, which is as to the change in our position.

Mr. WATTS. If we have this language that I have suggested as a change in the law, then you will not find increased production, because there will be adjustment there for the increase.

Mr. ROYSTER. I think your verbiage, being as specific as it is, would be in the right direction.

Mr. WATTS. Thank you.

Mr. COOLEY. First, I want to ask about the acre-for-acre basis; what is this about?

Mr. ROYSTER. That is to say where a lease is for an acre, that the lessee would get an acre. Under the provisions of this, the committee could adjust it. If they said that it was more productive, instead of giving him 1 acre, they could give him eight-tenths of an acre.

Mr. COOLEY. All right. That is what I thought. If you strike out the words “substantially” and “approximately” you will not find fields that produce equally.

Mr. WATTS. Equal production.

Mr. COOLEY. Would not “approximately” give them some leeway?

Mr. WATTS. Yes, if you leave those two words in you will find a situation where the man goes down into the hill section of my country and leases an acre of tobacco, that normally produces 900 pounds. He moves it to a farm where they are producing 2,000 pounds per acre.

So I think if we just say take out the words “approximately” and “substantially” and talk about just providing in the bill that the county committee is given the authority and directed to make such adjustments as need to be made in order to see that that takes place.

Mr. COOLEY. That is impossible. Your proposition is impossible unless you have some leeway. If you transfer allotments from my farm to another farm right across the road, the same kind of land, they may produce more on their farm than on my farm.

Mr. WATTS. Let the county committee make the adjustments.

Mr. COOLEY. Let us get Mr. Godfrey's views on this.

Mr. GODFREY. From the administrative standpoint it would be better to strike the words and say from "95 to 105 percent" and define "equally productive." Say, 95 to 105 of the 3-year average yield. Then you would have something to operate on.

Mr. WATTS. Put something like that in. You realize what I am talking about, if you do not tie it down it will go out of bounds.

Mr. COOLEY. Suppose farmer A leases 3 acres and farmer B transfers his own land, and you find initially that you can improve that by the transfer but it turns out he produces 500 pounds an acre more. You can't do anything about that.

Mr. GODFREY. You would not do anything about that because his quota is based on the actual production of the planted acres within the allotment.

Mr. ABBITT. How about the next year?

Mr. GODFREY. Neither the next year because you are transferring on the basis of the yield from which the farm allotment was transferred.

Mr. WATTS. You could say in there, if the production on the land that is transferred exceeds the production of the land that it is going to go by 5 percent or 10 percent or something like that, that the adjustment be made accordingly, so there will be some leeway for a few pounds difference.

I think you can work that out in executive session.

Mr. ABBITT. Thank you very much.

Mr. ROYSTER. Thank you.

Mr. ABBITT. We will next hear from Mr. Frank B. Snodgrass.

STATEMENT OF FRANK B. SNODGRASS, VICE PRESIDENT AND MANAGING DIRECTOR, BURLEY & DARK LEAF TOBACCO EXPORT ASSOCIATION

Mr. SNODGRASS. Thank you, Mr. Chairman.

My name is Frank B. Snodgrass. I am vice president and managing director of the Burley & Dark Leaf Tobacco Export Association.

My association is a federated trade association, made up of member grower associations, warehouse associations, and dealer and exporter groups.

Last year I also appeared before you in opposition to Congressman Matthews' bill, H.R. 8819, but since last year we have reconsidered our position, and as an organization, the Burley & Dark Leaf Tobacco Export Association does not oppose H.R. 1022.

The board of directors have authorized me to inform the committee of their stand.

The Burley Tobacco Growers Cooperative Association of Lexington, which has member associations in Ohio, Kentucky, Missouri, Indiana, and West Virginia, they, too, have reversed their position from a year ago, and now favor the lease and transfer of acreage as contained in H.R. 1022.

We do, however, have two reservations that I would like to call to your attention.

In section 316(d), which is not fully understood by our group, if it means that the old farm's right of participation in future national marketing quotas will be lessened, then we request that this section be revised in order that the original farm not be deprived of its history of acreage allotments by reason of such allotments having been leased or transferred to another farm.

Mr. ABBITT. Some did not quite understand that.

Mr. SNODGRASS. Since writing my remarks I have talked to some of the officials within the Department, and I hope this is correct: A man that leases his allotment from this farm will not lose the history on the farm.

Mr. MATTHEWS. That is my understanding of it, as the author of the bill.

Mr. SNODGRASS. Thank you. However, after a 4-year period he could conceivably under this regulation of not producing at least 75 percent of his cropland in any one of these 3 years lose that allotment.

Is that your understanding also?

Mr. ABBITT. I think that is taken care of on page 3.

Mr. MATTHEWS. I might say it was my understanding that since the acreage was being planted on the farm to which you transferred, it would take care of that. It would be planted acreage. Maybe I did not understand correctly.

Mr. COOLEY. I do not think he understands what you are saying.

Mr. SNODGRASS. I have been informed some of the gentlemen in the Department feel that the acreage would be retained on the old farm even though it were leased for a period of 5 consecutive years.

Mr. WATTS. Would be considered as planted?

Mr. SNODGRASS. Yes. Considered as planted.

Mr. ABBITT. That is important. I want to be sure if a man leases it for 5 years, as I understand it from what you are saying, it would be the same as if he had it on his farm.

Mr. SNODGRASS. I understand there is someone from the Department that could define that.

Mr. ABBITT. I think we ought to get that.

Mr. ROONEY. The acreage that is planted on the farm to which the allotment is transferred under the lease is counted on the old farm for the purposes of the history. But the proviso on page 3 says that you do not count that in determining whether the original farm retains its status over an "old farm," so that if you lease it for 5 years, it will become a new farm—it would lose the allotment.

Mr. COOLEY. What did you say?

Mr. ROONEY. The language on page 3 takes care of the history on the old farm, but it does provide that the transfer will not preserve the first farm's status as an "old farm."

Mr. COOLEY. That is wrong. If the man plants on the farm and it is transferred for a year at a time, it will be considered as having been planted on the "old farm."

Mr. MATTHEWS. That is right.

Mr. ROONEY. The 5 years would determine that.

Mr. MATTHEWS. I would like to ask Mr. Heimbürger, who knows about this, to state his views on this.

Mr. HEIMBURGER. One of the points in opposition which has always been made to this leasing idea was that if the farm from which the acreage is transferred receives credit for history purposes for the acreage having been planted, then theoretically, at least, you would have people after a period of years, if this goes on, operating taxicabs in Washington and shoeshine shops in New York and working all over the United States carrying tobacco allotments around in their pockets. As long as they lease it year after year, they never lose the allotment.

And it was this feature of the bill which was objected to very strongly by some people. And that was the reason, Mr. Matthews, why this proviso was devised and put in here, which says that the farm will receive credit for history purposes for any allotment that is leased, but after 4 years that farmer will have to go back and plant a crop of tobacco on his farm in order to retain the status as an "old farm." He cannot go away for 25 or 30 years and continue to carry his allotment around in his pocket.

Mr. COOLEY. May I interrupt right there? All this does is say that it is up to the local committee.

Mr. ROONEY. No, sir.

Mr. GODFREY. No, sir.

Mr. COOLEY. Do you not have to fix the rules and regulations?

Mr. GODFREY. Nothing in the bill gives the Secretary the authority to fix the rules and regulations.

Mr. COOLEY. I may be in error, but I thought we had provided that it was to be done under the supervision of the committee.

Mr. GODFREY. That is one thing about the bill, it points out upon agreement between the parties involved. The bill even permits a producer with a 3-acre allotment to transfer one-hundredth of an acre to 300 other producers that might be overplanted.

Mr. COOLEY. Will you say that again.

Mr. GODFREY. A hundredth of an acre to each of 300 other producers.

Mr. COOLEY. In other words, you could put a provision in here under the supervision of the local committee, so as to permit it, if that happens, to prevent what Mr. Heimbürger says might happen?

Mr. GODFREY. One other reason we might insert for this proviso being in, I think that was to make it uniform with other commodities that have release and reapportionment provisions. In the case of cotton and peanuts, that have a release and reapportionment provision. If it is leased for 3 years in a row, he does not retain his status as an "old farm."

Mr. WATTS. That takes care of the situation about leasing about one-hundredth of an acre. It takes care of somebody who has overplanted. That would be taken care of by providing in this bill that the lease should be consummated 30 days before a certain time. In that way I think it would be very unfair to let some fellow come in after you planted the crop, to shop around all over the country to try to dig up enough acreage to take care of it. If he wants to lease it he should lease it before the planting season. And if he has not leased by a certain date each year he does not get a chance to do so.

After the Government has cut him down for overproduction he should not have that privilege.

Mr. ABBITT. I am sorry, under the rules of the House we will have to adjourn. The House is in session taking up a bill for an amendment. We will be glad to come back here at 3:30 for a conference.

(Thereupon the subcommittee recessed.)

(The conference convened with Mr. Watkins M. Abbitt presiding.)

Mr. ABBITT. We will come to order.

As I understand what we were discussing awhile ago, it was on line 6 of page 3.

I think we will have to look into that very carefully. I get exactly what you are talking about and I am in entire accord with it and I think we can get the counsel of the Department to look at it and report.

Will you continue?

STATEMENT OF FRANK B. SNODGRASS—Resumed

Mr. SNODGRASS. I thank you, Mr. Chairman.

In the particular areas that I represent, the acreage allotment has a great influence on the price of our real estate and property.

Mr. ABBITT. I think members of the committee are in accord with what you pointed out.

Mr. SNODGRASS. And we would like to see allotments remain with the original grower.

And my group has authorized me to say that we are opposed to any sale.

Mr. ABBITT. I am in entire accord with what you say. I am glad to hear you say that. I am in entire accord with that.

Mr. SNODGRASS. And we think that a provision for a 1-year lease with the proper amendments to the bill that have been suggested possibly would be workable. I have reported on the thinking of the burley groups.

I would like to make a statement on behalf of the dark fired groups.

The Western Dark Fired Tobacco Growers Association of Kentucky, who administer the dark fired and dark air-cured types, they do support the principles of lease and transfer of tobacco as acreage allotments.

The Eastern Dark Fired Tobacco Growers Association of Springfield, Tenn., who administer a like program for dark types in that section of Kentucky and Tennessee, support the legislation in principle. However, they are fearful that increased production as the result of lease and transfer might necessitate some reduction in acreage allotments.

The Maryland Tobacco Cooperative of Upper Marlboro favors this legislation. However, since they are underproducing their allotted acreage, they request that the bill contain provisions which will eventually allow the present allocation of acreages to move into the hands of those who are now producing tobacco and have the labor and machinery to continue production.

Since much of the land in Maryland adjoins the District of Columbia, they feel that the provisions of the regulation which states that if you are going to produce about 75 percent of it produced in any one of three years that will revert, the reallocation would be very helpful to them in that instance.

The other member groups of the Burley & Dark Leaf Tobacco Export Association, while they do not oppose the legislation, have not expressed any desire to be recorded in favor.

I will talk briefly for the National Cigar Leaf Tobacco Association. They have one member grower association, the Conn-Mass Tobacco Cooperative, Holyoke, Mass., in favor of the enactment of this legislation.

The two Wisconsin cigar growers' associations wish to be recorded in opposition to the enactment of H.R. 1022 for the reasons that they feel there is now ample supply of their types of tobacco and the lease and transfer would, probably, increase the production, thereby adding to the burdensome surplus. They fear the danger of concentrating the production in the hands of a few may lead to future decreases in acreage allotments and the destruction of our tobacco program.

That concludes my statement, Mr. Chairman.

Mr. ABBITT. Thank you. We certainly appreciate your coming here. The committee is always happy to have you here.

Mr. SNODGRASS. Yes.

