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EXEMPTION OF CERTAIN TOBACCOS RELATING TO LEASE AND TRANSFER OF TOBACCO ACREAGE

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

SECOND SESSION

ON

H.R. 12588 and H.R. 12910

AUGUST 27, 1962

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EXHIBITION OF CERTAIN TOBACCO RELATING TO
LEASE AND TRANSFER OF TOBACCO AGRICULTURE

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EXEMPTION OF CERTAIN TOBACCOS, RELATING TO
LEASE AND TRANSFER OF TOBACCO ACREAGE

MONDAY, AUGUST 27, 1962

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 P-15, U.S. Capitol, Hon. Watkins M. Abbitt (chairman of the subcommittee) presiding.

Present: Representatives Abbitt (presiding), Bass, Jennings, Matthews, Stubblefield, Dague, and Short.

Also present: Representatives Johnson of Wisconsin and Thomson. Hyde M. Murray, assistant clerk; John Heimburger, counsel; and Peggy Lamm, staff assistant.

Mr. ABBITT. We have two bills, one by Mr. Thomson and one by Mr. Johnson: H.R. 12855 by Mr. Johnson and H.R. 12910 by Mr. Thomson. (The documents referred to are as follows:)

[H.R. 12855, 87th Cong., 2d sess.]

A BILL To amend the Agricultural Adjustment Act of 1938 relating to the 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 further amended to change the language enclosed in parenthesis in the first sentence of section 316(a) to read "(other than a Burley tobacco acreage allotment, and for the 1963 crop year, other than a cigar-filler and cigar-binder (types 42, 43, 44, 53, 54, and 55) tobacco acreage allotment)."

[H.R. 12910, 87th Cong., 2d sess.]

A BILL To exempt for the 1963 crop year Wisconsin (type 54 and 55) tobacco from the lease and transfer provisions of section 316 of the Agricultural Adjustment Act of 1938, as amended

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 316 of the Agricultural Adjustment Act of 1938, as amended, is amended (1) by inserting in the first sentence of subsection (a) after the words "a burley tobacco acreage allotment" the words ", and for the 1963 crop year other than a Wisconsin (type 54 and 55) tobacco acreage allotment"; and (2) by striking the period and inserting at the end of the second sentence of subsection (b) the following: "Provided, That no such lease shall be renewed for 1963 for Wisconsin (type 54 and 55) tobacco."

Mr. ABBITT. Mr. Todd, now, if you will—I see we have a report, which I had not seen, from the Secretary. Without objection, I will ask that the report be included in the record at this point.

(The document referred to is as follows:)

DEPARTMENT OF AGRICULTURE,
Washington, D.C., August 24, 1962.

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

DEAR MR. COOLEY: This is in reply to your request of August 16, 1962, for a report on H.R. 12855, a bill to amend the Agricultural Adjustment Act of 1938 relating to the lease and transfer of tobacco acreage allotments.

This Department has no objection to the enactment of this bill.

The bill would exclude cigar filler and cigar binder (types 42, 43, 44, 53, 54, and 55) tobacco acreage allotments for the 1963 crop year from existing legislation which provides for the lease and transfer of tobacco (except burley) acreage allotments for the 1962 and 1963 crop years. Public Law 87-200, approved September 6, 1961, amended the Agricultural Adjustment Act of 1938, as amended, by adding a new section 316 providing for the lease and transfer of tobacco acreage allotments (other than a burley tobacco acreage allotment) for the crop years 1962 and 1963.

In reporting on the bill which provided for the lease and transfer of all tobacco acreage allotments, the Department recommended that its provisions be made applicable to all commodities for which marketing quotas were in effect. The bill was amended in the Senate to exclude burley tobacco. During 1962, tobacco allotments were leased and transferred from 20,240 farms. This represents about 7.5 percent of all farms with allotments, exclusive of burley. The acreage leased and transferred in 1962 represents about 3.2 percent of the total allotted acreage, exclusive of burley.

There is substantial underplanting of allotments for cigar filler and binder tobacco. The total acreage allotted for 1961 was 25,376 acres and 18,300 acres were grown. Thus, almost 28 percent of the allotments were not grown. For 1962, 804 allotments of cigar filler and binder tobacco have been leased and transferred. The total acreage leased is 1,363 acres, about 6.5 percent of the 1962 allotted acreage. Cigar filler and binder tobacco farm acreage allotments were reduced 15 percent for 1962 in order to adjust supplies to demand. Loan holdings of cigar-binder (types 54 and 55) tobacco on July 31, 1962, totaled 10,553,000 pounds, farm weight. No loans are outstanding on cigar-filler (types 42, 43, and 44) tobacco or type 53, cigar-binder tobacco.

In view of the traditional pattern of underplanting of allotments for cigar filler and binder tobacco, there is a possibility of increased unneeded production in 1963 through expanded use of the lease and transfer provisions.

The enactment of this proposed legislation would have no significant effect upon the expenditure of administrative funds or Commodity Credit Corporation capital funds.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

ORVILLE L. FREEMAN, *Secretary.*

MR. ABBITT. Does everyone have a copy of the report?

Now, Mr. Todd, if you would go ahead.

STATEMENT OF JOSEPH J. TODD, DEPUTY DIRECTOR, TOBACCO DIVISION, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE

MR. TODD. I am Joseph J. Todd, Deputy Director, Tobacco Division, Agricultural Stabilization and Conservation Service, U.S. Department of Agriculture.

MR. ABBITT. We appreciate your coming over here to meet with us at this time.

MR. TODD. Public Law 87-200, approved September 6, 1961, amended the Agricultural Adjustment Act of 1938, to provide for the lease and transfer of acreage allotments for all kinds of tobacco, except burley tobacco, for the 1962 and 1963 crop years.

In reporting on the bill and in testimony before this committee, the Department pointed out the need for more flexibility on not only the tobacco marketing quota program, but also on quota programs for other commodities. It was recommended that the bill be amended in two respects. First, it was recommended that it be made applicable to all commodities for which acreage allotments and marketing quotas are in effect. In the second place, it was pointed out that 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.

As reported by this committee and passed by the House, the legislation provided for annual leases for 1962 and 1963 for all kinds of tobacco, but no provision was made for the transfer of allotments for other commodities. The bill was amended in the Senate to exclude burley tobacco. The House accepted the Senate amendment. Thus, the bill, as approved, provides for the lease and transfer of acreage allotments for all kinds of tobacco, except burley, on an annual basis for 1962 and 1963.

