

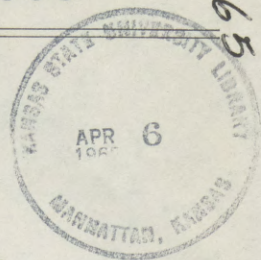
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# ACREAGE-POUNDAGE MARKETING QUOTAS FOR TOBACCO

GOVERNMENT  
Storage



## HEARINGS BEFORE A SUBCOMMITTEE OF THE COMMITTEE ON AGRICULTURE AND FORESTRY UNITED STATES SENATE

EIGHTY-NINTH CONGRESS

FIRST SESSION

ON

### S. 821

A BILL TO AMEND THE AGRICULTURAL ADJUSTMENT ACT OF 1938, AS AMENDED, TO PROVIDE FOR ACREAGE-POUNDAGE MARKETING QUOTAS FOR TOBACCO

FEBRUARY 9 AND 10, 1965

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BEFORE  
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COMMITTEE OF THE  
COMMITTEE ON AGRICULTURE AND FORESTRY

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# ACREAGE-POUNDAGE MARKETING QUOTAS FOR TOBACCO

TUESDAY, FEBRUARY 9, 1965

U.S. SENATE,  
SUBCOMMITTEE ON AGRICULTURAL PRODUCTION,  
MARKETING, AND STABILIZATION OF PRICES OF THE  
COMMITTEE ON AGRICULTURE AND FORESTRY,  
*Washington, D.C.*

The subcommittee met, pursuant to notice, at 10:10 a.m. in room 318, Old Senate Office Building, Senator B. Everett Jordan presiding.

Present: Senators Jordan (presiding), Ellender (chairman of the full committee), Talmadge, McCarthy, Cooper, and Miller.

Also present: Senator Ervin and Representative Bonner.

Senator JORDAN. Gentlemen, the subcommittee will come to order. I would like to read an opening statement at this time.

We are here today to receive testimony on S. 821, a bill introduced by Senator Ervin and me which would permit farmers to establish a system of acreage-poundage controls for Flue cured and other types of tobacco.

Since the bill was introduced, I have had a number of communications about various provisions in it, and during the hearings I hope that farmers and others will give the committee the benefit of their thinking about the various provisions of the bill as well as the total effect of the bill.

I am convinced that all of us need to move as rapidly as possible in setting up the machinery under which farmers themselves can vote and make a decision about acreage-poundage controls.

I am sure that all tobacco growers realize that we now have nearly 1 billion pounds of surplus tobacco on hand and we must take measures which will prevent the destruction of the tobacco program in the future.

I am sure that I speak for all members of the committee when I say we solicit any and all views on this subject as we feel this is a time when the tobacco program must have the very best thought and consideration we can give it.

We do not have a great many copies of this bill nor the Department report. I am going to ask that they be inserted in the record at this point, and we will get more printed as quickly as we can.

(S. 821 and the Department of Agriculture report on the bill are as follows:)

[S. 821, 89th Cong., 1st sess.]

A BILL To amend the Agricultural Adjustment Act of 1938, as amended, to provide for acreage-poundage marketing quotas for tobacco

*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 immediately following section 316 a section 317 to read as follows:*

“ACREAGE-POUNDAGE QUOTAS

“Sec. 317. (a) For purposes of this section—

“(1) ‘National marketing quota’ for each kind of tobacco for a marketing year means the amount of the kind of tobacco produced in the United States which the Secretary estimates will be utilized during the marketing year in the United States and will be exported during the marketing year adjusted upward or downward in such amount as the Secretary in his discretion determines is desirable for the purpose of maintaining an adequate supply or for effecting an orderly reduction of excessive supplies in order to achieve the policy of the Act.

“(2) ‘National average yield goal’ for a kind of tobacco means the yield per acre which on a national average basis the Secretary determines will improve or insure the usability of the tobacco and increase the net return per pound to the growers. In making this determination the Secretary shall give consideration to such Federal-State production research data as he deems relevant.

“(3) ‘National acreage allotment’ means the acreage determined by dividing the national marketing quota by the national average yield goal.

“(4) ‘Farm acreage allotment’ for tobacco farms other than new tobacco farms means the acreage allotment determined by adjusting uniformly the last acreage allotment established for such farms so that the total of such allotments is equal to the national acreage allotment less the reserve provided in subsection (e) of this section but including the correction of any errors from the reserve and subject to an adjustment upward or downward on the basis of the farm yield to reflect any adjustment in the farm marketing quota for overmarketing or undermarketing and to any reductions required under subsection (f) of this section.

“(5) The ‘county average yield’ means in the case of Flue-cured tobacco the five-year average yield of tobacco per acre in the county for the five consecutive years beginning with the 1959 crop year as determined by the Secretary and in the case of other kinds of tobacco the five-year average yield of tobacco per acre in the county for the five most recent crop years for which data are available.

“(6)(a) ‘Preliminary farm yield’ in the case of Flue-cured tobacco means a farm yield per acre of tobacco determined by averaging the yield per acre for the three highest years of the five consecutive crop years beginning with the 1959 crop year and adjusting such yield to: (i) 130 per centum of the county average yield if the average yield so computed exceeds 130 per centum of the county average yield or (ii) 70 per centum of the county average yield if the average yield so computed is less than 70 per centum of the county average yield.

“(b) ‘Preliminary farm yield’ means in the case of kinds of tobacco other than Flue-cured, a farm yield per acre of tobacco determined by averaging the yield per acre for such of the five years used in determining the county average yield as the Secretary determines to be representative and will result in a fair and equitable relationship among farms. In determining the preliminary farm yield, the Secretary may provide maximum and minimum percentage levels in relation to the county average yield.

“(7) ‘Farm yield’ means the yield of tobacco per acre for a farm determined by multiplying the preliminary farm yield by a national yield factor which shall be obtained by dividing the national average yield goal by a weighted national average yield computed by multiplying the preliminary farm yield for each farm by the acreage allotment determined pursuant to paragraph (4) for the farm and dividing the sum of the products by the national acreage allotment.

“(8) The ‘farm marketing quota’ for each farm for each marketing year shall be the product obtained by multiplying the farm yield by the acreage allotment for the farm, increased or decreased, as the case may be, by the number of pounds by which marketings of tobacco from the farm during the immediately preceding marketing year, if marketing quotas were in effect under the program established by this section, is less than or exceeds the farm marketing quota for such year: *Provided*, That the farm marketing quota for any marketing year shall not be increased for undermarketing by an amount in excess of the number of pounds in the farm marketing quota first determined for the farm under this section.