(The prepared statement of Mr. Snodgrass follows:)

STATEMENT BY FRANK B. SNODGRASS, VICE PRESIDENT AND MANAGING DIRECTOR,
BURLEY & DARK LEAF TOBACCO EXPORT ASSOCIATION

Mr. Chairman and members of the Committee on Agriculture, for the record, my name is Frank B. Snodgrass. I am the vice president and managing director of the Burley & Dark Leaf Tobacco Export Association. This is a federated trade association, composed of 10 member associations, most of which are tobacco grower associations, although it includes one association of burley auction warehousemen and two associations composed entirely of leaf tobacco dealers and exporters. I am also the executive director of the National Cigar League Tobacco Association, which is composed of seven additional member associations of cigar tobacco growers and exporters. I have informed the leadership of each of these associations of this hearing and the nature of the proposals under consideration.

Last year we appear before this committee at a hearing on H.R. 8819, an identical bill to H.R. 1022, introduced by Congressman Matthews of Florida, to amend the Agricultural Adjustment Act of 1938 to provide for lease and transfer of tobacco acreage allotments. Last year the industry representatives spoke with many voices. We were not in accord since we feared that our tobacco program was endangered and that the legislation was premature. The groups whom I represent were divided, with the majority in opposition to this legislation. Today the situation is some different, while not all groups are in favor of this legislation, fewer groups are opposing it.

The board of directors of the Burley & Dark Leaf Tobacco Export Association do not oppose the lease and transfer of tobacco acreages; however, we would like some clarification on section 316(d), which is not fully understood, but if it means that the old farm's right of participation in future national marketing quotas will be lessened, then we request that this section be revised in order that the original farm not be deprived of its history of acreage allotments by reason of such allotments having been leased or transferred to another farm. The acreage allotment for tobacco has a great influence upon the property value of the farm and should remain with the original owner. We wish to further state that while we do not oppose the lease and transfer of tobacco acreages on a yearly contract basis, we do oppose the permanent sale of such allotments.

The Burley Tobacco Growers Cooperative Association, the largest of all our member groups and whose membership consists of the burley growers in Kentucky, Ohio, Indiana, West Virginia, and Missouri, have reversed their position of the last year and now favor the lease and transfer provisions of H.R. 1022 with the same reservations mentioned above.

The Western Dark Fired Tobacco Growers Association, Murray, Ky., who administer the price support program for dark fired and dark air-cured types in Kentucky and Tennessee, have long supported—and do today—the principles of lease and transfer of tobacco acreage allotments.

The Eastern Dark Fired Tobacco Growers Association, Springfield, Tenn., who also administer the price support program for dark types in Kentucky and Tennessee, support the legislation in principle; however, they are fearful that increased production as a result of lease and transfer might necessitate the reduction of acreage allotments.

The Maryland Tobacco Cooperative, Upper Marlboro, Md., favors this legislation; however, since they are underproducing their allotted acreage they request that the bill contain provisions which will eventually allow the present allocation of acreages to move into the hands of those who are now producing tobacco and have the labor to continue production. Since much of the land in Maryland adjoins the District of Columbia and is now being industrialized, their allotted acreage is being underproduced.

The other member groups of the Burley & Dark Leaf Tobacco Export Association, while they do not oppose this legislation, have expressed no desire to be recorded in favor.

The National Cigar Leaf Tobacco Association has one member grower association, the Connecticut-Massachusetts Tobacco Cooperative, Holyoke, Mass., who favors the enactment of this legislation. The Wisconsin cigar grower associations wish to be recorded in opposition to the enactment of H.R. 1022 for the reason that they feel there is now an ample supply of their types of tobacco and the lease and transfer would probably increase the production, thereby adding to the burdensome surplus. They fear the danger of concentrating the production in the hands of a few may lead to future decreases in acreage allotments and the destruction of the tobacco program.

On behalf of the associations which I have the honor to represent, I would like to express our appreciation to the chairman and the members of the committee on Agriculture for the opportunity of appearing before you and expressing the viewpoint of these associations.

Mr. ABBITT. We will now hear Mr. W. D. Walker of Virginia. He is one of our tobacco producers.

STATEMENT OF W. D. WALKER, A TOBACCO GROWER FROM THE STATE OF VIRGINIA

Mr. WALKER. I am here to represent over 12,000 farm families located in over one-fourth of the counties of Virginia who grow types 21 and 37 tobacco.

We have an allotted acreage of over 13,000 acres. Last year over 4,000 of these acres were not grown. This is largely because of repeated reductions in allotments to the point where individual farmers could not adjust their operation to the reduction and had to seek other employment.

Regulations prohibiting the transfer of tobacco allotments from one farm to another, except by purchase of the entire farm, has worked to the farmers' detriment. In many instances, if a farmer could have rented additional allotment, he would not have to abandon his farming operation and seek employment in an already saturated unskilled employment market. In other instances, the income of retired farmers could be supplemented by rental of his idle allotments.

Gentlemen, if the provision of the Matthews bill were in effect from the beginning, there would be far fewer abandoned farms dotting the countryside of central Virginia.

Growing tobacco requires large expenditures of manpower and currently does not lend itself to any advanced degree of mechanization. To grow 1 acre of tobacco requires in excess of 400 man-hours. To grow our 4,000 idle acres of tobacco would provide over 1.5 million man-hours of employment in producing the crop alone.

It is not a seasonal crop, but often requires 13 months to grow and sell a single crop. It also lends itself to production by a family, enabling it to work together as a unit thus enhancing the opportunities for industrious and wholesome development. The Matthews bill will assist the farmer in adjusting his farming to the family rather than his family to the farm.

Last year the group which I represent sold over \$3.5 million worth of tobacco. This is an important source of income in the economy of our area. We would like to increase it.

You may ask if we are in favor of allotments at all. I need only to direct your attention to the voting record of the farmers. Over 95 percent of the votes cast have repeatedly been in favor of allotments. We know that supply must be brought into balance with demand, not only in tobacco but in other farm commodities.

For the past 3 years the purchasers of our tobacco have not had enough to fill their orders. If these orders are not filled, the majority of which are in the foreign market, they are filled from other sources, usually from a foreign country. Once a foreign customer is lost, the chances of regaining him at a later time would be nil.

Fixed overhead on tobacco farms, in warehouses, and by the buyers and processors demand that we supply all the tobacco the market profitably demands in order to minimize these overhead costs.

You may ask if there is a shortage, then why is it that some tobacco purchased by the Government is still in storage. Gentlemen, today there is less than one-half of a crop of type 21 and 37 tobacco in storage. And mind you, this has been accumulated over the past 7 years.

Any crop of tobacco will have a certain quantity which is undesirable and not as marketable as other grades. A large portion of this pooled tobacco is in this category. Some of this tobacco naturally comes from error in judgment on the part of the Government graders. No matter how hard they try, they will overgrade some while they undergrade other. They have a difficult task, which has generally been discharged in a conscientious and effective manner.

For the past several years this Government stored tobacco has been steadily diminishing. It has been used to partially fill unfilled orders. Because it is not generally of the grade in demand, it cannot begin to satisfy these orders.

At this time, when we farmers are facing one of our most difficult economic crises ever to face us, it is highly important that we receive legislative assistance.

Certainly the Matthews bill is one which will enable us to help ourselves. We support it 100 percent and do hope it will be favorably reported on by this committee and expeditiously passed by Congress.

I thank you.

Mr. ABBITT. Thank you. I see you have two associates with you. I will appreciate your giving their names and the groups they represent.

Mr. ROBERTSON. My name is J. Mott Robertson, Post Office Box 583, of Lynchburg, Va.; and I represent the Virginia Dark Tobacco Warehousemen's Corp.

Mr. HALL. My name is Thomas B. Hall, Jr., of Farmville, Va.; and I represent the Virginia Dark Fired Tobacco Growers Marketing Association.

Mr. ABBITT. Thank you. We certainly thank you, Mr. Walker.

The next witness I have is Mr. B. C. Mangum of the North Carolina Farm Bureau.

STATEMENT OF B. C. MANGUM, ON BEHALF OF THE NORTH CAROLINA FARM BUREAU

Mr. MANGUM. Mr. Chairman, I doubt if I will take the time to testify because I have presented the statement. You have it for the record.

Mr. ABBITT. When we come into session, I will ask unanimous consent that it be printed the same as if you made the statement.

Mr. LENNON. May I ask the gentleman a question?

Mr. ABBITT. We are glad to have you with us.

Mr. LENNON. Mr. Mangum, the statement that you have filed, and the recommendations made by the North Carolina Farm Bureau as to the conditions that should be met by the parties, incorporates almost verbatim the language of the Matthews bill, does it not?

Mr. MANGUM. There is not much difference. There are some changes—minor, however.

Mr. LENNON. Would you give us briefly the changes that the North Carolina Farm Bureau suggests from what is now in the language of the Matthews bill?

Mr. ABBITT. Do you have a copy of this?

Mr. MANGUM. One major change was the one where we added a proviso that an allotment that was leased from a farm, where the farm then was retired from agricultural production.

Mr. LENNON. That was the point discussed here prior to the recess.

Mr. MANGUM. No, that point has not been discussed. You see, the way the bill was, there was no provision whereby there would be any disposition made of an allotment that was leased to another farmer, if the farm allotment was retired from agricultural production. And we did not think that allotment ought to continue to be in existence with the original farm being retired from agricultural production.

STATEMENT OF B. C. MANGUM, PRESIDENT, NORTH CAROLINA FARM BUREAU— PROPOSAL FOR LEASE OR TRANSFER OF TOBACCO ALLOTMENTS

That provisions be provided that would permit the owner and operator of any farm for which a tobacco acreage allotment is established to lease any part of such allotment to any other owner or operator of a farm in the same county for use in such county provided that the tobacco acreage transferred shall continue to be available to the farm from which it is transferred and land suitable for tobacco production must be maintained on the lessee's farm.

(1) The lease agreement is made in writing and on such terms and conditions as the parties thereto agree and the following conditions are met:

(a) That the lease and transfer of any allotment shall not be effective until a copy of such lease is filed with and approved by the county committee of the same county in which the farms involved are located. If the county committee determines that the farms involved in the lease and transfer are approximately equally productive, the lease and transfer may be approved acre for acre. If the lease and transfer results in acreage allotment for tobacco being placed on a farm which is substantially more productive, such as an irrigated farm as compared with a dryland farm, the county committee shall make a downward ad-

justment in the amount of acreage allotment transferred so that the production from the transferred acreage will be approximately equal to that which would have been obtained on the farm from which the acreage was leased.

(b) That the lease and transfer of any part of a tobacco acreage allotment determined for a farm shall not affect the allotment for tobacco for the farm from which such acreage allotment is leased or the farm to which it is transferred, except with respect to the crop years specified in the lease. The amount of acreage allotment which is leased from a farm shall be considered for purposes of determining future allotments to have been devoted to tobacco on such farm and that the acreage so leased and transferred shall not operate to continue the farm's status as an "old farm."

(c) That the lease and transfer of allotment acreage shall not operate to increase the acreage of tobacco on a farm to more than 60 percent of the crop-land on such farm.

Mr. LENNON. I thank you.

Mr. ABBITT. Thank you very much.

Mr. W. N. Terry, Jr., of Danville, Va.

STATEMENT OF W. N. TERRY, JR., VICE PRESIDENT, BRIGHT BELT WAREHOUSE ASSOCIATION

Mr. TERRY. Mr. Chairman and members, I am a tobacco grower in Pennsylvania County, the county adjoining the city of Danville. And I am vice president of the Danville Tobacco Association.

We favor the Matthews bill, mainly because we think that economically it is good for our community and it is good for the small tobacco grower.