H.R. 12855 amends this legislation to exclude cigar filler and binder (types 42, 43, 44, 53, 54, and 55) tobacco acreage allotments for the 1963 crop year.

Mr. ABBITT. It is all related to the cigar filler and cigar binder, as far as the bill is concerned?

Mr. TODD. Yes.

Thus, under this bill cigar filler and binder tobacco would be treated the same as burley tobacco in 1963; that is, there would be no provisions for the lease and transfer of cigar filler and binder tobacco acreage allotments for 1963.

During 1962, tobacco allotments were leased and transferred from 20,240 farms. This represents about 7½ percent of all farms having tobacco allotments, exclusive of burley tobacco. The total acreage leased and transferred in 1962 represents about 3.2 percent of the total allotted acreage, exclusive of burley. These totals do not include 31 additional late-filed leases covering 47.78 acres under Public Law 87-530, approved July 10, 1962. None of the late-filed leases submitted for the approval of the Secretary pertain to cigar filler and binder tobacco.

There is substantial underplanting of allotments for cigar filler and binder tobacco. The total acreage allotted for 1961 was 25,376 acres and 18,300 acres were grown. Thus, almost 28 percent of the allotments were not grown. For 1962, 804 allotments of cigar filler and binder tobacco have been leased and transferred. The total acreage leased is 1,363 acres, about 6.5 percent of the 1962 allotted acreage.

Cigar filler and binder tobacco farm acreage allotments were reduced 15 percent for 1962 in order to adjust supplies to demand. Loan holdings of cigar-binder (types 54 and 55) tobacco on July 31, 1962, totaled 10,553,000 pounds, farm weight. No loans are outstanding on cigar-filler (types 42, 43, and 44) tobacco or type 53, cigar-binder tobacco. In view of the traditional pattern of underplanting of allotments for cigar filler and binder tobacco, there is a possibility of increased production in 1963 through expanded use of the lease and transfer provisions.

The Department has no objection to the enactment of H.R. 12855.

Mr. ABBITT. Well, you would say, then, it might help the situation out there?

Mr. TODD. Yes, sir.

Mr. ABBITT. You have what percentage were leased this time, roughly?

Mr. TODD. On these kinds?

Mr. ABBITT. Yes; just these kinds.

Mr. TODD. 6.5 percent of the allotted acreage was leased and transferred.

Mr. ABBITT. And they did take a 15-percent reduction this year?

Mr. TODD. We took a 15-percent reduction in allotments, but the indicated acreage is not down 15 percent.

Mr. ABBITT. That might be contributed to by the fact that they can lease and plant land that ordinarily would not be planted.

Mr. TODD. As I understand the situation up there, and these gentlemen from Wisconsin are in a better position to state it than I am, the two things run at loggerheads, that if we need a reduction, although no one likes to take a reduction, I think the folks up there were reconciled to the fact that an adjustment is needed. Then this thing comes along and offsets to a certain extent the effect of the reduction in allotments.

Mr. ABBITT. Any questions?

Mr. MATTHEWS. One question. Is this type of tobacco grown anywhere except in Wisconsin?

Mr. JOHNSON of Wisconsin. Ohio.

Mr. TODD. There is a little small acreage in Minnesota. There are three farms in Illinois with a total allotment of $5\frac{1}{3}$ acres, Indiana has 2, with a little over an acre; Iowa has 1, 7 acres; Minnesota has 119 allotments with 198 acres.

New York has 71 allotments, 58 acres.

Ohio has 4,667 acres; Wisconsin 15,824 acres.

Pennsylvania has 201 acres.

Mr. ABBITT. So it is actually Wisconsin and Ohio the main ones?

Mr. TODD. Substantially Wisconsin and Ohio; yes.

Mr. ABBITT. Any other questions?

Mr. Thomson?

Mr. THOMSON. No, sir; thank you, Mr. Chairman.

Mr. ABBITT. Mr. Johnson, do you have any questions?

Mr. JOHNSON of Wisconsin. No, thank you.

Mr. ABBITT. Would you like to be heard at this time?

STATEMENT OF HON. LESTER JOHNSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

Mr. JOHNSON of Wisconsin. Mr. Chairman, I would like to introduce to the committee Mr. Clark Johnson of Viroqua; Mr. George Nettum, general manager of the Northern Wisconsin Tobacco Cooperative Tobacco Pool; and Mr. Eugene Bergum, from Edgerton, and Mr. KasaKaitas, of the Wisconsin Farm Bureau.

Then I understand he is not with my group, but Morris Allton is here for the Ohio Farm Bureau in favor of the legislation.

Mr. Chairman, I first heard about this situation when I received a letter from the Wisconsin Farmers Union on June 25 and the Wis-

consin Farm Bureau on June 30, telling me of this problem. I corresponded with them and I told them that if tobacco cooperatives in Wisconsin were in favor of legislation, I would be glad to introduce it. I corresponded with the tobacco cooperatives and received a letter from both cooperatives saying they were in favor of the legislation. I introduced it at that time.

Mr. Chairman, I want to thank you for holding these early hearings of H.R. 12855, a bill which I introduced in the House of Representatives on August 9 of this year. Under the provisions of the measure, cigar-filler and cigar-binder tobacco would be exempted from the 1963 tobacco allotment leasing program. Included in this category are types 42, 43, 44, 53, 54 and 55 tobacco.

Tobacco growers in my home State of Wisconsin raise types 54 and 55 tobacco, and they are unanimous in their support of this legislation. Directors of the Northern Wisconsin Cooperative Tobacco Pool of Viroqua, Wis., unanimously approved a resolution which reads as follows:

Resolved, That the board of directors of the Northern Wisconsin Cooperative Tobacco Pool go on record as being opposed to the lease and transfer of tobacco acreages for 1963 and that they encourage Members of our U.S. Congress to take the necessary action to have Wisconsin excluded from this law.

George E. Nettum, general manager of this tobacco cooperative, has made the trip from Wisconsin in order to testify at these hearings, as has Mr. Bergum from Edgerton and Mr. KasaKaitas for the Wisconsin Farm Bureau.

Mr. Chairman, I have also had considerable correspondence with Eugene Bergum, manager of the Wisconsin Cooperative Tobacco Growers Association, of Edgerton, Wis. He wrote:

Our association has always been opposed to the tobacco allotment leasing provision. We thank you kindly for the help you are offering the tobacco grower.

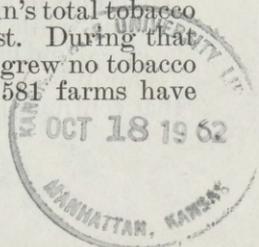
Mr. Bergum is here today to present this association's views on the subject.