If on account of excess marketing in the preceding marketing year the farm marketing quota for the marketing year is reduced to zero pounds without reflecting the entire reduction required, the additional reduction required shall be made for the subsequent marketing year or years. The farm marketing quota will be increased or decreased for the second succeeding marketing year in the case of Maryland, type 32 tobacco, and for any other kind of tobacco for which the Secretary determines it is impracticable because of the lack of adequate marketing data, to make the increases or decreases applicable to the immediately succeeding marketing year.

"(b) Within thirty days after the enactment of this section the Secretary pursuant to the provisions of subsection (a) of this section shall determine and announce the amount of the national marketing quota for Flue-cured tobacco for the marketing year beginning July 1, 1965 and the national acreage allotment and national average yield goal for the 1965 crop of Flue-cured tobacco, and within thirty days after the announcement of the amount of such national marketing quota shall conduct a special referendum of the farmers engaged in the production of Flue-cured tobacco of the 1964 crop to determine whether they favor or oppose the establishment of marketing quotas on an acreage-poundage basis as provided in this section for the marketing years beginning July 1, 1965, July 1, 1966, and July 1, 1967, in lieu of quotas on an acreage basis now in effect for those marketing years. If the Secretary determines that two-thirds or more of the farmers voting in the special referendum approve marketing quotas on an acreage-poundage basis, marketing quotas on an acreage-poundage basis as provided in this section shall be in effect for those marketing years in lieu of the marketing quotas on an acreage basis which are now in effect.

"(c) Whenever, during the first or second marketing year of the three-year period for which marketing quotas on an acreage basis are in effect for a kind of tobacco, the Secretary in his discretion determines with respect to that kind of tobacco that acreage-poundage quotas under this section would result in a more effective marketing quota program for that kind of tobacco and would facilitate the administration of marketing quotas for that kind of tobacco he shall in lieu of the next announcement of the amount of the national marketing quota under section 312(b) of this Act determine and announce the amount of the national quota for that kind of tobacco under this section of the Act and at the same time announce the national acreage allotment and national average yield goal and within thirty days thereafter conduct a special referendum of farmers engaged in the production of the kind of tobacco of the most recent crop to determine whether they favor the establishment of marketing quotas on an acreage-poundage basis as provided in this section for the next three marketing years. If the Secretary determines that two-thirds or more of the farmers voting in the special referendum approve marketing quotas on an acreage-poundage basis as provided in this section quotas on that basis shall be in effect for the next three marketing years and the marketing quotas on an acreage basis shall cease to be in effect.

"(d) If marketing quotas have been made effective for a kind of tobacco on an acreage-poundage basis pursuant to subsection (b) or (c) the Secretary shall, not later than December 1 of any marketing year with respect to Flue-cured tobacco, and February 1 with respect to other kinds of tobacco, proclaim a national marketing quota for that kind of tobacco for the next three succeeding marketing years if the marketing year is the last year of three consecutive years that marketing quotas previously proclaimed will be in effect. The Secretary in his discretion may proclaim the quotas on an acreage allotment basis or on an acreage-poundage basis as provided in this section and shall conduct a referendum in accordance with the provisions of section 312(c) of this Act. If more than one-third of the farmers voting oppose the national marketing quotas the results shall be proclaimed and the national marketing quotas so proclaimed shall not be in effect. If the Secretary proclaims the quotas on an acreage-poundage basis he shall determine and proclaim at the same time the national marketing quota, national acreage allotment, and national average yield goal for the first year of the three years for which quotas are proclaimed. Notice of the farm marketing quota which will be in effect for his farm for the first marketing year covered by the referendum shall be mailed to the farm operator, insofar as practicable, prior to the holding of any special referendum under subsection (b) or (c) or a referendum on acreage-poundage quotas under this subsection. The Secretary shall determine and announce the national marketing quota, national acreage allotment, and national average yield goal for the second and third marketing years of any three-year period for which national marketing quotas on an acreage-poundage basis are in effect on or before the December 1 with

respect to Flue-cured tobacco and the February 1 with respect to other kinds of tobacco immediately preceding the beginning of the marketing year to which they apply. Whenever a national marketing quota, national acreage allotment, and national average yield goal is determined and announced the Secretary shall provide for the determination of farm acreage allotments and farm marketing quotas under the provisions of this section for the crop and marketing year covered by the determinations.

“(e) No farm acreage allotments and farm yields shall be established for farms on which no tobacco was produced or considered produced under applicable provisions of law for the immediately preceding five years. For each marketing year that acreage-poundage quotas are in effect under this section the Secretary in his discretion may establish a reserve from the national acreage allotment in an amount equivalent to not more than 1 per centum of the national acreage allotment to be available for making corrections of errors in farm acreage allotments and for establishing acreage allotments for new farms which are farms on which tobacco was not produced or considered produced during the immediately preceding five years. The part of the reserve held for apportionment to new farms shall be allotted on the basis of land, labor, and equipment available for the production of tobacco, crop-rotation practices, soil, and other physical factors affecting the production of tobacco and the past tobacco-producing experience of the farm operator. The farm yield for any farm for which a new farm acreage allotment is established shall be determined on the basis of available productivity data for the land involved and farm yields for similar farms.

“(f) Only the provisions of the last two sentences of subsection (g) of section 313 of this Act shall apply with respect to acreage allotments and farm yields established under this section, and the reductions required thereunder shall be in addition to any other adjustments in such allotments made pursuant to this section. The provisions of the next to the last sentence of such subsection pertaining to the filing of any false report with respect to the acreage of tobacco grown on the farm shall also be applicable to the filing of any false report with respect to the production of tobacco grown on a farm for which an acreage allotment and a farm yield is established as provided in this section. In establishing acreage allotments and farm yields for other farms owned by the owner displaced by acquisition of his land by any agency, as provided in section 378 of this Act, increases or decreases in such acreage allotments and farm yields as provided in this section shall be made on account of marketings below or in excess of the farm marketing quota for the farm acquired by the agency. Acreage allotments and farm marketing quotas determined under this section may be leased under the terms and conditions contained in section 316 of this Act, except that the adjustment provided for in the last sentence of subsection (c) of said section shall be based on farm yields rather than normal yields.

“(g) When marketing quotas under this section are in effect provisions with respect to penalties for the marketing of excess tobacco and the other provisions contained in section 314 of the Act shall apply, except that:

“(1) No penalty on excess tobacco shall be due or collected until 100 per centum of the farm marketing quota for a farm (105 per centum for the first year a national marketing quota established under this section is in effect provided the acreage harvested from the farm is not in excess of the farm acreage allotment) has been marketed, but with respect to each pound of tobacco marketed in excess of such percentage the full penalty rate shall be due, payable and collected at the time of marketing on each pound of tobacco marketed.