We have quite a few small acre growers that probably have 3 acres of tobacco and do not produce enough to support their families, so they go out and get jobs. The acreage they have is not quite enough for that, I mean. And then after they get the kids through school, they would like to go back growing the 3 acres of tobacco. I think this bill will help that situation and help them maintain the investment that they have in their farm, in the acres.

When they go to the bank to borrow money, the bank does not ask how many acres of land they have, they ask what their tobacco allotment is. I think that would help stabilize, this bill would, that condition.

Mr. ABBITT. Thank you very much, Mr. Terry.

Representative Tuck asked me to explain to you gentlemen that he was quite interested in this matter but was unavoidably detained over on the floor of the House. Otherwise he would be here.

I would like for the record to show when we go into session that Mr. J. T. Moore of the Virginia Farm Bureau was here. He will not make a statement at this time.

I have next Mr. J. B. Harper, Mr. W. E. Matthews, and Mr. Harvey Dinkins, representing the Old Belt Committee of North Carolina and Virginia.

STATEMENT OF J. B. HARPER, REPRESENTING THE OLD BELT COMMITTEE OF NORTH CAROLINA AND VIRGINIA; ACCOMPANIED BY W. E. MATTHEWS AND HARVEY DINKINS

Mr. HARPER. Mr. Chairman, we are representing approximately 75,000 tobacco growers that have signed our petition.

Mr. ABBITT. We appreciate very much your coming up and are glad to hear from you.

Mr. HARPER. These petitions were to retain the allotments within the county, and utilize the unplanted ones.

The Old Belt of North Carolina and several adjoining counties of Virginia, have 3,140 farms that have less than half an acre of tobacco allotted to them. They have 3,758 farms that have less than an acre of tobacco allotted to them. And they have 4,375 farms with less than an acre and a half of tobacco allotment.

These farms are not so-called big farms. The farms are being rented in most instances by men and their families and in a number of cases, thousands of them, that is their sole income.

The average tobacco grower in the Old Belt of North Carolina is from 55 to 60 years old. Approximately in another 10 years those men will have passed on. And there is no encouragement whatever for the young people to stay on the farm, and the big majority have left the farm, have gone out and sought any kind of work they can get.

And we find that an average laborer at a dollar an hour can earn better than \$2,000 by working 52 weeks, 40 hours a week. And the tobacco grower with an allotment of 1 acre, the most that he can expect from that acre of tobacco is a thousand dollars, possibly \$1,200 if he is lucky. And of that amount he can only expect to keep approximately half.

We have in our area people that have as many as five and six children that have no other income except from their small tobacco allotment.

We are definitely in favor of Mr. Matthews' bill, H.R. 1022. We are definitely opposed to selling allotments, and we would like for some way to be worked out whereby a farmer that is no longer interested in growing tobacco, that that acreage be put in a pool and used in hardship cases, because there are some farmers that are not able to buy even half an acre, if they could buy it reasonably.

We believe that it will help our section more than any other one thing. And due to the fact that these small allotments and unplanted acreage exist, our acreage in these Old Belt counties of Virginia and North Carolina is approximately half now of what it was in 1947.

At the same time that we have 11,273 farms with less than an acre and a half allotment, we have 12,000 of tobacco that was not planted last year.

All we are asking for is to keep that 12,000 acres of tobacco and get it out to these people that need them.

I will submit my statement and some data.

Mr. ABBITT. Thank you very much for your statement. They will be made a part of the record at our session.

(The paper and data follows:)

THE PLIGHT OF THE NORTH CAROLINA OLD BELT TOBACCO GROWER

According to the annual report of the North Carolina State ASC office for flue-cured tobacco allotted in the Old Belt counties of North Carolina, the average allotment is as follows:

	<i>Acres per farm</i>		<i>Acres per farm</i>
Alamance County	3.3	Moore County	2.9
Alexander County	1.4	Orange County	3.5
Caldwell County	1.8	Person County	5.3
Caswell County	4.7	Randolph County	2.0
Chatham County	2.6	Richmond County	2.0
Davidson County	1.8	Rockingham County	4.2
Davie County	1.4	Rowan County	1.3
Forsyth County	2.2	Stokes County	4.1
Guilford County	2.8	Surry County	3.4
Iredell County	1.5	Wilkes County	1.6
Montgomery County	2.2	Yadkin County	3.0

The average for the State of North Carolina was approximately 4 acres per farm.

A survey made by North Carolina State College, Department of Agricultural Economics, for Forsyth County and the northern Piedmont (Old Belt) shows that farms not planting allotments as related to size of allotment is as follows:

	<i>Percent not planted</i>
Over 5-acre allotment	3
4- to 5-acre allotment	5
3- to 4-acre allotment	10
2- to 3-acre allotment	20
1- to 2-acre allotment	25-30
1-acre-and-less allotment	¹ 40

¹ And up.

In 1960, the Old Belt of North Carolina counties with small allotments consistently had more unplanted tobacco acreage than those with somewhere near the State average. For example, Alexander County with average allotment of 1.4 acres had 856.34 acres not planted out of an allotment of 1,389.74 acres for 968 farms. Davie County had an average allotment of 1.4 acres and in 1960, 558.72 acres were not planted out of a total county allotment of 1,171.67 acres on 814 farms. On the other hand, Person County, with an average allotment of 5.3 acres in 1960, only had 90.13 acres that were not planted and Caswell County, with an average allotment of 4.7 acres in 1960, had 214.37 acres that was not planted. Both Caswell and Person Counties have or are near large manufacturing plants which certainly goes to prove that unplanted allotments are due to insufficient acreage to support a family and be profitable. We have here in the Old Belt of North Carolina an entirely different situation from most of the other tobacco-growing areas. Our tobacco growers are men and women and children that are living and working on farms that have been in their families for many generations. The knowledge of growing tobacco has been handed down from father to son for as many as five generations. They have been reared to grow the very finest tobacco in all the world. There is no other place under the sun that tobacco of like quality, flavor and aroma can be grown. The type of soil and climate are largely due credit plus the inherited know-how. Our tobacco growers have great pride in producing the quality of tobacco that buyers come from the four corners of the earth to buy. There is no other place to get it. A large number of the finest export grades are produced in this section only and the beginning of our fine domestic brands began here in this area and are still here. Our growers have never tried to see how much tobacco they could grow. They have always been most satisfied to do a good job. That is one reason for our small allotments in this area. In spite of the fact that our tobacco has always been salable, we have had to take the same cuts in acreage under the program and this has brought us to the place where thousands of our finest tobacco growers do not have sufficient allotments to support their families.

This same survey also states "that growers with small allotments find it's not profitable to plant if they can secure other employment." They further state that growers with small allotments wishing to retain their tobacco allotments could do so if they were permitted to release their allotments for use by other growers for specific periods of time.

The Old Belt area of North Carolina in 1960 had 3,140 farms with tobacco allotments of less than one-half acre. There was 3,758 farms with allotments of one-half to 1 acre and 4,375 farms with allotments from 1 to 1½ acres; in all, 11,273 farms with less than 1½-acre allotment for tobacco. Common labor at \$1 per hour working 40 hours per week for 52 weeks earn \$2,080 per year. A tobacco grower with 1½ acres allotment at most could expect a return of \$1,500 of this amount. After paying for seed, gassing, fertilizer, insecticides, oil, etc., would do well to net \$750 for his year's work (his only cash income). It costs just as much to cure a half barn of tobacco as a full one. In most cases, present-day growers have to hire extra help when harvesting. Many pay as much as \$50 for labor in harvesting a single barn of tobacco.

You can see that a tobacco grower would have to have from 2½ to 3 acres of tobacco allotment to equal the income of the common laborer in 1 year. There are thousands of growers who have to depend on tobacco and have no outside employment or hopes of ever having any. The big majority of our present tobacco growers are past 50 years of age. The original small allotments in the North Carolina Old Belt and the cuts we have had to take according to the program has already forced better than 85 percent of our boys and girls to leave the farm for any employment they can find anywhere. The majority of these boys and girls did not want to leave the farm. They had no choice and this movement of our young people has brought tears to many old and young. Had these unplanted acres been available thousands of young people would be today the tobacco growers for the future. The only way we can save this 350-year-old industry is to use within each county the unplanted tobacco allotments to put the little man on his feet and give him and his family a decent living.

In 1960, the Old Belt of North Carolina and two or three border counties had 11,680.60 unplanted tobacco acres. At the average yield per acre for 1960, had these acres been planted, it would have produced 20 million pounds of tobacco and, at the average price, sold for \$12 million. At the same time 11,273 farms in this same area did not have enough tobacco allotment to make a living better than the 1930-31 standard. Had the 11,680.60 acres been available to these small tobacco growers in 1960, it would have been possible for each of the 11,273 farms to have had better than 1 acre added to their small allotment.

The latest stock report of the holdings of the Flue-Cured Tobacco Cooperative Stabilization Corp., dated March 9, 1961, shows of the two crops that they have had great difficulty in selling 1955 and 1956, total holdings as follows:

	Holdings
1955 crop on land-----	120, 388
1956 crop on land-----	118, 246
Total-----	238, 634

Of the above total only 11,221 holdings, including Virginia, or less than 5 percent are Old Belt tobacco. This goes to show that our Old Belt tobacco is in strong demand, that the tobacco manufacturers throughout the world are buying our Old Belt tobacco for its fine quality, flavor, and aroma. There is no substitute. Our domestic manufacturers need it and our exports will suffer unless we continue to grow it. We know of no more equitable way than to release the present allotments in each county for use within that county, thereby giving a decent living to thousands of farm families in the North Carolina Old Belt and at the same time providing tobacco that all the world wants and will buy.

County	1960 total acres to- bacco allot- ment	Total num- ber of farms	(Inclusive)		Number of farms
			From—	To—	
Alexander.....	1,388.28	970	.01 .51 1.01	.50 1.00 1.50	154 199 219
Total.....					572
Caldwell.....	475.70	274	.01 .51 1.01	.50 1.00 1.50	16 35 71
Total.....					122
Caswell.....	9,122.09	1,953	.01 .51 1.01	.50 1.00 1.50	71 98 109
Total.....					278
Davidson.....	3,260.10	1,821	.01 .51 1.01	.50 1.00 1.50	362 259 272
Total.....					893
Davie.....	1,170.55	810	.01 .51 1.01	.50 1.00 1.50	162 145 189
Total.....					496
Forsyth.....	4,918.64	2,236	.01 .51 1.01	.50 1.00 1.50	314 305 285
Total.....					904
Guilford.....	9,132.89	3,223	.01 .51 1.01	.50 1.00 1.50	253 297 416
Total.....					966
Iredell.....	1,218.97	813	.01 .51 1.01	.50 1.00 1.50	119 123 244
Total.....					486
Lee.....	4,092.15	1,324	.01 .51 1.01	.50 1.00 1.50	137 108 154
Total.....					399
Montgomery.....	962.22	429	.01 .51 1.01	.50 1.00 1.50	43 42 95
Total.....					180
Moore.....	4,867.05	1,666	.01 .51 1.01	.50 1.00 1.50	151 155 218
Total.....					524
Orange.....	3,298.20	941	.01 .51 1.01	.50 1.00 1.50	71 78 130
Total.....					279
Person.....	9,515.37	1,771	.01 .51 1.01	.50 1.00 1.50	340 698 189
Total.....					1,227
Randolph.....	3,281.26	1,626	.01 .51 1.01	.50 1.00 1.50	147 196 276
Total.....					619

County	1960 total acres to- bacco allot- ment	Total num- ber of farms	(Inclusive)		Number of farms
			From—	To—	
Richmond.....	2,080.13	1,042	.01 .51 1.01	.50 1.00 1.50	247 134 230
Total.....					611
Rockingham.....	12,971.44	3,075	.01 .50 1.01	.50 1.00 1.50	119 184 239
Total.....					542
Rowan.....	46.79	37	.01 .51 1.01	.50 1.00 1.50	8 6 12
Total.....					26
Stokes.....	11,400.44	2,779	.01 .51 1.01	.50 1.00 1.50	36 89 120
Total.....					245
Surry.....	10,871.00	3,199	.01 .51 1.01	.50 1.00 1.50	127 205 333
Total.....					665
Wilkes.....	1,539.79	986	.01 .51 1.01	.50 1.00 1.50	111 183 302
Total.....					596
Yadkin.....	8,009.64	2,762	.01 .51 1.01	.50 1.00 1.50	152 219 272
Total.....					643
21 counties.....	103,622.70	33,727	.01 .51 1.01	.50 1.00 1.50	3,140 3,758 4,375
Total.....					11,273

Mr. MATTHEWS. May I make this observation? Mr. Harper has been very helpful to me and I want to thank him and his colleagues from North Carolina especially today. He has corresponded with me considerably. I know he has given this matter a great deal of thought.