At the recommendation of the tobacco committee of the Wisconsin Farm Bureau Federation, that group's board of directors adopted a resolution requesting Congress to take the action outlined in my bill. William KasaKaitas, secretary of the Wisconsin Farm Bureau, will be testifying at the hearings today.

In addition, I understand that the Ohio tobacco growers, who raise types 42, 43, and 44 tobacco, are also in favor of excluding these types of tobacco from the allotment leasing program.

It is my opinion—and the opinion of the tobacco growers I have mentioned—that the allotment leasing program in cigar-filler and cigar-binder tobacco is operating against the intent of the tobacco program. The present supply and demand situation in these types of tobacco required Wisconsin growers to take a 15-percent cut in allotments in 1962. However, this reduction has been offset to a large extent by the leasing of tobacco acreage allotments that are not being used on the farms to which they have been allotted.

Mr. Chairman, in 1961, only 71.8 percent of Wisconsin's total tobacco acreage allotment of 19,110 acres was used for harvest. During that year, 2,159 of the 6,619 farms with tobacco allotments grew no tobacco at all. However, in 1962, tobacco allotments from 581 farms have



been leased to 678 farms in the State. These leases involved 921.05 acres of tobacco land.

To put it another way, 8,300 acres of northern Wisconsin—or type 55—tobacco were harvested in 1961. According to a U.S. Department of Agriculture estimate made on July 1 of this year, around 7,500 acres of type 55 tobacco will be harvested in Wisconsin this fall. This acreage represents about a 10 percent reduction over 1961—which is 5 percent short of the required 15 percent allotment reduction.

As far as southern Wisconsin—or type 54—tobacco is concerned, it was harvested on 5,400 acres in 1961. This year, an estimated 4,900 acres of type 54 tobacco have been planted. This reduction falls short of the desired cut of 15 percent by better than 5 percent. Since Wisconsin tobacco raisers have had an excellent growing season, it is safe to assume that the supply of cigar-binder and cigar-filler tobacco will exceed the demand by better than 5 percent. As a result, tobacco growers will be faced with an even greater reduction in allotments for 1963.

Mr. Chairman, we are all well aware that even a 5-percent excess supply can upset markets, drive down prices and create a surplus which could endanger the stable system we have established through the tobacco program.

It has been a very successful program, which, over the years, has enabled tobacco farmers to receive close to 90 percent of parity for their product without substantial cost to taxpayers. Tobacco farmers have demonstrated their willingness to adjust supply to demand in order to get a fair price in the marketplace. Their support of this program is evidenced by the fact that 95.4 percent of the tobacco growers voting in the 1960 Wisconsin tobacco referendum approved a tobacco supply-adjustment program covering the next 3 years.

Our present difficulty in the cigar-binder and cigar-filler tobacco area arises not because the tobacco growers have been unwilling to make the required 15 percent cut in production, but rather because the new tobacco allotment leasing provision encourages them to lease unused allotments and bring them back into production.

This situation works a hardship on the regular grower, who has made the required reduction in production and is left with an uneconomic unit and the unhappy choice of either bidding against others for whatever acreage is available for lease—or else retiring from active tobacco growing and leasing his allotment to those who remain.

Obviously, this arrangement introduces an unnecessary cost factor into tobacco production. Furthermore, it tends to discriminate against the smaller farmer who does not have the ready cash necessary to successfully bid for the allotments which are available for lease.

Mr. Chairman, the tobacco allotment leasing provision is not operating in the best interest of the producers of cigar-filler and cigar-binder tobacco. Matter of fact, it is working in this area against the worthwhile purpose of supply adjustment which is the intent of the tobacco program. It seems absurd to foster a situation where, on one hand, reductions in allotments are required in order to balance supply with demand while, on the other hand, unused allotments are allowed to be leased and brought back into production.

Our Wisconsin tobacco growers are rightly concerned over the fact that continuation of the leasing provisions will require greater reduc-

tions in allotments to accommodate the unused acres brought back into production through leasing arrangements. I respectfully urge that favorable action be taken as soon as possible on H.R. 12855 so it may come before the House before the adjournment of this Congress. Since this legislation applies to the 1963 tobacco program, the need for early action is abundantly clear.

In conclusion, I would like to introduce to my colleagues on the House Agriculture Committee the Wisconsin witnesses who will be testifying shortly. They are: George Nettum, general manager of the Northern Wisconsin Cooperative Tobacco Pool; Eugene Bergum, manager of the Wisconsin Cooperative Tobacco Growers Association; and William KasaKaitas, Secretary of the Wisconsin Farm Bureau Federation.

Thank you.

As long as we have this quorum call, I also want permission to introduce a statement from the Wisconsin Farmers Union in favor of the legislation.

Mr. ABBITT. Without objection, that will be done.

(The document referred to is as follows:)

STATEMENT OF WISCONSIN FARMERS UNION

Wisconsin Farmers Union is in favor of the bill introduced by Congressman Lester Johnson (Ninth District, Wisconsin), which would discontinue the transfer of cigar binder and filler tobacco allotments between farms. Under the lease and transfer law operating in 1962 a tobacco farmer could lease up to 5 acres of allotment from other farms in the county.

Nearly 30 percent of the 1961 allotment acreage was not grown. When such unused allotment is transferred to another farm, it offsets some of the 15-percent overall allotment acreage reduction required by the allotment and quota law this year.

The lease and transfer legislation will apply again in 1963 unless such an amendment such as that introduced by Congressman Johnson is adopted.

In 1962, 678 farmers leased 1,034 acres of allotment. This was the first year such leasing was permitted and many farmers were not aware of it. By 1963, many more farmers could learn about this leasing and plant an even greater part of the otherwise unused tobacco allotment acreage. This would offset the efforts of many growers who in good faith plant within their original acreage allotments as their part in bringing supplies in line with demand.

Presently, tobacco supplies are greatly in excess of demand. We have approximately a 4-year supply on hand. A 2- to 3-year supply is considered sufficient for aging and processing.

The lease and transfer provisions, approved last year, we believe, are contrary to the supply management of the overall allotment and quota law. We feel that all groups in Wisconsin which are genuinely interested in a sound and fair tobacco program should support Congressman Johnson's measure.

Mr. JOHNSON. And I have a letter here from the Tobacco Farm Cooperative in Miamisburg, Ohio, in favor of the legislation, which I would like to put in.

Mr. ABBITT. Without objection.