“(2) When marketing quotas established under this section are in effect the provisions with respect to penalties contained in the third sentence of subsection 314(a) shall be revised to read: ‘If any producer falsely identifies or fails to account for the disposition of any tobacco, the Secretary may elect, in lieu of assessing and collecting penalties based on actual marketings of excess tobacco, to assess a penalty computed by multiplying the full penalty rate by an amount of tobacco equal to 25 per centum of the farm marketing quota plus the farm yield of the number of acres harvested in excess of the farm acreage allotment and the penalty in respect thereof shall be paid and remitted by the producer.’

“(3) For the first year a marketing quota program established under the provisions of this section is in effect, the words ‘normal production’ where they appear in the fourth sentence of subsection (a) of such section shall be read ‘farm yield’ and the said fourth sentence shall otherwise be applicable. For the second and succeeding years a program established under the provisions of this section is in effect, the provisions of subsection (a)(8) shall apply when penalties, if any, on carryover tobacco are computed and the provisions contained in the fourth sentence of subsection 314(a) shall not be applicable.

"(h) Price support under the Agricultural Act of 1949, as amended, shall not be made available for tobacco sold in excess of the farm marketing quota (105 per centum of the farm marketing quota for the first year a national marketing quota established under this section is in effect) or for any tobacco harvested from a farm from which tobacco is harvested from acreage in excess of the farm acreage allotment."

SEC. 2. Subsection (j) of section 313 of the Agricultural Adjustment Act of 1938, as added by Public Law 361, Eighty-Fourth Congress, approved August 11, 1955, is amended by inserting immediately following the language "(g) hereof" whenever it appears in said subsection the language "or section 317".

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DEPARTMENT OF AGRICULTURE,  
Washington, D.C., February 4, 1965.

HON. ALLEN J. ELLENDER,  
Chairman, Committee on Agriculture and Forestry,  
U.S. Senate.

DEAR MR. CHAIRMAN: This is in reply to your request of February 1, 1965, for a report on S. 821, a bill to amend the Agricultural Adjustment Act of 1938, as amended, to provide for acreage-poundage marketing quotas for tobacco.

This Department recommends that the bill be passed.

The bill provides for supplementing the present marketing quota program for tobacco which is operated on an acreage basis by the addition of farm poundage quotas. The present acreage allotment program for tobacco has been effective over the years in maintaining stable supplies with favorable prices to growers at minimum cost to the Government. However, due to substantial increases in per acre yields in recent years, excessive supplies have accumulated. For example, Flue-cured tobacco yields averaged 1,509 pounds per acre during the 5 years, 1954-58, but reached an alltime high of 2,203 pounds per acre in 1964. Likewise, burley tobacco yields increased from a 5-year average of 1,579 pounds per acre in 1954-58 to a record 2,231 pounds per acre in 1963. Research data and the records of individual farm marketings which are maintained in our county ASCS offices show that further increases in per acre yields are readily obtainable. With the reductions made in farm acreage allotments for 1965, it is expected that growers will make greater efforts to increase yields which will necessitate further reductions in acreage allotments in the years ahead.

The bill provides that within 30 days after its enactment, the Secretary shall determine and announce the amount of the national marketing quota for Flue-cured tobacco for the marketing year beginning July 1, 1965, and the national acreage allotment and national average yield goal for the 1965 crop of Flue-cured tobacco. The bill provides further that within 30 days after such announcement, the Secretary shall conduct a special referendum of the farmers engaged in the production of the 1964 crop of Flue-cured tobacco to determine whether they favor or oppose the establishment of farm marketing quotas on an acreage-poundage basis as provided in the bill for the 3 marketing years beginning July 1, 1965, in lieu of quotas on an acreage basis now in effect. If two-thirds or more of the farmers voting in the special referendum approve marketing quotas on an acreage-poundage basis, marketing quotas on an acreage-poundage basis as provided in the bill will be in effect for the 3 marketing years in lieu of the marketing quotas on an acreage basis which are now in effect.

The bill provides also that whenever during the first or second year of a 3-year period for which marketing quotas on an acreage basis are in effect for a kind of tobacco, including Flue-cured, the Secretary determines with respect to that kind of tobacco that acreage-poundage quotas would result in a more effective marketing quota program for that kind of tobacco, he shall at the time of the next announcement of the amount of the national marketing quota under the present acreage allotment program determine and announce the amount of the national quota for the kind of tobacco involved as provided in the bill and at the same time announce the national acreage allotment and national average yield goal and within 30 days thereafter, conduct a special referendum to determine whether growers of the kind of tobacco involved favor the establishment of marketing quotas on an acreage-poundage basis as provided in the bill for the next 3 marketing years.

The bill is in accordance with the recommendation on this subject in the President's message on agriculture, and this Department recommends its enactment, with certain amendments indicated below. We believe that it is urgently neces-

sary to revise the present production and price stabilization programs for tobacco to provide more effective supply adjustment, expansion of exports through improvement of quality, and a reduction in costs to the Government.

We recommend that the bill be amended in subsections 317(b) and 317(c) to change the percentage of favorable votes required to make the acreage-poundage program effective, from two-thirds or more of the growers voting to more than 50 percent of the growers voting. For example, since 96.5 percent of the growers voting have approved marketing quotas for the next three crops of Flue-cured tobacco and since the vote in the special referendum would in no way change that basic decision to have marketing quotas, it is our view that a simple majority of the growers voting in the special referendum should determine whether such a program will be on an acreage basis or on an acreage-poundage basis.

We recommend further that the limitation in paragraphs 317(a)(4) and 317(a)(8) with respect to the amount of the farm marketing quota which can be carried over from one year to the next because of undermarketings be clarified. A revised draft of the bill in which these recommendations, together with minor changes, have been incorporated is enclosed.

The enactment of this bill will result in substantial savings in Government funds since it will be more effective in maintaining supplies in line with demand, thus enabling the disposition of loan stocks with minimum losses.

The President's message on agriculture also recommends that consideration be given to other revisions in the tobacco program to make American tobacco more competitive in world markets. If the Congress wishes to make the acreage-poundage choice contemplated by S. 821 available for tobacco growers for the 1965 crop, we would suggest that the Congress give prompt consideration to legislation revising this aspect of the program without awaiting the consideration of other matters.

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

Sincerely yours,

(S) CHARLES S. MURPHY,  
Under Secretary.

A BILL To amend the Agricultural Adjustment Act of 1938, as amended, to provide for acreage-poundage marketing quotas for tobacco

*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, hereinafter referred to as the Act, is amended by adding immediately following section 316 a section 317 to read as follows:*

#### ACREAGE-POUNDAGE QUOTAS

SEC. 317. (a) For purposes of this section—

(1) "National marketing quota" for any kind of tobacco for a marketing year means the amount of the kind of tobacco produced in the United States which the Secretary estimates will be utilized during the marketing year in the United States and will be exported during the marketing year adjusted upward or downward in such amount as the Secretary in his discretion determines is desirable for the purpose of maintaining an adequate supply or for effecting an orderly reduction of excessive supplies in order to achieve the policy of the Act.