As I understand, you want somehow or another, if you can, to work out some provision whereby the unused allotments eventually will be turned over to hardship cases?

Mr. HARPER. That is right. We have so many people that are really suffering. In fact, in my letters to a number of people, I asked them if they would send a delegation to see these people. I know one man who saved what money he could while he was over at another town and he came back and bought a small farm. He has a wife and five children now, and he does not have a change of clothing. He is trying to make a living with an acre and a quarter of tobacco allotment.

Those are the kinds of people we are interested in. We are not interested in the man that has 25 or 50 acres of tobacco allotment. And there are few of them. That is, in our section.

We are interested in these people that are struggling. And there are thousands of them.

I believe that is all I have to say.

Mr. ABBITT. Thank you very much.

We will next hear from Mr. Kesler of the Kentucky Farm Bureau Federation.

**STATEMENT OF E. W. KESLER, LEGISLATIVE DIRECTOR,
KENTUCKY FARM BUREAU FEDERATION**

Mr. KESLER. We appreciate the opportunity to present the views of the Kentucky Farm Bureau Federation with respect to H.R. 1022, the legislative proposal to permit the leasing and transfer of tobacco allotments.

The Kentucky Farm Bureau Federation is a general farm organization with 77,731 members, and of these the vast majority are producers of tobacco.

At our last annual meeting on November 14, 15, 16, 1960, in Lexington, Ky., the voting delegates, representing 115 county farm bureaus, adopted the following recommendation: "We are opposed to the selling or leasing of tobacco allotments."

The delegates from Kentucky to the American Farm Bureau Federation convention in December 1960, along with the delegates from 48 other State farm bureaus, were successful in getting the national delegate body to adopt this position.

Kentucky produces 66 percent of all burley tobacco produced in the United States, as well as a large percentage of the dark varieties. We are convinced that a vast majority of the tobacco producers in Kentucky are opposed to the transfer of allotments from one farm to another under any lease, rental, or sale basis. This is true of the producers of all types produced in Kentucky, and especially of the farmers who produce burley tobacco on the 145,905 farms with allotments.

We believe this proposal could easily be the opening wedge to eventual destruction of the tobacco program. We understand that the present proposal provides that the leased acreage remain a permanent part of the allotment on the original farm; however, we sincerely believe that if this is enacted into law, it will not be long before this committee will be requested to report legislation to permit these leased allotments to become a permanent part of the allotments on the farms growing the tobacco under the lease arrangement. If this should become a reality, more tobacco would be produced on fewer farms, with permanent economic loss to future generations on many farms in Kentucky.

The leasing of tobacco allotments would increase total production.

First, a large percentage of the allotments not presently being produced, except in keeping with the provision of law requiring production of 75 percent of the allotment—1 year in 3—would find its way back into production.

Second, even though the language contained in H.R. 1022 appears to provide assurance that increased production through higher yields per acre will not result from the transfer of allotments, in practice increased yields will result from these transfers.

Irrigation is not yet a major factor in the production of tobacco in Kentucky. We seriously doubt that county committees will adjust downward the amount of acreage transferred through a lease arrangement, for the burden of pressure to transfer on an acre-for-acre basis will make it next to impossible for the county committees to carry out the intent of this portion of the bill.

There are many factors that determine yield per acre, of which irrigation plays a very minor role. Some of these are:

1. Fertility of the soil.
2. Use of commercial fertilizer.
3. Use of MH-30 for sucker control.
4. General efficiency in farming practices.

The production of tobacco, both as to quality and quantity, depends greatly on the individual producer, as well as these other outside influences.

The increase in production that would follow the enactment of this proposed legislation would eventually result in one of two things, or both: (1) a reduction in allotments, or (2) prevention or delay in an increase in allotments that might otherwise be justified in the future.

We would like to call to your attention the fact that under present law a reduction in burley tobacco allotments does not affect all producers, but comes only from the farms with allotments above the minimum of five-tenths of an acre. It is our earnest belief that most of the allotments leased would be from farms with minimum allotments. Since these allotments would remain as a permanent part of the allotment on the original farm, the very allotments that would cause the increased production could not under present law suffer the consequences, but would in reality transfer the adverse effects to many farmers not responsible for the difficulties.

This bill will not serve to benefit the majority of tobacco producers. Most of these farmers will want to continue to farm their present allotments, but—for one reason or another—will not be in a position to, either lease additional acreage or lease their own allotments to other producers. These farmers cannot benefit from a leasing arrangement but stand an excellent chance of being hurt in the future.

We therefore respectfully urge that this committee not act favorably on this bill.

Mr. ABBITT. Thank you for your statement.

Chairman Cooley received a letter from the master of the North Carolina State Grange, and I would ask unanimous consent that it be placed in the record immediately following Mr. Kesler's statement.

We also have a letter addressed to me from the American Farm Bureau Federation by Mr. John C. Lynn, legislative director.

I will ask that that be inserted in the record.

(The letters follow:)

THE NORTH CAROLINA STATE GRANGE,
Greensboro, N.C., June 21, 1961.

HON. HAROLD D. COOLEY,
Chairman, House Committee on Agriculture,
House Office Building, Washington, D.C.

DEAR HAROLD: We received your wire announcing that the Tobacco Subcommittee will consider H.R. 1022 providing for lease and transfer of tobacco acreage allotments on Thursday, June 22, at 2 p.m. I regret that commitments of long standing will make it impossible for me to be in Washington at that time.

While the North Carolina State Grange has said that "the Government should make possible the transfer of small production allotments and should establish criteria for encouraging their consolidation on efficient family farms," the tobacco committee of our organization, after examining H.R. 1022, has gone on record in opposition to the passage of this legislation. There was considerable sentiment expressed by members of the committee from various sections over the State; but, after full consideration, the committee went on record in opposition to the bill.

The members of our Grange tobacco committee questioned the power that would be given to the county ASC committee to adjust acreage on the basis of the productivity of farms and other features which they concluded would weaken the tobacco program.

All the members of our Grange tobacco committee are strong supporters of the tobacco program and do not want to see anything done which might jeopardize its effectiveness or its future.

The cotton committee of the State Grange, as you well know, operating under the general statement quoted above, favored the transferability of cotton allotments within counties and States; and the North Carolina State Grange gave its full support to the legislation which established that principle when the bill was pending before Congress.

On the basis of the most recent action taken by the tobacco committee of the North Carolina State Grange, we are on record opposing the passage of H.R. 1022.

With kindest regards and best wishes, I am,

Sincerely,

HARRY B. CALDWELL,

Master, North Carolina State Grange.

AMERICAN FARM BUREAU FEDERATION,
Washington, D.C. June 21, 1961.

HON. WATKINS M. ABBITT,
*Chairman Subcommittee on Tobacco, House Committee on Agriculture, U.S.
House of Representatives, Washington, D.C.*

DEAR CONGRESSMAN ABBITT: We respectfully request that this letter be made a part of the hearing record with regard to H.R. 1022, a bill to amend the Agricultural Adjustment Act of 1938 to provide for lease and transfer of tobacco acreage allotments.

At our most recent annual meeting in December 1960 the voting delegates of our member State farm bureaus adopted the following policy with regard to transfer of allotments. "We oppose the sale, lease, or exchange of allotments."

We realize this bill would confine the exchange to leasing only; for 1 year at a time; and to within the county. Also, the farms involved in the leasing presumably would be required to be of approximately equal productivity or adjustments made to compensate for differences in productivity.

These requirements would make the bill very difficult to administer.

Furthermore, this approach would be the opening wedge for lease and sale of allotments on a much larger scale.

This, in turn, could lead to a high fixed value being established for a transferable allotment—a situation that might get completely out of hand. This could well cause injury to the small farmers that the bill apparently is intended to help.

It certainly would cause a much higher percentage of allotments of tobacco to be planted each year. This could eventually lead to a reduction in all allotments if surplus production developed as it probably would.

We believe this proposal is contrary to the interests of tobacco growers and could set in motion forces that would jeopardize the continuation of the present tobacco price-support program.

We therefore respectfully urge your Committee not to take favorable action on this bill.

Sincerely yours,

JOHN C. LYNN, *Legislative Director.*

Mr. ABBITT. We will now hear from Mr. Matthews.

**STATEMENT OF W. E. MATTHEWS, A TOBACCO GROWER FROM THE
STATE OF NORTH CAROLINA**

Mr. MATTHEWS. Mr. Chairman and members, I do not have a prepared statement. I am a bright-belt farmer.

I served 5 years on the ASC committee in the State of North Carolina. I contacted a number of farms in the State of North Carolina, and I think that we could go along with the Matthews bill, maybe, with a few changes.

Mr. ABBITT. I hope that we can get the changes that have been suggested worked out and formulated in the bill. If I have anything to do with it, I will ask the clerk to send around to those who have been here today and have them agree to the changes before we get any action on it.

Mr. MATTHEWS. Mr. Dinkins is here.

Mr. ABBITT. We will be pleased to hear from you now.

**STATEMENT OF HARVEY DINKINS, FARM SERVICE DIRECTOR,
RADIO STATION WSJS AND WSJS-TV, WINSTON-SALEM, N.C.**

Mr. DINKINS. Mr. Chairman, I am farm service director of radio station WSJS and WSJS-TV in Winston-Salem, N.C.

First of all, I want to assure you that this is going to be the briefest statement that you are going to hear today.

I am happy to see my own neighbor and my own Representative in Congress leave his busy schedule elsewhere in the capitol today to come over here to take note of something that involves, approximately, one-half of the agricultural income of the State of North Carolina. The agricultural income of the State of North Carolina is relatively a billion dollars, and tobacco accounts for about half of it.

Further, I want to say that I have the same feeling in greeting you, Mr. Cooley, that I used to have in greeting our own farmer, Bob Doughton.

I always sort of felt when Farmer Bob was on the "bench" everything was safe.

I have done 20 years of newspaper writing, editing, and so forth. And 15 years of radio commentator work, 7 years of television work, among the people of North Carolina, northwestern North Carolina, and that means tobacco growing area of North Carolina and southwestern Virginia.

I have seen this Congress transfer the status of the tobacco grower from that of what might be termed peonage, as they knew it in some other countries, into a status where they have a living income. That has been true ever since the time when we have had a tobacco acreage allotment program.

Mr. Cooley will recall the time when they voted, about 1939, and tobacco brought about 15 cents. All of the other times it has been reasonably good.

However, we have come up to a situation where our acreages have gradually leaked away through the fact that production has been partly increased by reason of better agricultural practices than otherwise. I say we have come to the status where things are critical.

And personally, I feel that this program, for which Red Harper has done so much, is a sensible solution for it temporarily.