(The document referred to is as follows:)

CIGAR TOBACCO COOPERATIVE,
Miamisburg, Ohio, August 23, 1962.

Hon. Congressman LESTER R. JOHNSON,
Ninth District, Wisconsin,
House Office Building, Washington, D.C.

DEAR SIR: I am general manager of the Cigar Tobacco Cooperative, Inc., which is an organization of the Ohio Miami Valley Tobacco Growers, organized for the purpose of handling the Federal Government support program for types 42, 43 and 44 tobacco and to promote the general welfare of the tobacco growers, either through support or opposition to any legislation which affects them.

Am recently informed that you have a bill prepared and will soon be called on to testify in its behalf.

The bill which I refer to is the one that would exempt types 42, 43, and 44 tobacco, along with other Wisconsin types from being included in the lease acreage law which now is in effect.

Sincerely believe I speak for the board of directors of the cooperative and the great majority of the Ohio growers when I say that, we in Ohio wholeheartedly support you in your efforts. Would be very happy to do anything you suggest as necessary to help in promoting this legislation.

Thank you a lot for your interest in this most pressing problem.

Very truly yours,

ROBERT COOL, *Manager.*

Mr. MATTHEWS. Mr. Chairman, may I make this suggestion? If you can keep on excusing the members one at a time we can finish this hearing.

Mr. ABBITT. Would you preside until I get back?

Mr. MATTHEWS (presiding). I will call Mr. George Nettum, manager of the Northern Wisconsin Tobacco Pool of Viroqua, Wis.

Mr. Nettum, we will, without objection, make your statement a part of the official record and you can read it or speak from it if you desire.

Mr. JOHNSON. Off the record.

(Discussion off the record.)

Mr. MATTHEWS. On the record.

You may proceed, Mr. Nettum.

STATEMENT OF GEORGE NETTUM, GENERAL MANAGER, NORTHERN WISCONSIN COOPERATIVE TOBACCO POOL, VIROQUA, WIS.

Mr. NETTUM. I am George Nettum, general manager of the Northern Wisconsin Cooperative Tobacco Pool, Viroqua, Wis. My appearance here is on behalf of the board of directors and about 2,000 member growers of cigar-type 55 tobacco.

Our cooperative has always been opposed to the lease and transfer of tobacco allotments since the initial hearing was held on H.R. 1022, June 22, 1961.

After reviewing the supply-demand information gathered by the USDA Tobacco Division, the Secretary of Agriculture saw fit to reduce the acreage allotments by 15 percent for all type 55 producers. Our growers were informed of this through allotment-card notices and were making plans for their 1962 planting accordingly.

A short time later they were told, that through Public Law 87-200, they would be permitted to lease and transfer tobacco from growers not using their allotments up to a maximum of 5 acres. Needless to say, our growers were confused and disturbed.

How could a cut in acreage be warranted for all allotments, and then lease and transfer be authorized to them on a voluntary basis at the same time? Some growers refused to lease; if a cut was warranted, they would stick by it. Others readily leased; tobacco being their best cash crop, their income would go up if their acreage could be increased even though the supply exceeded the demand. According to present law, this is legal and we can appreciate their reasoning.

We feel the allotment program has worked in Wisconsin and would hate to see it voted out. We are concerned that this is exactly what would happen if the situation is not changed by H.R. 12855 which excludes our type of tobacco from lease and transfer.

The other possibility would be to further cut the allotments of all growers next year if our production remains greater than demand.

As it now stands, all growers suffer for the surplus caused by the growers who leased additional acres. This would make the program unpopular and be a key reason for voting it out.

It is our opinion in Wisconsin that Public Law 87-200 defeats the purpose of the allotment program during periods of sufficient supply. If our tobacco were in short supply, the acreage allotment would be increased. This has happened in the past and makes for flexibility.

The main purpose of Public Law 87-200, it seems, was to take care of tobacco farms that were being sold for housing and real estate development and which would be taken out of production forever. In this case, the allotments for those particular farms should be leased or transferred to new farms, especially if the particular type of tobacco was in short supply.

This is not the case in Wisconsin, nor is it likely to be in the foreseeable future to any great extent, since the tobacco producing areas of the State are removed from industrial centers.

On behalf of the Northern Wisconsin Co-Operative Tobacco Pool, I would like to thank the chairman and members of the Committee on Agriculture for this opportunity to express our keen interest in support of this bill.

Mr. MATTHEWS. Thank you very much, Mr. Nettum.

Are there any questions that the members of the committee would like to ask?

Mr. Dague?

Mr. DAGUE. I have no questions.

Mr. MATTHEWS. Mr. Short?

Mr. SHORT. No.

Mr. MATTHEWS. Mr. Johnson, any questions?

Mr. JOHNSON of Wisconsin. If there are no questions, I would like to introduce—he has not a prepared statement—J. Clark Johnson, who represents the members of the tobacco pool.

I think he would like to tell the committee you are in favor of the legislation.

Mr. MATTHEWS. Thank you, Mr. Nettum.

Mr. Johnson, you may come forward.

STATEMENT OF J. CLARK JOHNSON, TOBACCO GROWER, VIROQUA, WIS.

Mr. J. CLARK JOHNSON. I am Clark Johnson, a tobacco grower, from Viroqua, Wis., too. I think I would like to say that I am in favor of the bill, and I think most of the tobacco growers in our area would be in favor of the bill. We would hate to upset the allotment program as it has been fixed up.

Anything you gentlemen can do certainly would be appreciated.

Mr. MATTHEWS. Thank you, Mr. Johnson. Any questions?

Mr. JOHNSON of Wisconsin. Mr. Bergum.

Mr. MATTHEWS. I will turn the meeting over to our chairman.

Mr. ABBITT (presiding). When Mr. Johnson finished you had gone to answer the rollcall, Mr. Thomson, so we did not call you at that time.

Congressman Thomson, we appreciate your interest in tobacco and your being with our committee. You have been most helpful to us and I am deeply grateful.

**STATEMENT OF HON. VERNON W. THOMSON, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF WISCONSIN**

Mr. THOMSON. Thank you, Mr. Chairman. Thank you, Mr. Bergum.

I have a natural interest in the welfare of the tobacco growers of Wisconsin, because most of them live in the district which I represent.

Mr. ABBITT. I understand that you had mostly tobacco.

Mr. THOMSON. As a matter of fact, in the growing of type 55, there are more than 3,000 growers that live in my congressional district, as compared to 78 growers that live in the Ninth Congressional District, represented by Mr. Johnson, and 75 growers that he represents produce 100 acres of type 55 tobacco.