(2) "National average yield goal" for any kind of tobacco means the yield per acre which on a national average basis the Secretary determines will improve or insure the usability of the tobacco and increase the net return per pound to the growers. In making this determination the Secretary shall give consideration to such Federal-State production research data as he deems relevant.

(3) "National acreage allotment" means the acreage determined by dividing the national marketing quota by the national average yield goal.

(4) "Farm acreage allotment" for tobacco farm other than a new tobacco farm means the acreage allotment determined by adjusting uniformly the acreage allotment established for such farm for the immediately preceding year prior to any increase or decrease in such allotment due to under marketings or over marketings and prior to any reduction under subsection (f) so that the total of all allotments is equal to the national acreage allotment less that part of the reserve provided in subsection (e) of this section reserved for new farms with a further downward or upward adjustment to reflect any adjustment in the farm marketing quota for over marketing or under marketing and to reflect any reduction required under subsection (f) of this section.

(5) "County average yield" means in the case of flue-cured tobacco the five-year average yield of tobacco per acre in the county for the five consecutive years beginning with the 1959 crop year as determined by the Secretary and in the case of other kinds of tobacco the five-year average yield of tobacco per acre in the county for the five most recent crop years for which data are available, as determined by the Secretary.

(6)(a) "Preliminary farm yield" in the case of flue-cured tobacco means a farm yield per acre of tobacco determined by averaging the yield per acre for the three highest years of the five consecutive crop years beginning with the 1959 crop year and adjusting such yield to: (i) 130 per centum of the county average yield if the average yield so computed exceeds 130 per centum of the county average yield, or (ii) 70 per centum of the county average yield if the average yield so computed is less than 70 per centum of the county average yield.

(b) "Preliminary farm yield" means in the case of kinds of tobacco other than flue-cured, a farm yield per acre of tobacco determined by averaging the yield per acre for such of the five years used in determining the county average yield as the Secretary determines to be representative and will result in a fair and equitable relationship among farms. In determining the preliminary farm yield, the Secretary may provide maximum and minimum percentage levels in relation to the county average yield.

(7) "Farm yield" means the yield of tobacco per acre for a farm determined by multiplying the preliminary farm yield by a national yield factor which shall be obtained by dividing the national average yield goal by a weighted national average yield computed by multiplying the preliminary farm yield for each farm by the acreage allotment determined pursuant to paragraph (4) for the farm prior to adjustments for over marketing, under marketing, or reductions required under subsection (f) and dividing the sum of the products by the national acreage allotment.

(8) "Farm marketing quota" for any farm for any marketing year shall be the number of pounds of tobacco obtained by multiplying the farm yield by the acreage allotment prior to any adjustment for under marketing or over marketing, increased for under marketing or decreased for over marketing by the number of pounds by which marketings of tobacco from the farm during the immediately preceding marketing year, if marketing quotas were in effect under the program established by this section, is less than or exceeds the farm marketing quota for such year: *Provided*, That the farm marketing quota for any marketing year shall not be increased for under marketing by an amount in excess of the number of pounds determined by multiplying the acreage allotment for the farm for the immediately preceding year prior to any increase or decrease for under marketing or over marketing by the farm yield. If on account of excess marketings in the preceding marketing year the farm marketing quota for the marketing year is reduced to zero pounds without reflecting the entire reduction required, the additional reduction required shall be made for the subsequent marketing year or years. The farm marketing quota will be increased or decreased for the second succeeding marketing year in the case of Maryland tobacco, and for any other kind of tobacco for which the Secretary determines it is impracticable because of the lack of adequate marketing data, to make the increases or decreases applicable to the immediately succeeding marketing year.

(b) Within 30 days after the enactment of this section the Secretary pursuant to the provisions of subsection (a) of this section shall determine and announce the amount of the national marketing quota for flue-cured tobacco for the marketing year beginning July 1, 1965 and the national acreage allotment and national average yield goal for the 1965 crop of flue-cured tobacco, and within 30 days after the announcement of the amount of such national marketing quota shall conduct a special referendum of the farmers engaged in the production of flue-cured tobacco of the 1964 crop to determine whether they favor or oppose the establishment of marketing quotas on an acreage-poundage basis as provided in this section for the marketing years beginning July 1, 1965, July 1, 1966, and July 1, 1967, in lieu of quotas on an acreage basis in effect for those marketing years. If the Secretary determines that more than 50 per centum of the farmers voting in the special referendum approve marketing quotas on an acreage-poundage basis, marketing quotas on an acreage-poundage basis as provided in this section shall be in effect for those marketing years and the marketing quotas on an acreage basis shall cease to be in effect at the beginning of such three-year period.

(c) Whenever, during the first or second marketing year of the three-year period for which marketing quotas on an acreage basis are in effect for any kind of tobacco, including flue-cured tobacco, the Secretary in his discretion determines

with respect to that kind of tobacco that acreage-poundage quotas under this section would result in a more effective marketing quota program for that kind of tobacco he shall at the time the next announcement of the amount of the national marketing quota under section 312(b) of this Act determine and announce the amount of the national quota for that kind of tobacco under this section of the Act and at the same time announce the national acreage allotment and national average yield goal and within 30 days thereafter conduct a special referendum of farmers engaged in the production of the kind of tobacco of the most recent crop to determine whether they favor the establishment of marketing quotas on an acreage-poundage basis as provided in this section for the next three marketing years. If the Secretary determines that more than 50 per centum of the farmers voting in the special referendum approve marketing quotas on an acreage-poundage basis as provided in this section quotas on that basis shall be in effect for the next three marketing years and the marketing quotas on an acreage basis shall cease to be in effect at the beginning of such three-year period.

(d) If marketing quotas have been made effective for a kind of tobacco on an acreage-poundage basis pursuant to subsections (b) or (c) the Secretary shall, not later than December 1 of any marketing year with respect to flue-cured tobacco, and February 1 with respect to other kinds of tobacco, proclaim a national marketing quota for that kind of tobacco for the next three succeeding marketing years if the marketing year is the last year of three consecutive years for which marketing quotas previously proclaimed will be in effect. The Secretary in his discretion may proclaim the quota on an acreage-poundage basis as provided in this section or on an acreage allotment basis, whichever he determines would result in a more effective marketing quota for that kind of tobacco, and shall conduct a referendum in accordance with the provisions of section 312(c) of this Act. If the Secretary determines that more than one-third of the farmers voting oppose the national marketing quotas the results shall be proclaimed and the national marketing quota so proclaimed shall not be in effect. If the Secretary proclaims the quotas on an acreage-poundage basis he shall determine and proclaim at the same time the national marketing quota, national acreage allotment, and national average yield goal for the first year of the three years for which quotas are proclaimed. Notice of the farm marketing quota which will be in effect for his farm for the first marketing year covered by the referendum insofar as practicable shall be mailed to the farm operator prior to the holding of any special referendum under subsections (b) or (c) or a referendum on acreage-poundage quotas under this subsection. The Secretary shall determine and announce the national marketing quota, national acreage allotment and national average yield goal for the second and third marketing years of any three-year period for which national marketing quotas on an acreage-poundage basis are in effect on or before the December 1 with respect to flue-cured tobacco and the February 1 with respect to other kinds of tobacco immediately preceding the beginning of the marketing year to which they apply. Whenever a national marketing quota, national acreage allotment, and national average yield goal are determined and announced the Secretary shall provide for the determination of farm acreage allotments and farm marketing quotas under the provisions of this section for the crop and marketing year covered by the determinations.