Of course, this committee and this Congress knows that you can never fix anything on a permanent basis. Change is always coming. But I think Representative Matthews has sensed the situation and that if this committee could report to the full Agriculture Committee and the Agriculture Committee in turn could report to the House of Representatives this bill and if enacted into law, it would do a great deal to stabilize the tobacco production industry throughout the country.

Thank you, gentlemen.

Mr. ABBITT. I thank you very much for coming here. I want to concur wholeheartedly with what you said about our distinguished gentleman and your Representative in the House. As you know, the chairman and also your distinguished Representative, Mr. Scott, have been most helpful and cooperative with this subcommittee. I appreciate what you have to say.

I am sorry that this conference had to be held under these conditions, but as you know, we have an important piece of legislation up over in the House and we have been requested to come back over there.

I want to thank the Department again for being here to answer any questions. At some agreeable and convenient time with the committee and the Department, we would appreciate your coming back over here when we have more time to see what we can work out. We will have some questions and desire advice from you.

Mr. SCOTT. I have a brief statement that I would like to submit for the record with your permission.

My presence here is to wholeheartedly join and concur with my people in urging the adoption of this legislation.

Mr. ABBITT. Permission will be granted to have your statement inserted into the record.

(The statement of Hon. Ralph J. Scott, a Representative in Congress from the State of North Carolina, follows:)

STATEMENT OF RALPH J. SCOTT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA

Mr. Chairman and members of the committee, I appreciate this opportunity to appear before your committee in support of H.R. 1022, offered by the gentleman from Florida, Mr. Matthews.

All of the seven counties of my congressional district are deeply interested in the production of tobacco. Shortly after this bill came to my attention, I undertook to publicize it through the newspapers, county farm offices and through farm leaders. I have received petitions signed by hundreds of tobacco farmers as well as a large number of letters and personal contacts urging my support of this bill. I can say that it has substantially unanimous support among the warehousemen, tobacco farmers, and business leaders in my district.

Tobacco is grown in all of the seven counties of my district and I believe the average farm allotment is approximately 4.2 acres. But there are hundreds of farmers with allotments of 1 or 2 acres or less. These are the ones I feel would benefit most under the pending bill.

For many years, the value of the small tobacco farm has been based largely upon its acreage allotment. Many such farms purchased at prices based upon acreage allotments of 6 or 8 acres, for example, now have allotments of 1 or 2 acres and in hundreds of instances even less, due to acreage reductions which have been made from time to time. Thus the farmowner has seen his original allotment gradually dwindle down to a point where he can no longer afford to

protect it by cultivation, as he is required to do under existing law. Put in another way, this simply means that the little farmowners coming within this category have lost a substantial part of their original money investment in their land. And unless the bill under consideration, or similar legislation, is passed, they will soon lose the remainder of their small allotments plus a substantial part of the cash investment they have in it. This not only works a great hardship but also an injustice on the small farmowner. The usefulness, value, and salability of his farm will be further materially impaired unless legislation of this type is enacted.

I strongly feel that a tobacco allotment should remain with the farm and be considered and dealt with as a part of the land to which it is assigned or attached, with discretion in the owner to cultivate, transfer, or lease it as he pleases according to the provisions of this bill.

Mr. Chairman, I sincerely hope your committee will see fit to act favorably on H.R. 1022 and that during this session it may become law.

Mr. ABBITT. We deeply appreciate your help and assistance to this committee, and appreciate your statement.

We have another guest with us today, Mr. Hicks, and I wish to say that we appreciate your being here.

I will ask unanimous consent to have placed in the record several letters and telegrams which have been received.

(A letter dated June 20, 1961, from the Plant Food Institute of North Carolina and Virginia, Inc.; a telegram from J. D. Ross dated June 19, 1961; and a telegram from J. T. Marston, Jr., president, State Bank & Trust Co., Greenville, N.C., follow:)

PLANT FOOD INSTITUTE
OF NORTH CAROLINA AND VIRGINIA, INC.,
Raleigh, N.C., June 20, 1961.

HON. HAROLD D. COOLEY,
Chairman, House Committee on Agriculture,
Washington, D.C.

DEAR CONGRESSMAN COOLEY: This is in reply to your telegram of June 19 with reference to House bill 1022.

I do not have a copy of this bill, but I do think the time has come when we will have to give some consideration to the transfer of tobacco acreage allotments.

At the present, I feel we should hold them within the county. We should never allow tobacco allotments to be sold and we should not give new allotments on experience alone. We did that in 1935 and found that landlords would get an experienced tobacco man to come to his farm for 1 year, get an allotment established, and then run him off. The tenant would go to another farm with that experience and get another allotment established. This was an endless business.

By permitting transfers within the county we can relieve the pressure and administer the program much easier and I think supply the type tobacco that the trade wants from the respective belts or areas.

Tobacco differs from cotton in that it is a higher valued crop. If you permit it to go across county lines or even across belt lines, there will be such bidding for it that it will be difficult to keep up with. Not only would the program be difficult to administer, but it would tend to get the tobacco out of the areas where it has been commonly grown. I think some of the manufacturing trade set up their blends from tobacco grown in different areas.

You may record my testimony in favor of transfers with the above stated exceptions.

Sincerely,

E. Y. FLOYD, Director.



GREENVILLE, N.C., June 22, 1961.

Congressman WATKINS ABBITT,
Agriculture Committee,
New House Office Building, Washington, D.C.:

Strongly urge adoption of H.R. 1022.

J. T. MARSTON, Jr.,
President, State Bank & Trust Co.

ASHEBORO, N.C., June 19, 1961.

HON. HAROLD D. COOLEY,
Member of Congress,
House Office Building, Washington, D.C.:

Re Matthews of Florida tobacco allotment bill hearing Thursday. In my opinion this bill or similar one would be of great help to tobacco farmers in our Piedmont section. Tobacco allotments are so small it would enable good farmers to secure sufficient acreage to justify help and equipment. Higher grade tobacco would be produced result of better preparation and cultivation. The right to lease would not hurt large tobacco growers in the East as it would not be compulsory.

I certainly believe the lease plan would be good for our section and help solve the problem of the man with less than 3-acre allotment. Hope you will help put this across.

J. D. Ross.

Mr. STUBBLEFIELD. I am sorry to have been late.

Mr. ABBITT. Mr. Stubblefield is a valuable member of our subcommittee.

If there is no one else who wants to be heard, we will adjourn this conference.

(Whereupon, at 4:10 p.m., the conference adjourned.)

LEASE AND TRANSFER OF TOBACCO ACREAGE ALLOTMENTS

TUESDAY, JULY 25, 1961

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON TOBACCO
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to call, at 10 a.m. in room 1310, New House Office Building, Hon. Watkins M. Abbitt (chairman of the subcommittee) presiding.

Present: Representatives Abbitt, Cooley, McMillan, Jennings, Matthews, Stubblefield, Dague, Short, and Findley.

Also present: Representatives Beermann and Watts. Christine S. Gallagher, clerk.

Mr. ABBITT. The Tobacco Subcommittee will come to order.

We have for consideration today H.R. 1022, introduced by our colleague, Mr. Matthews, to amend the Agricultural Adjustment Act of 1938 to provide for lease and transfer of tobacco acreage allotments. The bill and the report of the Department of Agriculture dated June 22, 1961, will be made a part of the record at this point.¹

STATEMENT OF RAPHAEL V. FITZGERALD, ASSISTANT DEPUTY ADMINISTRATOR, PRICE AND PRODUCTION; ACCOMPANIED BY JOSEPH WILLIAMS, DIRECTOR, TOBACCO DIVISION; WILLIAM O. SHOFNER, DEPUTY DIRECTOR, PRICE DIVISION; GENE BAYOL, DEPUTY DIRECTOR, SOUTHEAST AREA OFFICE, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE; AND HOWARD ROONEY, OFFICE OF THE GENERAL COUNSEL, U.S. DEPARTMENT OF AGRICULTURE

Mr. ABBITT. We have with us Raphael V. Fitzgerald, Assistant Deputy Administrator, Price and Production, Agricultural Stabilization and Conservation Service, U.S. Department of Agriculture.

Mr. Fitzgerald, we appreciate very much your coming down to testify on the matter before us, and we shall be pleased to hear from you at this time. Your associates may come to the table with you.

Mr. FITZGERALD. I would like to introduce them. Mr. Rooney, of the Office of General Counsel; Mr. Bayol, deputy director of the southeast area office; Mr. Shofner, deputy director, Price Division; Mr. Williams, the director of the Tobacco Division.

¹ See p. 1.

Mr. Chairman and members of the subcommittee, I appreciate the opportunity to appear before you today. I am Raphael V. Fitzgerald, Assistant Deputy Administrator, Price and Production, Agricultural Stabilization and Conservation Service, U.S. Department of Agriculture, and I am representing Mr. Horace D. Godfrey, our Administrator, who is unable to be here. I have a brief statement, and am here to answer any questions which you may have, regarding a revision of H.R. 1022 which I understand this committee now has under consideration.

You will recall that Mr. Godfrey testified on June 22, 1961, before this committee on an earlier version of H.R. 1022, as introduced by Mr. Matthews on January 3, 1961. Mr. Godfrey's testimony, and our report of June 22, favor enactment of H.R. 1022 if certain modifications were made.

The revision of this measure which is before us today encompasses some of the modifications discussed previously. It does not, however, embrace other and more important revisions which we believe need to be added before enactment. Compared to the previous measure, the present version eliminates or clarifies certain ambiguities relating to the approval by the county committee of the lease and transfer of allotments. The language regarding the preservation or distribution of acreage history in connection with the establishment of future allotments has been clarified. Further, the present bill would provide for establishment by the Secretary of closing dates for filing, in effect, applications for allotment transfers. This is a desirable addition. In similar vein the present measure encompasses clarifying detail regarding downward adjustments in allotments transferred in cases where the normal yield on the recipient farm exceeds by more than 10 percent the normal yield on the farm from which the allotment is transferred. Here again the new language is an improvement.

More importantly, however, the present version of H.R. 1022 still is limited to tobacco, and thus does not apply equally to all acreage allotment and marketing quota crops. If lease and transfer is to be permitted, we continue to believe that the authority should apply indiscriminately and without exception to all commodities which are controlled by acreage allotments and marketing quotas. The cotton farmer would not understand, for example, why the privilege or right of lease and transfer is denied to him, if it is available to the tobacco producer; the same would apply to the peanut producer. These are three crops for which, to a degree, areas of production are overlapping. Lack of equity in this respect extends to other allotment crops as well.

The Department also has recommended, and continues to recommend, that authority for the sale of allotments, or their leasing for a period of years, is much to be preferred to a year-by-year leasing authority such as provided by H.R. 1022. Assuming that the sale and transfer, or longer term lease and transfer, is accompanied by necessary and adequate safeguards, such authority would lend encouragement both to the development and maintenance of family-size economic production units. The Department in its report of June 22 pointed out that the average of all tobacco allotments—and we have 576,331 tobacco allotments this year—amounts to only 2.07 acres per farm. Flue-cured tobacco comprises 60 percent of our tobacco acreage, with an average

allotment of 3.5 acres per farm. Forty percent of our upland cotton allotments and one-third of our peanut allotments are no more than 5 acres in size.

It goes without saying that some of these allotments do not constitute efficient production units. To encourage production efficiencies and to strengthen the farm plant generally, looking toward the development of economically self-sustaining units, authority is needed to combine some of these smaller allotments either through permanent transfer by sale, or by longer term lease. There are, of course, those who would say that the present law provides all the authority necessary to the combination of allotments, but this approach also requires the acquisition of additional land. At best such a procedure is indirect and somewhat clumsy. Further, it may tend to saddle the purchaser with additional land which he may not need in his overall farming operation, and in any event it burdens him with added costs not necessarily related to the additional allotment he may obtain. Authority for the sale and longer term lease of a commodity allotment also would permit those persons who, for one reason or another, do not want to continue the production of that commodity to deviate their production resources to other enterprises, and they could be compensated for doing so.