So it is with some reason that I have an interest in this problem.

I met with Mr. Nettum and George Nygard, of the tobacco pool, last winter when the industry was down here. Last year I went down to a meeting at the Department of Agriculture with them when Joe Williams, of course, was in charge of this Division. When I was Governor I invited Joe Williams out to Wisconsin, where he met with both the type 54 and 55 growers over some problems that were most irritating to them at that time.

And Joe, you were there, too.

Mr. TODD. I was there, too.

Mr. THOMSON. We had a real spirited discussion of the problems of the tobacco farmers. That was back in 1958. When this question came up through a resolution of the Farm Bureau, asking that the right to lease allotments be discontinued in 1963, I did not write to the Wisconsin Farm Bureau, I wrote directly to the Wisconsin Northern Cooperative Tobacco Pool in Viroqua, Wis., and asked them their position, because naturally, I did not want to initiate or support legislation that they were not wholly in accord with.

I received a reply from them on the 17th day—the letter was written on the 17th day of July—saying that they could not take a position until they had conferred with the growers in Ohio because of the inter-related use of the product. So I waited until the 8th day of August and then I received a letter from Mr. Nettum of the Northern Tobacco Pool, in which he stated that they had passed a resolution supporting this proposal. I took the letter to Mr. Cooley, and asked him if he could initiate some prompt action on this subject.

He said, "I would like to take the letter for a day or two," and on the 11th of August, I got a reply from Mr. Cooley, in which he said that he thought it might be well to let the thing go on because that only had another year to run, but he understood that Mr. Johnson was introducing the bill which is now 12855.

Then I went to the Honorable Billy Matthews on the floor, because he had been the father of this idea for lease and transfer and told him of the desire of the people in my area to eliminate this provision from the law. He asked me to write him a letter, which I did, and he replied that he would have no objections if the people in Wisconsin wanted to delete this particular section from the law.

I thereupon introduced the bill which is also before the committee today, because I thought we should eliminate from subsection (b) the reference to leasing in 1963 by agreement between the parties who already had leases in effect. I thought if the law was to be effective, we should delete any reference to a provision authorizing renewal of leases that were already in existence.

So I am very pleased, of course, to have the interest that has been expressed in this legislation on behalf of so many people that I represent in Wisconsin.

I became indoctrinated in the tobacco business 30 years ago when I left the University of Wisconsin and went to Viroqua to teach school. I learned about the tobacco business because that is one of the principal cash crops in that entire area.

I appreciate, Mr. Chairman, the chance to come here and express on behalf of my constituents their real desire to have speedy enactment of this legislation.

Mr. ABBITT. Thank you very much. We appreciate so much your coming. As I say, you have been most helpful to us and we are grateful indeed.

Mr. SHORT. I might say, Mr. Chairman, I went through Congressman Thomson's district a few days ago and was interested to see the many small fields of tobacco.

Mr. ABBITT. Now we have Mr. Bergum.

We appreciate very much your coming down. We are glad to have you.

STATEMENT OF EUGENE BERGUM, MANAGER, WISCONSIN COOPERATIVE TOBACCO GROWERS ASSOCIATION, EDGERTON, WIS.

Mr. BERGUM. Thank you, Mr. Chairman. My name is Eugene Bergum, manager of the Wisconsin Cooperative Tobacco Growers Association at Edgerton, Wis., representing approximately 1,700 tobacco growers producing approximately 9 million pounds of tobacco per year.

I represent the Southern Wisconsin Tobacco Growers. Our type is known as type 54.

Our board of directors, at our last meeting, went on record unanimously approving the bill offered by Congressman Lester Johnson, which bill is known as H.R. 12855, which bill has been drawn to discontinue the leasing of tobacco allotments in Wisconsin.

Our board opposed the leasing of tobacco allotments in southern Wisconsin because there is a 4-year supply of southern Wisconsin tobacco on hand, and as a result of this 4-year reserve, the Department of Agriculture last year reduced all Wisconsin tobacco allotments 15 percent. That reduction in allotment would have gone a long way toward reducing our carryover of tobacco stocks and should have helped our marketing conditions considerably.

After our tobacco allotment had been reduced 15 percent, the growers of tobacco in other areas in the United States made application to Congress for the right to lease tobacco allotments.

We realize that such a privilege would have an effect of bringing a large amount of our unused tobacco acreage allotment back into

production because the farmer who did not raise his allotment in the past would lease it to somebody who would raise tobacco in 1962. That is just what happened. We find that at least 7½ percent of the tobacco raised in southern Wisconsin this year was raised on allotments that were not used in 1961, and the end result is that after reducing our allotment 15 percent, we are going to have less than one-half-percent reduction in production of tobacco in southern Wisconsin in 1962.

A year ago, at the time this new leasing program was being considered by Congress, our board of directors asked that southern Wisconsin tobacco be excluded from the leasing program. In spite of the fact that we asked to be excluded from the leasing arrangements, southern Wisconsin tobacco was forced to go under the leasing program, but the bill that permitted the leasing of tobacco made a special provision for the State of Kentucky and excluded them from the leasing arrangements, and also made a special provision for the State of Maryland. In Maryland no allotment could be leased in 1962 if at least 75 percent tobacco had not been grown under it in 1960 and 1961.

I would like to take this opportunity to thank you in advance for whatever measures might be taken to discontinue the tobacco allotment leasing program in Wisconsin, thus allowing our tobacco quota program to again work on a sound basis.

Mr. ABBITT. Mr. Bergum, we appreciate your testimony and hope we can get the matter worked out.

Mr. JOHNSON of Wisconsin. I have Bill KasaKaitas here, William KasaKaitas.

Mr. ABBITT. We will be glad to hear from him.

**STATEMENT OF WILLIAM KASAKAITAS, SECRETARY-TREASURER,
WISCONSIN FARM BUREAU**

Mr. KASAKAITAS. My official capacity is secretary-treasurer of the Wisconsin Farm Bureau.

Mr. ABBITT. That is a very important position, I would say.

Mr. KASAKAITAS. We appreciate the opportunity to present the views of the Wisconsin Farm Bureau and the recommendations of the Tobacco Committee of the Wisconsin Farm Bureau representing Wisconsin tobacco growers with regard to H.R. 12855 relating to the lease and transfer of tobacco allotments.

This bill suspends for the 1963 crop season the tobacco acreage allotment leasing programs under Public Law 87-200 for cigar-filler and cigar-binder tobacco types 42, 43, and 44 grown in Ohio, 53 grown in New York and Pennsylvania, and 54 and 55 grown in Wisconsin and Minnesota.