(e) No farm acreage allotment or farm yield shall be established for a farm on which no tobacco was produced or considered produced under applicable provisions of law for the immediately preceding five years. For each marketing year for which acreage-poundage quotas are in effect under this section the Secretary in his discretion may establish a reserve from the national acreage allotment in an amount equivalent to not more than one per centum of the national acreage allotment to be available for making corrections of errors in farm acreage allotments and for establishing acreage allotments for new farms, which are farms on which tobacco was not produced or considered produced during the immediately preceding five years. The part of the reserve held for apportionment to new farms shall be allotted on the basis of land, labor, and equipment available for the production of tobacco, crop-rotation practices, soil and other physical factors affecting the production of tobacco and the past tobacco-producing experience of the farm operator. The farm yield for any farm for which a new farm acreage allotment is established shall be determined on the basis of available productivity data for the land involved and farm yields for similar farms.

(f) Only the provisions of the last two sentences of subsection (g) of section 313 of this Act shall apply with respect to acreage-poundage programs established under this section. The acreage reductions required under the last two sentences shall be in addition to any other adjustments made pursuant to this section, and

where acreage reductions are made the farm marketing quota shall be reduced to reflect such reductions. The provisions of the next to the last sentence of such subsection pertaining to the filing of any false report with respect to the acreage of tobacco grown on the farm shall also be applicable to the filing of any false report with respect to the production or marketings of tobacco grown on a farm for which an acreage allotment and a farm yield are established as provided in this section. In establishing acreage allotments and farm yields for other farms owned by the owner displaced by acquisition of his land by any agency, as provided in section 378 of this Act, increases or decreases in such acreage allotments and farm yields as provided in this section shall be made on account of marketings below or in excess of the farm marketing quota for the farm acquired by the agency. Acreage allotments and farm marketing quotas determined under this section may be leased under the terms and conditions contained in section 316 of this Act, except that (1) the adjustment provided for in the last sentence of subsection (c) of said section shall be based on farm yields rather than normal yields, and (2) any credit for under marketing or charge for over marketing shall be attributed to the farm to which transferred.

(g) When marketing quotas under this section are in effect provisions with respect to penalties for the marketing of excess tobacco and the other provisions contained in section 314 of the Act shall apply, except that:

(1) No penalty on excess tobacco shall be due or collected until 100 per centum of the farm marketing quota for a farm (105 per centum for the first year a national marketing quota established under this section is in effect if the acreage harvested from the farm is not in excess of the farm acreage allotment) has been marketed, but with respect to each pound of tobacco marketed in excess of such percentage the full penalty rate shall be due, payable and collected at the time of marketing on each pound of tobacco marketed.

(2) When marketing quotas established under this section are in effect the provisions with respect to penalties contained in the third sentence of subsection 314(a) shall be revised to read: "If any producer falsely identifies or fails to account for the disposition of any tobacco, the Secretary, in lieu of assessing and collecting penalties based on actual marketings of excess tobacco, may elect to assess a penalty computed by multiplying the full penalty rate by an amount of tobacco equal to 25 percent of the farm marketing quota plus the farm yield of the number of acres harvested in excess of the farm acreage allotment and the penalty in respect thereof shall be paid and remitted by the producer."

(3) For the first year a marketing quota program established under the provisions of this section is in effect, the words "normal production" where they appear in the fourth sentence of subsection (a) of such section shall be read "farm yield" and the said fourth sentence shall otherwise be applicable. For the second and succeeding years for which a program established under the provisions of this section is in effect, the provisions of subsection (a)(8) shall apply when penalties, if any, on carry-over tobacco are computed, and the provisions contained in the fourth sentence of subsection 314(a) shall not be applicable.

(h) Price support under the Agricultural Act of 1949, as amended, shall not be made available for tobacco sold in excess of the farm marketing quota (105 per centum of the farm marketing quota for the first year a national marketing quota established under this section is in effect if the tobacco harvested from the farm is not in excess of the farm acreage allotment), or for any tobacco harvested from a farm from which tobacco is harvested from acreage in excess of the farm acreage allotment.

Sec. 2. Subsection (j) of section 313 of the Agricultural Adjustment Act of 1938, as added by Public Law 361, 84th Congress, approved August 11, 1955, is amended by inserting immediately following the language "(g) hereof" wherever it appears in said subsection the language "or section 317".

Senator JORDAN. I am delighted that my distinguished colleague, Senator Ervin, is here this morning. I will be glad to have him make a statement at this time. As you know, he is a sponsor of this bill and very much interested in the tobacco program.

**STATEMENT OF HON. SAM J. ERVIN, JR., A U.S. SENATOR FROM  
THE STATE OF NORTH CAROLINA**

Senator ERVIN. Mr. Chairman, I am delighted to participate in these hearings. I congratulate the Subcommittee on Agriculture, Produce, Marketing, and Stabilization of Prices for scheduling hearings on S. 821 so soon after its introduction. I presume, Mr. Chairman, that the text of S. 821, with an explanation of it and a report by the Under Secretary of Agriculture, Mr. Murphy, will be made a part of the hearing record. Accordingly, I shall not go into the particulars of this measure—S. 821—at this time.

I will say, however, that I think this bill as introduced provides a framework in which we can see real progress made toward bringing the supply and the demand for tobacco into line; in other words, bringing the production and the use in line, thereby having a more effective acreage allotment program in a reasonable relationship with the supply and demand for tobacco which is essential if we are going to have prosperity in this area of our life.

Certainly there is no problem more severe facing the farmers throughout North Carolina, and indeed throughout much of the country, than that of the Government's price stabilization program for tobacco.

North Carolina receives half, or in the last few years, sometimes more than half of its agricultural income from tobacco alone. I cannot imagine a worse economic catastrophe which could befall North Carolina than not to continue price supports on tobacco with the stability which they bring to an area which prior to that time had booms and busts, and usually busts rather than booms. We have witnessed in the tobacco fields the efficiency of the American farmers. As the chairman of the subcommittee stated a moment ago, we are confronted with the fact that we have approximately 1 billion pounds of Bright Leaf tobacco on hand now over and above our present requirements. It is interesting to note what has happened in the production of tobacco.