There are other safeguards which should be included in the measure in order to make it feasible and workable. For example, no commodity allotment should be transferred to a farm which does not have a current allotment for that commodity. The bill should include overall limitations as to the total of all acreage allotments. This could be expressed both as a percentage of cropland limitation, and separately by allotment crops in terms of acreage. The bill also should impose appropriate restrictions on the establishment of new allotments. Minimum acreage allotment provisions will need to be clarified so that there is no opportunity for an overall increase in allotments as a result of either sale or lease. Likewise, clarification will be needed of certain exemption provisions now in the law, such as the 15-acre farm exemption and the 30-acre feed provision for wheat, and the 1-acre peanut provision. The sale and transfer of allotments should not operate in a manner which would provide additional exemptions by virtue of these provisions. The frequency and multiplicity of transfers will need to be limited. Once a transfer has been made, the allotment or portion thereof transferred would not be eligible for transfer again for a reasonable period of time.

Further, special provisions are needed to take account of farms which are participating in the Great Plains program and the conservation reserve of the soil bank program. For these farms allotment transfers would need to be limited to the permitted acreages of the commodities in order that provisions of our various programs are consistent with each other. Similarly there is need for development of a policy covering the sale and transfer of allotments on Government-owned land.

Again, this Department stands ready to assist the committee in preparing appropriate drafts of legislation along the lines which we have recommended.

Mr. ABBITT. Thank you very much for your statement, Mr. Fitzgerald.

I would merely point out that most of your statement is related to a general transfer of allotments rather than the particular problem before this committee. This committee, of course, deals only with tobacco. We have not heard from the cotton farmers or peanut farmers or others who might want to be included.

In my opinion, as far as this subcommittee is concerned we are limited to the transfer of allotments of tobacco. There has been considerable discussion among the tobacco producers, among Members of Congress, and others who are clamoring for this particular legislation. I think for some little time, Congressman Matthews has been interested in the transfer of tobacco allotments, along with some others. I just point out that the last page or two of your testimony would not apply to this particular legislation, but would apply more or less to general legislation dealing with the transfer of allotments. My recollection is that there is some legislation for cotton now. Am I right in that regard?

Mr. FITZGERALD. There is some provision for transfer.

Mr. ROONEY. Release and reapportionment, Mr. Abbitt.

Mr. ABBITT. We have certain suggested amendments to the bill. Have you seen that? These would more or less take the place of H.R. 1022.

Mr. ROONEY. I think that is what we are testifying on here today, Mr. Abbitt.

Mr. ABBITT. As I understand it, you are satisfied with the new language regarding the preservation of acreage history.

Mr. FITZGERALD. Yes, sir.

Mr. ABBITT. And the elimination of ambiguity relating to approval by the county committees. You think that is an improvement, too.

Mr. FITZGERALD. That would be an improvement; yes, sir.

Mr. ABBITT. You are satisfied with the downward adjustment in allotment transfers in cases where the normal yield is exceeded by more than 10 percent?

Mr. FITZGERALD. We are not suggesting that this is the perfect answer, but it is certainly an improvement over the previous situation.

Mr. ABBITT. As I understand it, the main objection you have here is twofold: That it is limited to tobacco, and it does not permit sales of allotments.

Mr. FITZGERALD. Yes, sir.

Mr. ABBITT. Is it your considered judgment that the sale of allotments would help the family farm?

Mr. FITZGERALD. That is the position which the Department has taken here, Mr. Abbitt.

Mr. ABBITT. What is your position?

Mr. FITZGERALD. It would be the same as the Department's.

Mr. ABBITT. It seems to me, from the little experience I have had, that it is the worst thing that could happen to the family farm. The large landowners, the ones who have the means, would buy the allotments, and the small farmers would soon be squeezed out.

Mr. FITZGERALD. There certainly would have to be adequate safeguards.

Mr. ABBITT. What safeguard would prevent a man with the money from buying it?

Mr. FITZGERALD. As suggested here, there would be a limitation on the amount of allotment which could be transferred to a new owner, both in terms of the total allotments which he gains and perhaps on a different basis, perhaps on a percentage basis, in order to make it gradual.

Mr. ABBITT. In other words, you would have to have one criterion for tobacco, another for cotton, and another for peanuts.

Mr. FITZGERALD. I suspect that would be true.

Mr. ABBITT. Does that not lend itself to the fact that you need separate legislation for each one of these commodities?

Mr. FITZGERALD. No. I believe it could all be included in the same legislation.

Mr. ABBITT. You might wind up with another omnibus farm bill, might you not? We have had some experience with that. It might be a good time to have this omnibus farm bill.

Assuming that this subcommittee is dealing only with tobacco, do you suggest for tobacco legislation that no tobacco allotment would be transferred to a farm which does not have a current tobacco allotment?

Mr. FITZGERALD. No, sir. We maintain the position that we approve this sort of legislation, but with the modifications suggested by the Department. That is, it shall not be limited, for instance, to tobacco.

Mr. ABBITT. I notice on page 3 you say, "For example, no commodity allotment should be transferred to a farm which does not have a current allotment for that commodity."

I say, assuming that we limited this legislation to tobacco—and if I have anything to do with it, it certainly will be limited to tobacco—do you think the Matthews bill should be amended so no tobacco allotment could be transferred to a farm which does not have a current allotment for tobacco?

Mr. FITZGERALD. It is our position that in the matter of transfer, lease or sale of allotments, a man who does not now have an allotment should not have this made available to him. Otherwise, we might have bankers or processors or someone else going into the tobacco producing business, for instance.

Mr. ABBITT. You would limit the production of tobacco to those farms which now produce tobacco?

Mr. FITZGERALD. That is right. I would limit the production of the commodity involved to those farms which already have allotments.

Mr. ABBITT. The Matthews bill makes no reference to that.

Mr. FITZGERALD. That is true.

Mr. ABBITT. Is that suggested bill intended to keep it in the hands of farmers?

Mr. FITZGERALD. That is the general intention; yes, sir.

Mr. ABBITT. Why would you limit it to the farm which has allotments? For instance, suppose a tenant finally becomes able to get together enough money, plus the borrowing we permit him under the omnibus farm bill, to purchase a farm. The tenant has been working on the farm all his life, but as a tenant. Under your proposal he could never buy a farm and get the release of a tobacco allotment unless he bought a farm which had a tobacco allotment on it.

Mr. FITZGERALD. I do not know how tobacco is set up in that regard. Will you clarify that, Mr. Rooney?

Mr. ROONEY. That is right. If he could get a new farm allotment, then he could qualify.

Mr. ABBITT. If he got a new farm allotment he would not so much desire a release, but in a lot of areas you cannot get a new farm allotment. Whether or not he can get it has something to do with his ability to pay the loan.

Mr. ROONEY. I think the Department's position in the case you cite would be that the man would be eligible for a small new allotment, supplemented by purchase.

Mr. FITZGERALD. We are principally concerned that these allotments be transferred to bona fide farmers and not people who previously were not engaged in farming. Whether this language is adequate for that or not, I do not know.

Mr. McMILLAN. Mr. Chairman, I certainly agree with the witness that the provisions of H.R. 1022 should be extended to other commodities, especially cotton, but I must agree with the chairman that I do not believe this subcommittee has authority over any commodity except tobacco. If this committee reports H.R. 1022 to the full committee, the full committee can decide if they want to amend the bill to include other commodities.

Mr. DAGUE. I have no comments, Mr. Chairman, except to concur in your belief that it should be limited to 1 year and that it should be confined exclusively to those who already have tobacco allotments.

Mr. ABBITT. Mr. Jennings.

Mr. JENNINGS. Just to clarify in my own mind the Department's position, it is this: You favor the sale of allotments.

Mr. FITZGERALD. Yes, sir.

Mr. JENNINGS. You favor expanding this subject matter to pertain to the transfer and sale of allotments of all commodities which have quota, rather than just tobacco.

Mr. FITZGERALD. Yes, sir.

Mr. JENNINGS. Getting away from the position that you favor, sales or transfers across the board for all commodities, and directing ourselves to this piece of legislation, H.R. 1022, it provides for transfers for 1 year only. Yet in your testimony I believe you refer to the fact that it should be for more than 1 year. Do you mean by that that if an acreage allotment is leased for 1 year, it could be continued for more than 1 year?

Mr. FITZGERALD. That they should have the authority to make the transfer for a longer period of time in the beginning, rather than just for 1 year, because that means at the end of 1 year this man who got the new allotment, who rented it or leased it, has to give it back. He can lease it again.

I understand Mr. Matthews is trying to attack the problem of uneconomic units, and his point is well taken. We assume there are uneconomic producing units, and we do not attack that problem if we allow the transfer for only 1 year, and perhaps do not allow the man who is getting the new allotment or additional allotment to make the investments necessary to take care of the additional allotment—for instance, the erection of a barn.

Mr. JENNINGS. It would be very difficult, would it not, to attack the uneconomic situation as it exists in farming by attacking the tobacco problem only?

Mr. FITZGERALD. Yes.

Mr. MATTHEWS. It was not my purpose in presenting this little tobacco bill to solve all the problems of agriculture. I want to make plain that this is merely a modest attempt at solving some of the problems of one very important commodity. The last thing I have in mind is to use this bill to solve the problems of uneconomic production in agriculture.

Mr. JENNINGS. If we did what you are recommending, if we made this for more than 1 year, in effect it would add to the sales. I do not suppose we would have to have conditional sales contracts and have them recorded, but it would be sales on a budget basis, would it not? It would be on a time payment plan. You would sell it over a period of years, but each year you would pay for that particular year. Year by year you would pay for it. It would be divided in equal yearly payments, rather than in one payment. Is that not in effect what it would do?

Mr. FITZGERALD. It could be done that way, I suppose.

Mr. JENNINGS. If we provide for leases for more than 1 year, say a 5-year period, then at so much a year, the man finally would wind up with a yearly payment plan, would he not?

Mr. FITZGERALD. I am afraid I do not understand exactly, but I suppose the agreement between the buyer and seller would have to meet the objective of the language of the bill.

Mr. JENNINGS. The effect of the long-term leasing arrangement is to meet the same end, a sale.

Mr. FITZGERALD. Except the allotment as such is not transferred.

Mr. JENNINGS. Who would be permitted to vote in a referendum, the man who has the allotment leased or the man who leased the allotment, or both?

Mr. FITZGERALD. I do not know.

Mr. ROONEY, have you thought about that?

Mr. ROONEY. I think it might depend upon the arrangement between the seller and the buyer, the lessor and lessee.

Mr. JENNINGS. You mean we are going to get into the problem that if he leases his allotment, he also is going to lease his right to vote in a referendum?

Mr. ROONEY. What if he leases for a share of the crop?

Mr. JENNINGS. I assume he can do that now under sharecropping. He can do that today.

Mr. ROONEY. That is the test of whether he is the producer of the tobacco. Any landlord who gets a share of the crop is eligible to vote.

Mr. JENNINGS. He has that today.

Mr. ROONEY. They could both vote if he leased for a share of the crop. I would say he would lose the right if he leased all of the allotment for cash.

Mr. JENNINGS. If I have a 5/10- or 7/10-acre allotment and I lease it to Mr. Matthews for a period of 1 year and we have a referendum in that year, I do not have the privilege of voting?

Mr. ROONEY. If you do it for cash?

Mr. JENNINGS. If I lease it for cash.

Mr. ROONEY. I would say not, because you are not producing tobacco.