Prior to the enactment of Public Law 87-200 the tobacco acreage allotment and marketing quota program was operated under the concept that tobacco allotments are attached to the land. The allotment went with the farm when the property was sold or divided if a part of the farm were sold.

This concept has had the overwhelming approval of tobacco growers in Wisconsin. The only transfer of tobacco allotments permitted over the years has been for farmowners who were displaced when their

farms were retired from agricultural production through acquisition by a governmental or other agency having a right of eminent domain. The ideas contained in Public Law 87-200 represent a sharp departure from the traditional concept of attaching allotments to the land by allowing tobacco acreage allotments to be separated from the land and transferred by lease to other growers for the 1962 and 1963 crop years.

The consensus of opinion among tobacco growers in Wisconsin is that these provisions are not in their best longtime interests.

Lease and transfer arrangements tend to negate the efforts of tobacco growers to adjust production to market demand.

Wisconsin tobacco growers were forced to take a 15-percent reduction in their allotments for the 1962 crop year. However, reducing the tobacco allotments by 15 percent does not in itself result in reduced production, since the law allows farmers with unused allotments to lease and transfer them to other farmers who are anxious to increase production on their individual farms. Furthermore, it is very probable that the transferred allotments would be used on better grade land by more skilled growers which would result in increased production.

No adjustments are made on the transferred allotments if they are used on land the productivity of which is not more than 10 percent above the land from which the allotment was transferred.

Over 28 percent of the Wisconsin tobacco allotments were unused in 1961. This is a total of 5,387 acres on 2,159 farms which could be leased and transferred to other farms under Public Law 87-200 and brought back into production.

The total tobacco acreage allotted to all farms in Wisconsin for 1962 is 15,824 acres and allotments were established for 6,550 farms. USDA records show that under provisions of Public Law 87-200 allotments were leased from 581 of these farms and the total acreage transferred was 1,034 acres.

I might just depart for a moment from my transcript here and indicate that a special check was made in Dane County, Wis., by the State ASC committee and that special check indicated that 73.8 percent of the allotment acreage leased had not been grown in 1961. This percentage in all other counties is likely to be higher, because Dane County grew 79 $\frac{2}{10}$ percent of its allotment in 1961, while the other counties grew less than 70 percent of their total allotted acreage.

According to the Wisconsin Crop Reporting Service, the Wisconsin tobacco acreage planted for harvest in 1962 is estimated to be 12,400 acres. This represents a reduction of less than 10 percent of the actual acres harvested in 1961. We sense here the offsetting effects of the leasing program on the 15 percent forced reduction in allotments, especially when we realize that a part of the estimated reduction in plantings this year was due to abnormal weather during planting time.

Many growers did not learn of all the details of the lease and transfer provisions to take advantage of them in time for 1962. Unless the law is amended, we can definitely expect much heavier participation in the lease and transfer program in 1963, as more growers become better acquainted with the provisions.

Moreover, it should be noted that the lease and transfer device preserves the allotment which would otherwise be abandoned if not

used for 3 years. Thus we have a double pressure to maximize upon the use of the total allotments, (1) an incentive for the owner of the allotment farm growing no tobacco to lease out his allotment to save it from being abandoned, and (2) from the individual grower who plans to increase production in spite of the fact that the national quota level has been reduced to align supply with the needs of the market.

If the leasing program for Wisconsin types of cigar-filler and cigar-binder types of tobacco is continued, we could experience a paradoxical situation in which we have a mandatory reduction in allotments and at the same time end up with more harvested acres than we had a year ago.

Continuation of the leasing provisions will require further reductions in allotments to accommodate the unused acres brought back into production by leasing.

The end result is a hardship would be placed on the regular grower and often the small grower who complied with the required reduction in acreage and was not able or anxious to offset the reduction by leasing unused acres from his neighbors. The grower then finds himself with an uneconomic production unit and the unhappy choice of bidding against others for whatever acreage is available for leasing or retiring from active tobacco growing and leasing his allotment to those who remain.

We are reliably informed that tobacco leases brought as much as \$75 an acre in Wisconsin with the bulk being in the \$10 to \$12 range. It is obvious that these arrangements introduce an undesirable cost factor into tobacco production that would increase as additional demand for unused allotments was generated by further reductions in the allotments for all farms.

In summary, we pray that the leasing and transfer program for certain types of cigar-filler and cigar-binder tobacco be discontinued for 1962.

Its termination would (1) obviate its interference with the sincere efforts of many growers to adjust production to market demand, (2) remove the inherent hardship on the regular and small grower who shrinks his acreage repeatedly in an effort to comply with reduction of allotments and is eventually forced out of tobacco production, (3) restore the concept that tobacco allotments are attached to the land and are not to be sold or leased, and (4) eliminate unnecessary costs.

It is rather absurd to continue a situation in which, on the one hand, compulsory reductions in allotments are required to correct the supply-and-demand imbalance, and, on the other hand, unused allotments are allowed to be leased and brought back into production to nullify these efforts.

Mr. ABBITT. We thank you very much for your statement. Any questions?

Mr. STUBBLEFIELD. I think the witness meant the first line on the last page should be 1963.

Mr. KASAKAITAS. 1963; yes; thank you very much. These things begin to look alike after a while.

Mr. ABBITT. That is right.

Mr. KASAKAITAS. Thank you.

Mr. MATTHEWS. Mr. Chairman, I would like to make just one or two observations here.

Mr. ABBITT. Certainly.

Mr. MATTHEWS. As you know, I am the author of the bill and I would like to say to Mr. KasaKaitas that the committee was very anxious not to make this permanent legislation, so you gentlemen who do not like the provisions of the bill for your particular type of tobacco could have the opportunity that you are having today. The chairman will recall that we emphasized the fact that it was just to be a 2-year bill. The thing that distresses me a little bit, though, is this: I am perfectly willing to go along with the wishes of you gentlemen who represent the cigar filler and binder types of tobacco in these States, if this is what you want, but I think at another date we ought to go very much into detail of the philosophy of this legislation. Certainly, the philosophy of this legislation is entirely opposite to what I believe you feel it is.

If, throughout the whole Tobacco Belt, of course, the bill would work out like you feel it has in Wisconsin, I certainly would not want to sponsor its renewal.

Mr. JOHNSON of Wisconsin. I understand it is working out very well in your area.