We have in North Carolina three belts in which Bright Leaf tobacco is grown. One is the old and middle belt which is south of Danville, Va., and down through that area of North Carolina. In 1939, the last year in which we had no price supports of tobacco there were 320,000 acres planted to tobacco. The yield per acre was 890 pounds, and the total production was 284,800,000 pounds. Last year the old middle belt planted instead of 320,000 acres, 164,000 acres, and instead of the yield of 890 pounds there was a yield of 2,150 pounds per acre. We had a total last year of 352,600,000 pounds as compared with 284,800,000 pounds in 1939.

Then the border belt in 1939, the last year in which there were price supports, we planted 98,000 acres and produced 1,005 pounds per acre, a total of in excess of 98 million pounds.

In 1954, with 50,000 acres planted instead of 98,000, there was a production of 2,350 pounds per acre, making a total production of over 117 million pounds.

In the largest one of our belts, the eastern belt, in 1939 we planted 425,000 acres and produced 1,010 pounds per acre, making a total of 429 million pounds. In 1964, with less than half the same amount of

acreage, 202,000 acres, and a production per acre of 2,375 pounds, we produced over 479 million pounds of tobacco.

This illustrates the efficiency of the American farmer.

Moreover, with the emphasis being placed upon pounds rather than anything else, we have had a tendency in some instances to have the quality of our tobacco go down rather than maintaining the quality which sells at the best rates. I think the Government could do well to do something for tobacco, because tobacco has done so well by the Government. Until recently the tobacco program had been highly successful in all respects. This went into effect in 1933. The tobacco program has cost the Federal Government approximately \$330 million since then, which is a small amount as compared with what all of our farm programs have cost us. All our farm programs in the aggregate have cost over \$15 billion, as against the \$330 million that tobacco has cost the Government. Unlike these other programs, tobacco has brought great revenue into the Federal Treasury and into the State and local treasuries. Since 1933 the taxes paid by tobacco to the Federal Government on excise taxes and State and local governments in like taxes have been more than \$52 billion. Federal excise taxes alone have exceeded \$39 billion.

Mr. Chairman, I would like to insert my entire statement in the record without reading it all. I would like to emphasize that I do not think that this bill is necessarily a perfect bill by any means, but I do think that it provides the basic framework within which the most probable solution of this problem of bringing the supply of tobacco into line with the demand could be met. I sincerely trust that the committee will study the bill carefully and bring forth a bill which will give the tobacco growers an opportunity to say whether they wish to abandon the sole basis of controls, the acreage allotment basis, and take a combination of acreage allotment and poundage allotments, as this bill provides.

This bill does not force anything upon the tobacco grower but it merely gives him an opportunity to see if this remedy will not afford him a solution to the problem which now faces him and threatens many with a rather disastrous economic future.

(Senator Ervin's statement in full is as follows:)

Mr. Chairman, I am delighted to participate in these hearings. I congratulate the Subcommittee on Agriculture, Produce, Marketing, and Stabilization of Prices for scheduling hearings on S. 821 so soon after its introduction. I presume, Mr. Chairman, that the text of S. 821, with an explanation of it, and a report by the Under Secretary of Agriculture, Mr. Murphy, will be made a part of the hearing record. Accordingly, I shall not go into the particulars of this measure—S. 821—at this time.

Certainly, there is no problem more severe facing the farmers throughout North Carolina, and indeed throughout much of the country, than that of the Government's price stabilization program for tobacco.

Today, the entire tobacco program, which has worked so well in the past, is being threatened by the increased annual production of tobacco leaf. For example, Flue-cured tobacco yields averaged 1,509 pounds per acre during the 5 years, 1954-58, but reached an alltime high of 2,203 pounds per acre in 1964. Likewise, burley tobacco yields increased from a 5-year average of 1,579 pounds per acre in 1954-58 to a record 2,231 pounds per acre in 1963. Records of county ASCS offices indicate further increases in per-acre yields can be easily produced.

With each reduction made in farm acreage allotments, growers make greater efforts to increase yields which will necessitate further reductions in acreage allotments in the years ahead. Also, the quality of tobacco has suffered from this natural emphasis, under the present program, on quantity of production. This decline in quality weakens our ability to compete in the world tobacco market.

It is becoming more evident that acreage controls alone cannot effectively curtail this growing tobacco surplus. This proposal (S. 821) takes a step toward a cure for these ills by providing for acreage-poundage marketing quotas for tobacco.

Despite the aforementioned problems, the tobacco program has provided State and Federal Governments with considerable revenue at relatively small costs. Since it went into effect in 1933, it has cost the Federal Government approximately \$38.9 million in price supports. This is indeed a small expenditure when compared to the cost of the Government's other parity programs, which have cost the taxpayers over \$15 billion during this period. By the same token, this expenditure is quite insignificant when one realizes that the total Federal and State excise tax revenues stemming from the tobacco industry since 1933 have aggregated more than \$52 billion. Federal excise taxes alone have exceeded \$39 billion—considerably more than twice the cost of all Federal farm subsidy programs, and 118 times the cost of the tobacco program. In other words, the Federal Government has realized a return of almost 12,000 percent on the amount it has spent to implement the tobacco program.

In cosponsoring this legislation, I did not necessarily feel that the proposal would provide a panacea for the many problems confronting the tobacco farmer. I felt then, as I do now, that these problems are of such importance that they deserve the earliest possible attention by the Congress. Accordingly, I joined in introducing this legislation, and in urging that early hearings be held on it, so that we might bring to the Congress the most knowledgeable people in the country to review this proposal and the overall program for the production and price stabilization of tobacco.

As a result of these hearings, I am hopeful that there will evolve legislation, which will not only provide for a more effective supply adjustment, but also will expand tobacco exports through improvements of quality and a reduction in costs to the Government. This problem area requires an early and effective solution.

Any program proposed should not become effective, however, until such time as the tobacco farmers themselves have had an opportunity to vote upon it, and then only if two-thirds of the voters concur that such a program would be beneficial to their industry.

Mr. Chairman, I congratulate you and the members of your subcommittee upon the fine work which you are doing here today, and will, I know, continue to do in the days ahead. I shall follow these hearings closely, and work with you in any way that I can to produce a solution acceptable to the tobacco farmer to the problems he and the Nation face.

Senator JORDAN. Thank you very much, Senator Ervin. Your entire statement will be made a part of the record.

We are delighted that Senator Ellender took time out of his busy schedule to be with us this morning. There is no man in the Senate more interested in agriculture than Senator Ellender. They do not grow much tobacco in his State, if any, but he is interested in every farm program that comes under his committee, and especially if it is costing the taxpayers any money. It is a good way to look at the program, because we should look at it from that standpoint.