Mr. JENNINGS. This will defeat the program. If you do not give the little producers the right to vote in a referendum, if they sell their right to vote in a referendum at the same time they execute a lease, I think it would be detrimental to the program.

Mr. WATTS. Although I am not on the committee, I want to call attention to the draft I have just had a chance to look at, which I think makes what he said off base. If you will turn to page 2, section (d), the language I am talking about is this:

The amount of acreage allotment which is leased from a farm shall be considered for purposes of determining future allotments to have been planted to tobacco on the farm from which such allotment is transferred * * *.

If that means what it says, it means this fellow raised the tobacco on his own farm, and he certainly would be entitled to vote.

Mr. ROONEY. Only for purposes of determining the future allotment, not for his right to vote.

Mr. WATTS. It is determined under the law that he has raised that tobacco himself.

Mr. ROONEY. The referendum is separate from the allotment provision. You have to be the producer of tobacco.

Mr. WATTS. That is exactly what I take this language makes him.

Mr. ROONEY. The cash landlord has never voted in our referendums. Although the tobacco is grown on his farm, if he leases it for cash he does not vote, because he does not produce tobacco. He does not share in the crop. If he shares in the crop, he votes.

Mr. WATTS. It strikes me that he would have the same right he would have if it were planted on his farm; and if it was planted on his farm, he certainly would have the right to vote, since the law says it should so be considered.

Mr. JENNINGS. As I understand, that is not correct. If I have an allotment on my farm and I rent it to you for cash rental, you are the man who votes, and not me.

Mr. WATTS. You mean under the situation as it exists now before this amendment.

Mr. JENNINGS. Yes; at present.

Mr. WATTS. I was basing my statement on the language that the amount of acreage allotted which is leased from the farm shall be considered for the purpose of determining future allotments to have been planted to tobacco, and so forth.

Mr. ROONEY. In other words, the farm history. That is what that pertains to.

Mr. WATTS. It would be very simple to put an amendment there, if necessary, assuring him the right to vote, if that disturbs anybody. Of course, this number of leases will not amount to many.

Mr. JENNINGS. I am afraid it will down in my section, unlike your section. For instance, in my congressional district we have roughly 17,000 people who grow burley tobacco. We have 13,000 acres divided among them. That makes less than seven-tenths of an acre for each farmer. I can see what might happen. Some large farmer, one who had 5 or 6 acres of tobacco with the barns, various machinery, and tenant farmers, might rent these allotments. If that happened in a voting year, the little farmer would not have his voting rights.

Mr. WATTS. That can be taken care of, I should think, by virtue of an amendment which would provide the voting rights.

Mr. JENNINGS. You will agree it would need an amendment?

Mr. WATTS. I would say there would be no objection on my part.

Mr. JENNINGS. Do you think it is needed?

Mr. WATTS. I doubt it seriously, but if that will settle the gentleman down, I would be delighted to consider it.

Mr. JENNINGS. I am not sure that will settle me down, but I think it is badly needed.

Mr. MATTHEWS. Will the gentleman vote for the bill if we agree to his amendment?

Mr. JENNINGS. Just as I told Mr. Watts, that is one of the things that disturbs me. There are some other things that disturb me on this. I want to see how much power this gives the Secretary of Agriculture. I want to see how some of the farm organizations feel about it. I think we should go into the entire area which has been proposed by the Department as to whether this should pertain to other commodities. It appears to me that in answer to a request for a report on this bill, the Department has come in with a report on the entire subject, and perhaps we should have some general hearings on the lease and sale of allotments.

Mr. ABBITT. Mr. Findley?

Mr. FINDLEY. Mr. Chairman, I think Mr. Jennings' suggestion is a good one because it seems to me that H.R. 1022 may not itself, in the revised form, represent a radical departure but if the ideas presented by Mr. Fitzgerald are embodied in law it seems to me it would represent quite a radical departure from our idea of the control of tobacco production.

I would like to have Mr. Fitzgerald correct me if I am wrong but as I understand it under present law the only way you can acquire the right to grow tobacco in areas where H.R. 1022 would apply is to buy the land. Is that substantially correct?

Mr. FITZGERALD. Substantially, I believe, that is correct.

Mr. FINDLEY. And if the idea you just presented of not only permitting the lease and transfer of tobacco acreage but the sale of the right to grow tobacco is embodied in the law, then we will be embarking on the road to licensing the right to produce. Would that be an unreasonable conclusion?

Mr. FITZGERALD. I think somewhat, yes, Mr. Findley. Right now as I understand it a tobacco man must buy as he does in wheat. He must buy the quarter section on which the wheat allotment is located. There is capitalized value in that land, is there not, because of the allotment on that land?

Mr. FINDLEY. Yes. You are suggesting limiting the sale to a person who already has a tobacco allotment, is that correct?

Mr. FITZGERALD. It seems to me that would be fair.

Mr. FINDLEY. Is that the attitude of the Department of Agriculture on this broad application of the sale of allotments? Would they apply the same theory to cotton and rice, in other words?

Mr. FITZGERALD. I believe so, Mr. Findley.

Mr. FINDLEY. It does seem to me that that would be a considerable departure from what we have done in the past. When you buy the right to tobacco today you buy real estate. The price of real estate

is high, representing not only the value of the land but the value of the right to produce tobacco. If we get our foot in the door in this other direction it seems to me it won't be too long before we will buy and sell and bequeath to our heirs the right to grow these commodities. I certainly concur in Mr. Jennings' thought that all this certainly requires considerable thought.

Mr. MATTHEWS. Mr. Chairman.

Mr. ABBITT. Mr. Matthews.

Mr. MATTHEWS. I do not think H.R. 1022, with the amendments, represents a philosophy very much different, Mr. Fitzgerald, from that which you expressed today. As I see it, you are suggesting that we go a little bit further actually than H.R. 1022 would suggest in this field of the transferring and leasing of acreage allotments. That is the one difference. You would extend it to other crops. Then the second difference is, instead of the sale of the lease and transfer you would go along with the sale of acreage allotments. Am I correct with that statement so far?

Mr. FITZGERALD. Yes, sir.

Mr. MATTHEWS. I sincerely hope, Mr. Fitzgerald, the Department won't oppose this bill. We plead with you not to insist on the extra steps you have suggested. This is a simple piece of legislation and it concerns tobacco only.

I am very much interested in Congressman Jennings' fears and the fears of his people. My own people have some reluctance and every Congressman representing a tobacco area would have people who have some reluctance about this bill. We do not want to upset an appletart that is moving along properly and with reasonable success. That is the reason I wanted the lease arrangements in the bill limited from year to year. The statement was made a few minutes ago that one idea we had in mind with this bill was to make possible an economic unit of production.

The other idea just as important is to try to help the little family-size tobacco farmer.

Believe me, Mr. Chairman, if at the end of 1 year this bill did not do that I would be the first one to come back before this committee and ask for legislation to take it off the statutes.

Again, let me say, I want it definitely on a year-to-year basis. I really sincerely believe that all of these "ifs" will find themselves more in the shadow rather than in the substance if we limit it on a year-to-year basis. Therefore, for that same reason I have to be opposed to this idea of the sale of these acreage allotments. I just do not want to go that far.

I sincerely hope the Department, if we do not want to go that far, will not oppose us on this legislation.

Mr. ABBITT. If the gentleman will yield, it is not my understanding that the Department objects to the leasing, but they think that in addition to the leasing that it should not be limited to 1 year and should also include the sale.

Mr. MATTHEWS. Mr. Chairman, I hope if we do not go along that far that the Department won't oppose us. Let me emphasize again, I believe our philosophy is certainly not opposed to their philosophy. Then let me just say this one additional thing: If we were to try to take H.R. 1022 and make it a vehicle to solve the problems of

cotton and rice and wheat, I would find myself in a position where I would have to say, Mr. Chairman, I ask for the defeat of my own bill because I do not pretend to have that knowledge. This bill was not supposed to be a vehicle for that, however, desirable it may be.

I sincerely hope that we do not try to take H.R. 1022 and make it a vehicle for much broader farm legislation, no matter how desirable that legislation is.

Just one final statement. I want to thank you, Mr. Chairman, Mr. Watts, Mr. Jennings, and other members of this subcommittee for the suggestions made at previous hearings. You gave us the information for this very lengthy amendment which I sincerely think answers all of the original objections to the bill.

As the author of the bill, I am perfectly willing to accept one or two other minor amendments but I do hope and pray that we can keep to this idea right now, this year, of just lease and transfer on a year-to-year basis.

Mr. ABBITT. Mr. Stubblefield?

Mr. STUBBLEFIELD. Mr. Chairman, my interest is twofold in this bill. In the first place, in my district there are a lot of old people who do not want to grow their allotments. They have to plant once every 3 years to keep them. They do not want to sell their allotments. They do not want the sale provision in there under any circumstances. That largely determines the value of their farm. Dark-fired tobacco has a diminishing consumption. Dark tobacco is gradually phasing out. We do not know what the bill will do. We do not know whether it will increase the supply or just what the result will be. We certainly do not want to get into an overproduction situation where we will have to do some cutting back. We would oppose the sale of these allotments. That just would not fit in with our program down there at all.

A 1- or 2-year lease is certainly as far as they want to go on account of the production uncertainty.

Mr. ABBITT. Do you have any questions, Mr. Jennings?

Mr. JENNINGS. The gentleman from Florida, who offered the bill, says that this is for only 1 year. I do not find that it is limited to 1 year because section (b) says that—

No lease shall be entered into for any period in excess of 1 crop year but may be renewed from year to year if the parties so agree.

So actually, the bill itself is not limited to 1 year as I would construe it. It is limited to so long as they want to continue on a year-to-year basis.

Mr. ABBITT. It has to be a new lease each year.

Mr. JENNINGS. Yes, but this particular bill is not limited to a trial basis of 1 year.

Mr. ABBITT. No.

Mr. JENNINGS. The author of the bill said it was limited to 1 year, if I understood him correctly, because he said that was his intention and at the end of 1 year if it was not working satisfactorily, that it would expire and therefore there would be no necessity of going into it again.

Mr. ABBITT. It would not be for just 1962. It would be from now on unless changed by Congress.

Mr. McMILLAN. How would it work; by a referendum, I presume?

Mr. JENNINGS. It would be from now on.

Mr. ABBITT. Congressman Watts, we are pleased indeed to have you with us today.

Mr. WATTS. I am an interloper but I cannot forget you fellows when it comes time to negotiate with you. I have had an opportunity to read the amendment and I thought the bill more or less met most of the objection that was advanced here the other day when we had a hearing. With reference to the sale of tobacco allotments, I think there is nothing in the world that would destroy the tobacco program quicker than sale of allotments. I do not think it is the purpose of Mr. Matthews' bill or the purpose of Congress to build up large allotments of any commodity because the minute you do that and the rest of the people are left out, even though they have sold their allotment they turn around and say, "Let's get rid of it." I think whenever you go into the sale you have started the process that will ultimately finally and completely destroy allotment programs. I do not think there is any way to escape that theory.

With reference to the term of the lease, I think 1 year is correct. That gives each party the right to control it. At the end of the year if it has been a satisfactory arrangement between Mr. Jennings and myself, we can renew it. We can comply with the terms of the law and go back. He can back out or I can back out. Certainly no harm can be done to anybody's tobacco allotment in the period of 1 year whereas if you let people enter into leases for 10 or 15 years nobody knows what the economic situation will be at the end of maybe 2 years or 3 years. I think Mr. Matthews is very correct in his attempt to restrict it to 1 year. Of course, Congressman Jennings makes the point that it can be renewed. Any lease can be renewed or any deed or any contract if the parties are always agreeable.