Mr. MATTHEWS. Yes; and I would like to emphasize this: Insofar as my concern about this matter in Florida, it was really to help the fellow who just had an acre and a half or an acre of tobacco and could not produce on that amount of acreage an economical unit. It seemed to me that if somehow or other you could make it possible, not on and on and on, but only a year at a time, for this man to get another acre and a half and have, say, 3 acres, then maybe the next year his neighbor would plant the 3 acres and they could have an economical unit of production. That was the main thing we wanted to do.

I think it ought to be emphasized again, Mr. Chairman, that we did not want to press this on any group that did not want it.

I say this in a spirit of friendliness, that I felt, as author of the bill, I ought to say I have some question about the objections to the basic legislation which have been raised, although I feel I ought to go along with what you growers desire for your particular type of tobacco.

Mr. ABBITT. Now, Mr. Morris B. Allton, who is director of public affairs of the Ohio Farm Bureau Federation.

STATEMENT OF MORRIS ALLTON, DIRECTOR OF PUBLIC AFFAIRS, OHIO FARM BUREAU FEDERATION

Mr. ALLTON. Mr. Chairman, I do not have a great many copies of my statement. However, I have enough copies for the chairman and reporter and one other.

Mr. Chairman, members of the House Agriculture Committee, my name is Morris Allton, director of public affairs, Ohio Farm Bureau Federation, Columbus, Ohio. I am making a statement on behalf of the 1,200 to 1,400 cigar filler-type tobacco growers located in the rich Miami Valley of western Ohio.

This represents an area of about seven or eight counties in the western and southwestern part of our State.

These include members of the Ohio Farm Bureau Federation and members of the Cigar Tobacco Cooperative, managed by Robert Cool of Arcanum, Ohio, who has filed a letter with this committee.

In 1961, Ohio growers produced about 8.3 million pounds of cigar filler-type tobacco. This is nearly 1.8 million pounds more than the annual disappearance of this type of tobacco for the past 2 years. This, coupled with more than a 4-year supply (25.9 million pounds) on hand, made it necessary for the Secretary of Agriculture under the Agricultural Adjustment Act of 1938, as amended, to make a 15-percent cutback in cigar filler-type tobacco allotments for the 1962 crop. We can conclude from this information and the Secretary's action, that there is definitely a surplus problem in this type of tobacco and, furthermore, anything that is done that contributes to this problem is not in the best interests of the producer or of the industry in general.

This is the basis for our organization's opposition to the amended section of the Agricultural Adjustment Act of 1938 which permits the lease and transfer of allotments from one farm to another. Making this practice permissible in 1962 tended to nullify the cutback in allotments ordered by the Secretary for the purpose of reducing the buildup in cigar filler-type supply. For these reasons, we respectfully urge that this committee act favorably on H.R. 12855, which would amend the Agricultural Adjustment Act of 1938 to exclude cigar filler and binder types of tobacco from the section of the act which permits the leasing of allotments.

I appreciate this opportunity to present the sentiments of cigar filler-type producers in Ohio on this matter.

Thank you very much.

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

Any questions?

(No response.)

Mr. ABBITT. I see we have a distinguished visitor here, Mr. Jack Lynn of American Farm Bureau.

Mr. JOHNSON of Wisconsin. Mr. Nettum wishes to add another little statement which he left out of his statement.

Mr. ABBITT. Very well, Mr. Nettum.

Mr. NETTUM. I wanted to mention that we are much in favor of the tobacco program. We realize it has worked in Wisconsin, and we are so concerned about this because we want it to work. But we are voting on our allotment for another 3-year period this spring. We are hoping that the lease and transfer would not interfere with the thinking of our growers to the point that some disgruntled growers would try to organize a campaign to vote it out. Without the tobacco allotment, it would be disastrous. Our prices could really hit the sky. We are all for the tobacco program and think it is wonderful.

Mr. ABBITT. Mr. Todd, would you like to say something else?

Mr. TODD. Mr. Chairman, I would like to raise a couple of questions.

You have two bills here and the Department has reported only on H.R. 12855. As I see them, the primary difference is that H.R. 12855 includes the Ohio filler, type 42, 43, and 44, and the New York-Pennsylvania binder tobacco which is a very small acreage and then the Wisconsin binder types 54 and 55. Those types of tobacco are

grouped together now in the Agricultural Adjustment Act as one kind of tobacco for which the Secretary proclaims a quota and the allotments may be made from that. We would prefer that all in that classification be treated the same.

Mr. ABBITT. In other words, if you are going to make an exception, you would like for the entire kind of tobacco to be exempted?

Mr. TODD. In all the testimony I have heard here, the Ohio people, and I know from the letters we have received from there, are not in favor of the transfer after we found it necessary to reduce allotments.

Mr. ABBITT. I can understand that.

Mr. JOHNSON of Wisconsin. Then you are for the Johnson bill?

Mr. TODD. Yes, sir.

Mr. ABBITT. I can see the point you are making.

Mr. TODD. The other point I have we might like to get some testimony on. Someone has raised the question, under Public Law 87-200, leases could be applicable for 2 years, 1962 and 1963, although on an annual basis. The law specifically says they can be renewed. Now, suppose I had leased Mr. Johnson's tobacco allotment for 1962. The lease only provided for 1 year and a copy of it was filed with our county ASC committee. However, under existing law the lease can be renewed for 1963. Do you want to cut it off solid and say there will be no renewal as now provided by law? I do think you ought to clear that thing up in your report.

Mr. ABBITT. My recollection is when we went into this thing, the subcommittee was practically unanimous that it would be for 1 year at a time. When you had that lease, it would be—

Mr. TODD. I believe the law said 1 year only, but it could be renewed.

Mr. ABBITT. Now, if they want to get together to renew that lease, all right, but it must be a 1-year action.

Mr. MATTHEWS. That is what I had in mind.

Mr. TODD. You might say this bill, how would you interpret that, Mr. Murray?

Mr. MURRAY. Just looking at the two bills here, Mr. Johnson's bill has the clear intent to prohibit the leasing of these types 42, 43, 44, 53, 54, and 55 in 1963. That is the clear intent of it. But the question is raised, and I think you have properly raised a good question, because subparagraph (b) of section 316 of the Agricultural Adjustment Act of 1938 states as follows:

Any lease may 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 for the 1963 crop year if the parties so agree.

So that would seem to me to raise the question that Mr. Todd has raised, too, how about folks that did lease and did enter into these rental agreements for 1962? Would the Johnson bill cover them specifically to prevent them from renewing in 1963 their leases that were in existence in 1962?