We will be glad to have a word from Senator Ellender this morning. I might add that when we introduced this bill and asked for prompt action, he called the committee together. There was a meeting, and he promptly went along with this subcommittee to start these hearings, because he realizes that this is a matter of urgent importance.

Senator ELLENDER. I am glad to be here this morning. I must attend a conference at 10:30. The Commodity Credit Corporation needs a few billion dollars to continue its support operations, and last night the Secretary of Agriculture announced that the Commodity Credit is out of business for lack of money, so we have got to provide it. That is why I am sorry I cannot be here all day with you. However, you are in good hands. As chairman of the Rules Committee, I am glad to see that my good friend from North Carolina was able to obtain this fine big room to hold the hearings. Usually we hold

them in the small room, our regular room designated as the Committee on Agriculture.

It was my privilege to address a few tobacco farmers in North Carolina this last year. In fact, I spoke in Raleigh, N.C., in 1963 and in Marion, S.C., in 1964. Both of these speeches, of course, dealt with tobacco. I do not know of any segment of our farming community that has been better able to resolve their problems than the tobacco people.

I am very hopeful that the tobacco growers will be able to come before the committee with a more or less unanimous approach. That is the way you have done it in the past, and you have caused us, as members of this committee, very little trouble. You know, we on the committee have quite a problem in getting the members to think along the same line when we are confronted with farm organizations offering different views on how to handle our major crops. It makes it more difficult for us.

The point is that if the farmers cannot get together, how do you expect the Senators to get together on a bill. But I am proud to say that that has not been the case with respect to the growers of tobacco. You have always settled your differences before you came to us, and I am very hopeful that you will be able to follow this same pattern in the future. You may rest assured that I shall cooperate to the fullest extent with your good Senators from North Carolina, those from Virginia, Georgia, and Kentucky who produce a lot of tobacco. The only tobacco we produce in Louisiana is this perique. It is rather strong and it is grown on about 150 acres in Louisiana. There is no problem there.

But in any event I want to assure you that this committee will give your views full consideration, and I hope that we can come out with a bill that will redound to the benefit of the tobacco growers of the Nation.

Thank you.

Senator JORDAN. Thank you very much, Senator, and we very much appreciate your taking time to be with us.

We are mighty glad to also have Senator Talmadge with us from Georgia. Georgia is one of our great tobacco producing States. Senator Talmadge is one of the valued members of the Agriculture Committee and is very much interested in the tobacco program.

We will be glad to hear from you, Senator Talmadge. You also have Mr. Lanier here from your State.

Senator TALMADGE. Yes, Mr. Chairman. I have no particular statement I would like to make at this time. All of the tobacco farmers in Georgia and other States are gravely concerned about the future of the tobacco program, and particularly the vast reduction they have had in their acreage in recent years. Most of the acreage allotments in Georgia are very small. I think they average only about 2 acres, and it is a principal source of income for approximately 40,000 farmers in Georgia. So it is a matter of very grave concern for them, and I hope some of our Georgia farmers, along with other farmers, will appear here and make their views known on this question.

We had a similar bill proposed in 1957, and we went to the grassroots at that time, and I think it might be wise to do so this time to get the views of the farmers themselves in the area where they produce the tobacco and their reaction to this particular program. It is difficult

if not impossible for a tobacco farmer to come to Washington and make his views known. Mr. Lanier, of course, has had wide experience in Georgia's agriculture, and he is the president of the Georgia Farm Bureau and a tobacco producer himself, and I am sure that he will give us some views that will probably comport with a substantial number of the tobacco farmers of our State. We do have a serious and grave problem confronting us, and I hope that the producers along with the other segments of the tobacco industry can come up and present a program with some unanimity of all of those affected in order that this committee and the Congress may take some prompt action on this great problem.

Senator JORDAN. Thank you very much, Senator.

We also have another one of our valued members of the Agriculture Committee, Senator Cooper from Kentucky. While the bill is not particularly directed at burley tobacco, it does carry a provision which would let the burley growers participate if at any time they decided they needed to and they could have a referendum of their own.

Senator Cooper is very much interested in tobacco and always has been. He has helped defend the tobacco program more than once when it appeared to be getting into trouble. I remember, I believe it was last year, when all of a sudden an amendment was introduced on the floor, and we did not even know it was coming up, to abolish the program entirely, and I just happened to be on the floor. Senator Cooper, Senator Ervin, and Senator Talmadge, I believe, were the only ones we could reach immediately, and we defeated that amendment.

I am always delighted to have Senator Cooper associated on any of these bills that we have a part in, and we will be glad to hear from you, Senator Cooper.

Senator COOPER. Thank you, Senator Jordan. I join with other members of our committee in commending you for calling hearings so promptly to consider this bill. The bill before us is an important bill, and not alone to the growers of Flue-cured tobacco. It is important also to the growers of burley tobacco, dark tobacco, and all types of tobacco.

The State of Kentucky does produce, as you know, the largest volume of burley tobacco. It also produces considerable quantities of Dark-Fired and Dark Air-cured tobacco. And, as you said, while this bill would apply immediately to Flue-cured tobacco, it also deals with burley and other types of tobacco, because it would authorize the Secretary of Agriculture to apply acreage-poundage controls to the 1966 or later crops of all other types of tobacco, subject to the approval of tobacco growers.

I emphasize what others have said: that tobacco is a vital crop for literally thousands of farmers. I know in my own State it is the very bedrock of farm income for thousands of farmers. In many small communities of my State and yours, it is the great source of sustenance for hundreds of small businesses, and I may say, many banks. As Senator Ervin said, it is also a source of large tax revenues for our States and the Nation.

Our tobacco program is in difficulty. Tobacco is now—after wheat, corn, and cotton—the fourth largest crop held in Government stocks or stored under Government loan. It will be criticized because of that fact.

We know also that it has become a subject of controversy because of the report of the Surgeon General on smoking and health. I do not agree with all of his findings, but nevertheless it is a fact that that report caused efforts to be made in the Congress of the United States in the last year, as Senator Jordan has said, to actually abolish the price-support program for tobacco farmers. That effort was defeated, but I expect further attacks. We know that some of the regulatory commissions have proposed restrictive measures against the marketing of tobacco products, and other agencies within the executive department are making proposals. I mention these facts because they bear on the necessity of keeping the tobacco price-support program sound and emphasize the importance of this bill.