I see no objection to two farmers, if they want to, renewing it, if that has been satisfactory to both of them, although at the end of the year if it is not satisfactory to either one of them, they can back out.

With reference to the voting, I think that could be taken care of by a very simple amendment that would provide not only that his history be preserved, as done in this draft, but also that his voting rights be continued.

I also see another thing in here that I like. It is geared so that it cannot result in a tremendous increase in the production of tobacco because if the fertility of the land that the tobacco is grown on exceeds the fertility of the land that it comes from by 10 percent—I believe that is the figure in here—then the county committee must make an adjustment and bring down the amount of acres that are being transferred. If you are transferring 2 acres and transferring from land that produces 1,000 pounds to the acre to land that produces 2,000, the fellow would only get to raise 1,000 pounds for each acre which would hold production down. I think that is a fine improvement in the bill.

I also notice that a question was raised here by Horace Godfrey, when he was testifying that this would allow a producer to even go out and lease some ground after he planted his crop and got ready to harvest it if he had excess acres. I see they have provided that it must be done pursuant to a regulation of the Secretary, which sets the time, which would take care of that.

It has been restricted to 5 acres or 50 percent of the acreage crop-land. That is fine. I do not think it was ever the purpose of the bill to build up a great big tobacco base. It was merely a scheme or idea to help some little people, maybe a couple of neighbors who lived close together. If one leased the land to the other, one could go away and get a job and the other stay home and produce the tobacco. If you tie it down to 5 acres I do not see how you will build up any great big monstrosity of a base that would be bad.

So far as the bill is concerned, it affects my section of tobacco production less than any place in the world I reckon because most of my allotments are probably of a size economically that they can go on by themselves. I can see where in Mr. Perkins' section and to a certain degree in Florida that it could be a useful thing, provided we are sure we do not get anything into it that is going to be detrimental, but as long as these farmers have control of it from year to year and as long as it has to be done under the supervision of the ASCA Office and as long as there has to be adjustment of the amount, I do not see how the bill could do a great deal of harm. As far as the extension to other crops, I think that is a matter that ought to address itself to whether the other crops want it or not.

Mr. Matthews has talked about this bill for 4 or 5 years. My tobacco association has opposed it more or less on the theory that the Department would want to go ahead with sales and long leases. This year they said they would not oppose it with these provisions in it. I do not think they have seen these new provisions. If I remember right, according to the testimony of Frank Snodgrass and the other folks here these changes have attempted to meet all of the principal objections that I heard raised at that time.

Mr. ABBITT. In line with what you have just said, so far as I can recall this suggested amendment has attempted to meet every objection that was raised in the Matthews bill, with the exception of the Department's advocating sale. My recollection is it did not meet the Department's amendment for long-term lease and sale. So far as I can recall it met every other witness' objection. So far as I can recall at that time no question was raised about voting. I would like to ask the attorney what language would you suggest to set at rest the question of who would vote? So far as I am concerned everyone in my area almost unanimously has supported the tobacco program. It is over 95 percent.

Mr. JENNINGS. If the gentleman will yield, it has in my burley area also. I want to make sure these people who favor the program may continue to vote and that they aren't leasing away their voting rights as well.

There is one other question, if you will yield, Mr. Chairman: As I understand, the Department recommends that these leases go only to someone who is raising tobacco.

Mr. FITZGERALD. That is our thought at the present time, yes.

Mr. JENNINGS. But this bill does not provide that.

Mr. FITZGERALD. No.

Mr. JENNINGS. This bill provides leasing to anyone. If I never raised a stalk of tobacco and this bill passes, I can go out over the countryside and make leasing arrangements with various farmers and grow tobacco on my farm.

Mr. ABBITT. They did not limit it to that. They suggested limiting it to a farm that had a tobacco allotment on it. A rich man could come in from New York and buy up a thousand acre farm that had 10 acres on it. He could go out and buy up allotments. It is not limited to a man who raises tobacco but it is limited to a farm with tobacco allotments.

Mr. McMILLAN. Do you think that type man would not want to lease tobacco land?

Mr. JENNINGS. Under the terms of this bill, a farmer who has never raised tobacco may go out and make arrangements with an individual farmer to lease his allotment and grow it on that particular farm.

Mr. ABBITT. That is right.

Mr. McMILLAN. If the gentleman will yield, the only people who would want to take advantage of the provisions of the proposed legislation would be the small farmer who has less than an acre or possibly old people who could not work their tobacco farm. The only objection that I can see that any farmer could raise against the 1-year provision would be the fact that if a farmer leased several of these small allotments it would be necessary for him to build a new tobacco barn and whether he would want to build a barn for 1 year or not I do not know.

Mr. ABBITT. Most of them would lease them. Those who have small allotments themselves would have adequate facilities to take care of a little more. He would want an acre or two to bring over to his acre—

Mr. STUBBLEFIELD. So he could fill his barn up.

Mr. WATTS. I get Mr. Jennings' point. That could be corrected very easily on page 2, (e), "may be leased or transferred to any farm now having a tobacco allotment." That would take care of that, on page 2, under (e). That might not take care of it. You might have to do it some other place. I do not reckon anybody would want to lease it unless they had an acreage allotment.

Mr. JENNINGS. Let's not kid ourselves. Here is what will happen. How many allotments were not raised this year?

Mr. WILLIAMS. About 4 percent.

Mr. JENNINGS. Someone is going out and buy or lease that 4 percent and it is going to be raised. We will have a 4-percent increase to start with. Wouldn't you logically assume that if Joe Williams had not raised his tobacco allotment this year and I had raised it that I would go out and make a contractual agreement with him to raise his allotment?

Mr. McMILLAN. If the gentleman will yield, in my section of the country it takes skilled labor to handle tobacco and just anybody could not produce or process flue-cured tobacco.

Mr. JENNINGS. That is the whole point. It does just that. For that reason those who have the skilled labor and those who have the barns and facilities and curing and drying and use MH-30, et cetera, will go out and raise this 4 percent tobacco that has not been raised so we will have the 4 percent increase, or let's say 3 percent.

Let's drop a percent of it.

Mr. WILLIAMS. Let me clarify this. There may have been 2 percent that was not grown. I would say that you would have at least 2 percent or half of that where the farmer would be sure it was not going

over. I think you have had thousands of farmers that were one-tenth under their allotment.

Mr. JENNINGS. That was not my question. My question was, How many allotments in total were not grown? I know there are very few of them. I was very surprised to hear the figure was 4 percent. I know some people for one reason or another who have allotments who do not grow them. What percent does that constitute?

Mr. WILLIAMS. It would be a small percent. Most of them who do not grow them put them into the acreage reserve if they did not lease them under the present leasing arrangement.

Mr. JENNINGS. That is over now.

Mr. WILLIAMS. There is a limited program.

Mr. JENNINGS. The conservation reserve is going on. The acreage reserve is out and no one is putting tobacco allotments in the conservation reserve.

Mr. WILLIAMS. And the size of the farms are such that it does not lend itself to that sort of thing.

Mr. JENNINGS. Regardless of the degree it will increase tobacco production by that amount, whatever it happens to be. Certainly someone is going to the ASCA office and check around on various allotments and find out which particular farmers did not grow their allotment and then go to them and say, "Look, you did not grow anything or get anything out of it last year. I will give you \$100 or \$50 for your allotment." He will bring his average up to 5 acres. As I understand this bill provides that he cannot exceed 5 acres.

Mr. ROONEY. He cannot lease more than 5 acres.

Mr. JENNINGS. But if he has a 5-acre allotment, he may then lease another 5-acre allotment.

Mr. ABBITT. Let's get back to this question I asked the attorney. Can you suggest that language?

Mr. ROONEY. We might put it at the end of paragraph (d) and say that "The lessor shall be considered to have been engaged in the production of tobacco for the purposes of eligibility to vote."

Mr. ABBITT. Where is it?

Mr. ROONEY. I would add that as a sentence at the last in paragraph (d).

Mr. ABBITT. Add it to the last sentence?

Mr. ROONEY. Yes.

Mr. ABBITT. Quote that again, will you?

Mrs. GALLAGHER (reading):

The lessor shall be considered to have been engaged in the production of tobacco for the purpose of eligibility to vote in the referendum.

Mr. STUBBLEFIELD. Is that (d) or (e)?

Mr. ROONEY. (d).

Mr. ABBITT. You are putting in a new sentence?

Mr. ROONEY. I thought we would add it as a new sentence at the end. It is a little hard to fit it in.

Mr. JENNINGS. I wonder if the author would have any objection, or others would have objection to limiting this to a 1-year program for the year 1962? I understood that is what he wanted. That is not what the bill says.

Mr. ABBITT. That is not what he wanted. He just said he would be the first one to see it repealed if it did not work.

Are there any other questions?

Mr. FITZGERALD, I express to you again our appreciation for your coming up here.

Mr. FITZGERALD. Thank you, Mr. Chairman.

Mr. ABBITT. It has been helpful to us.

Mr. WILLIAMS, I see you here. Do you have something for the good of the cause?

Mr. WILLIAMS. I am glad to be here, with Mr. Fitzgerald.

Mr. ABBITT. We are always glad to have you here.

Mr. FINDLEY. Could I ask Mr. Fitzgerald one question?

Mr. ABBITT. Yes.

Mr. FINDLEY. On page 2 of your statement you say:

If lease and transfer is to be permitted we continue to believe the authority should apply indiscriminately and without exception to all commodities which are controlled by acreage allotments and marketing quotas.

Does the Department of Agriculture recommend that the lease, transfer, and sale of allotments and marketing quotas be permitted indiscriminately? It is qualified by "If lease and transfer is to be permitted." Would it be correct to say the Department does recommend the lease, transfer, and sale?

Mr. FITZGERALD. The Department recommends enactment of these bills if it contains these recommendations.

Mr. FINDLEY. That is as far as the Department wishes to go?

Mr. FITZGERALD. Yes, sir.

Mr. WATTS. If Mr. Jennings' idea is to be carried out about restricting it to somebody who already has an allotment, the language ought to be agreed to. I assume it ought not just say, "An allotment for tobacco." It ought to be an allotment for a same type tobacco. He might have dark tobacco, or dark fired.

In other words, the only person who could lease it would be somebody who had the same type tobacco allotment.

Mr. ABBITT. We could put that in (a).

Mr. WATTS. I wanted to see what he thought the language ought to be.

Mr. ROONEY. There are two approaches to it. I do not know whether we are talking about a man who has a farm and wants an allotment and wants to buy another one or whether an allotment can only be put on a farm that already has an allotment.

Mr. WATTS. The last is what we are talking about.

Mr. ROONEY. If that is what we mean then we should say, "for use in such county on a farm having a current tobacco allotment."

Mr. WATTS. A current tobacco allotment of the same type tobacco.

Mr. ABBITT. That would be put in section (a) on page 1, after the first sentence.

Mr. WATTS. What language would you use?

Mr. ROONEY. "For use in such county on a farm having a current tobacco allotment."

Mr. WATTS. "On a farm having a current tobacco allotment."

Mr. ABBITT. "Current tobacco allotment of the same type."

Mr. ROONEY. "Same kind" is better.

Mr. WATTS. That would make it read after the word "county," "on a farm having a current tobacco allotment of the same kind."

Mr. JENNINGS. I guess that is right.

Mr. ABBITT. As I understand it what that means is, if A has a 2-acre allotment of dark fired tobacco and he wants to lease it to B, who has a farm with 1 acre of dark fired tobacco, he could lease it to B to work on his farm. Is that your understanding?

Mr. ROONEY. That is what this language would do.

Mr. ABBITT. We certainly thank you, gentlemen.

I would like to ask the committee now to go into executive session.
(Whereupon, at 11:15 a.m., the committee proceeded in executive session.)



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