Now, the Thomson bill clarifies the intent by adding the proviso saying that no such lease shall be renewed for 1963 for Wisconsin-type tobacco. It should be broadened to cover the other types if that is what you want.

Mr. JOHNSON of Wisconsin. I think you should amend my bill so they cannot be renewed for 1963.

Mr. MURRAY. I think that was your intent in the first place, but it could be clarified.

Mr. ABBITT. Do you think it could be in the report? My understanding was that we could renew the lease. It could be on the same terms, but have it all over again, take it up with the ASC committee and everybody concerned. The language may be such that you would not have to do that.

Mr. MURRAY. The question is raised by this language, "but may be renewed for the 1963 crop year." Does that mean that it may be renewed even though there is an exclusion up above that comes in after the first year?

Mr. SHORT. Isn't that the purpose of this bill, to exclude any possibility of renewing it for that second year?

Mr. ABBITT. We could say it in the report, if that is sufficient, to prohibit any leasing or renewal of any leasing in these 42, 43, 44, 53, 54, and 55 types of tobacco.

Mr. MURRAY. I think if the Department construes it that way, they could rely on the committee report that this is the intent of the author and the committee that these leases not be renewed.

**STATEMENT OF J. A. FRIDINGER, OFFICE OF GENERAL COUNSEL,
U.S. DEPARTMENT OF AGRICULTURE**

Mr. FRIDINGER. My name is J. A. Fridinger. I am from the Office of the General Counsel, U.S. Department of Agriculture. We would rather have it clean-cut in the law, but if it is preferable for the committee to put it in the report, we would go along with it.

Mr. TODD. May I suggest if you would like to treat them all together, if you are going to use the language from H.R. 12910, include these other types, too.

Mr. SHORT. Would this do the job? If we were to take the proviso that is in Mr. Thomson's bill, add the other types of tobacco that are included in Mr. Johnson's bill, would that do the job?

Mr. TODD. Yes, sir.

Mr. ABBITT. You mean and put "*and, provided further, no such lease shall be renewed for 1963 for Wisconsin types*"—how about Mr. Fridinger wording that for us so there will be no question about it?

Mr. FRIDINGER. I am sure Mr. Murray would do it right.

Mr. ABBITT. I know he would, too, but we will let the Department do it, so then they cannot say we did not do it right.

(Discussion off the record.)

Mr. FRIDINGER. Mr. Murray was working on one bill, Mr. Chairman, and I was working on the other bill and we came out with exactly the same result. You can take 12855 and put a "(1)" after "further amended" on line 4 and then add the proviso in H.R. 12910 and the extra four types of tobacco.

(Discussion off the record.)

Mr. ABBITT. Hyde, will you be responsible for getting that fixed up?

Mr. MURRAY. Yes, sir.

(The following statement and letters were also submitted to the subcommittee:)

STATEMENT OF HON. ROBERT W. KASTENMEIER, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF WISCONSIN

Mr. Chairman, I am happy to be able to testify on legislation suspending the present tobacco acreage allotment leasing program for the 1963 crop in Wisconsin. As you know this legislation has been introduced by our colleague, Congressman Lester Johnson. He deserves the praise of all of us who are interested in fair treatment for the tobacco growers.

The present leasing system, in effect for only 1 year, simply has not worked. I believe it would be right to correct the situation now before running another year under an unmanageable program.

On the one hand tobacco growers are asked to reduce their acreage allotments while, on the other, some growers lease unused acreage for increased production.

Although the growers in my State took a 15-percent cut in allotments in fact, the actual reduction in acreage harvested turned out to be only 10 percent in 1961. This undermines the whole purpose of the program.

The legislation would provide that tobacco allotments must be attached to the land. Only when the land is sold would the allotment change hands (except in certain circumstances). Under present law a grower, as you know, can lease his unused allotment while retaining his land.

This works a special hardship on the regular grower and especially on the small grower. After reducing his acreage, in compliance with the law, he must face the decision of whether to bid against others for whatever acreage is available for leasing, or lease his own allotment to someone else.

The reason the Wisconsin situation is so difficult is not hard to find. There are some growers who simply cannot afford to grow tobacco when their allotments are reduced.

As a result, 28 percent of the Wisconsin tobacco allotments were unused in 1961. This meant that bigger operators, with plenty of cash on hand, could go in and lease the small grower's allotment.

This is not only unfair to the small grower, but it is self-defeating. If new legislation does not pass, I think that there will probably have to be a stiffer allotment reduction next year to reduce production.

You may be interested in some figures on this: The total tobacco acreage allotted to all farms in Wisconsin for 1962 was 15,824 acres and allotments were established for 6,550 farms. Department of Agriculture records show that 581 of these farms leased out a total of 1,034 acres for production. For 1962 the Wisconsin tobacco acreage planted for harvest is estimated at 12,400 acres, a reduction of about 15 percent.

Many growers did not learn of the details of the leasing arrangements under the present law. They did not take advantage of the program to the full extent. However, if the law is not changed, next year I am sure that leasing would go on at a greatly increased pace. This would mean a bigger harvest and, in the following year, we would have to pay the consequences in terms of a bigger allotment reduction.

It is important to know that there are added costs being paid already in this regard. Tobacco leases have brought as much as \$75 an acre in Wisconsin although most are selling at about \$10 to \$12 per acre.

For all of these reasons, I believe that the legislation before this committee should be approved and enacted into law.

Mr. Chairman, I want to thank the committee for their consideration of this statement. I hope that your committee will report favorable on the legislation now before it.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., August 27, 1962.

Hon. WATKINS M. ABBITT,
Chairman, House Agriculture Subcommittee on Tobacco,
Washington, D.C.

DEAR MR. CHAIRMAN: I would be pleased to have permission to file a statement to become a part of the record in your deliberations on the proposal that would exempt cigar-filler and cigar-binder tobacco produced in the State of Ohio from the 1963 allotment leasing program.

The Ohio growers, who produce types 42, 43, and 44, share a mutual feeling in this problem with the Wisconsin growers.

I am enclosing a copy of a letter addressed to our colleague, the Honorable Lester R. Johnson of Wisconsin, by Mr. Robert Cool, manager of the Cigar Tobacco Cooperative, whose members reside in Darke, Miami, Preble, Montgomery, and Warren Counties.¹

Sincerely yours,

WILLIAM M. McCULLOCH,
Representative to Congress.

Mr. ABBITT. Gentlemen, I appreciate very much your being here. I am going to ask the committee to go into executive session.

(Whereupon, at 3 p.m., the subcommittee went into executive session.)

¹ The letter referred to appears on p. 7.