I want to hear all of the testimony on this bill. I believe strongly that tobacco farmers and their representatives should have full opportunity to express their opinions about it—and I must say I think they should do so before the bill itself is approved. Because after the bill is passed one can only argue with the Secretary of Agriculture about how its specific provisions are to be put into effect. I think the acreage-poundage proposal may be a step in the right direction, but I reserve my opinion on this bill until I am sure that the special problems of burley tobacco and of Dark Fired and Dark Air-cured tobacco are covered. Also, as I have said, I want very much that farmers in my State—the actual tobacco growers—have a chance to express their opinions about the bill as its provisions would affect burley and the dark tobaccos.

Senator JORDAN. Thank you very much, Senator. I am delighted that I can produce to this fine audience here this morning a small segment of the agriculture group of North Carolina, South Carolina, Georgia, Florida, Virginia—I think that covers most of them, Senator Miller of Iowa. I do not think they grow much tobacco in Iowa but they grow a lot of other things that are under price support, too. They grow a little corn out there, if you have ever heard of that. Most of it comes out in grain form.

Senator Miller is a new member on the Agriculture Committee and a new member of this subcommittee, and we are delighted to have him on this committee. He has served on another committee with me, and he is a very fine member of this Agriculture Subcommittee. We will be glad to hear a word from you Senator Miller.

Senator MILLER. Thank you, Mr. Chairman, for those very fine comments.

As you said, we do raise very little tobacco, but I can take an objective view on legislation such as this. I do want to say that there is a great difference between the approach I think that should be taken between crops such as tobacco, which are used for personal consumption, and crops such as feed grains, which are used for livestock production. There being the difference there, I have long recognized the difference in approach in legislation.

I am very happy to be on this committee with you, Senator, and I look forward to serving with you with the same pleasure I had during my last tenure with you a couple of years ago.

That is all I care to say at this time. Thank you.

Senator JORDAN. Thank you very much.

We are fortunate this morning in having Mr. Charles Murphy, Under Secretary of Agriculture, with us on this opening session of

the committee. Mr. Murphy has always cooperated with me and with every other member of the Agriculture Committee. I have talked to him about this tobacco bill. Last week I asked him if he could be ready to be here today, and he said, "I will be ready, and I will be there."

I think that he, representing the Department, realizes the urgency of this legislation.

Mr. Murphy, we are delighted that you have made the necessary effort to get here this morning and as early as you did, because this bill has not been introduced very long, and your Department has had to really move fast on it. Thank you very much. We will be glad to hear from you at this time.

#### STATEMENT OF HON. CHARLES S. MURPHY, UNDER SECRETARY OF AGRICULTURE

Mr. MURPHY. Thank you, Mr. Chairman.

I am very glad to have this opportunity to be here. I have with me a number of colleagues from the Department of Agriculture. I have also a prepared statement. If it meets with the approval of the committee, I would be glad to first present the prepared statement and then my colleagues and I will be glad to answer as best we can any questions that the committee might have.

Senator JORDAN. Would you like to have your full statement put in the record at this point?

Mr. MURPHY. I would be very happy to have it put in the record. I would be glad to read it if it meets with the approval of the committee.

Senator JORDAN. Of course. It will be inserted in the record at this point and you can handle it in any way you like. You can read it, or you can scan it, or you can call on your associates or handle it in any way you would like, but we do want a good and full explanation from the Department.

Mr. MURPHY. I think it might be desirable, Mr. Chairman, if I would read the statement, or certainly most of it.

Senator JORDAN. Fine.

Mr. MURPHY. Some parts of it are fairly technical, and we might omit them as we go along.

Senator JORDAN. All right. Thank you, sir.

Mr. MURPHY. Mr. Chairman and members of the committee, I am Charles S. Murphy, Under Secretary of Agriculture. I have with me Horace Godfrey, Administrator of the Agricultural Stabilization and Conservation Service; Claude Turner, Director, Tobacco Policy Staff, ASCS; Howard Rooney, from our Office of General Counsel; Arthur Conover, of our Economic Research Service; and Hugh Kiger, from our Foreign Agricultural Service.

We are glad to appear before this committee to present the Department's views with respect to S. 821, a bill to provide for acreage-poundage marketing quotas for tobacco.

As the title of the bill indicates, it provides for acreage-poundage marketing quotas for tobacco. I want to point out first though, that acreage-poundage quotas would not go into effect unless there is a favorable vote by the tobacco producers.

The bill authorizes and directs the Secretary to determine and announce an acreage-poundage program for Flue-cured tobacco within 30 days following its enactment. It also directs the Secretary to conduct a referendum to determine whether growers favor or oppose marketing quotas on an acreage-poundage basis in lieu of the present acreage basis. Thus, the final decision as to which program is to be in effect rests with the growers themselves. The Department is in full accord with this principle.

I would like to comment briefly about the present marketing quota program for tobacco which has been in effect for the principal kinds of tobacco continuously during the past 25 years on an acreage basis. There are some kinds of tobacco, of course, where marketing quotas have never taken effect, but they are not the larger kinds. It has received the wholehearted support of all segments of the tobacco industry—growers, warehousemen, dealers, exporters, and manufacturers. The support of the growers for the program in the major kinds of tobacco has been shown by their votes in referendum after referendum. Often, as many as 97 for 98 percent of the growers refering have favored quotas. In the last burley referendum, 99.2 percent of the growers voting favored quotas on the 1962, 1963, and 1964 crops.

The tobacco program has often been referred to as the most successful farm program we have. For many years the present acreage allotment program for tobacco worked reasonably well in maintaining supplies in line with demand. Prices received by tobacco growers have been favorable. Costs to the Government for price supports on tobacco have been held to a minimum. In fact, for many years, price supports on tobacco operated with no costs at all to the Government. For a number of years, the steadily increasing demand for tobacco used in the manufacture of cigarettes tended to offset increased per acre yields. Also, prices trended upward, enabling the producer association operating the support program to dispose of their holdings at prices which would enable them to repay their loans from CCC.

In recent years, however, excessive supplies of tobacco have accumulated because of accelerated increases in per acre yields on some kinds of tobacco, especially for Flue-cured and burley—which account for about nine-tenths of our total tobacco production. Let me cite a couple of examples. During the 5 years, 1954–58, Flue-cured tobacco yields average 1,509 pounds per acre. In 1964, Flue-cured yields are estimated to have averaged 2,203 pounds per acre, an increase of 46 percent. Another illustration—the 1964 crop of Flue-cured tobacco was 5 percent larger than the 1954 crop, notwithstanding the fact that the acreage grown in 1964 was 40 percent less than the 1954 acreage.

The burley story is quite similar. Burley yields averaged 1,579 pounds per acre in 1954–58, but increased to an alltime high of 2,231 pounds per acre in 1963. Unfavorable weather conditions prevailed in parts of the burley-producing area in 1964 but yields still averaged over 2,000 pounds per acre—second only to the 1963 record.

It is clear that we have by no means reached the limit in yields per acre. Research conducted by both the Department and by the land-grant colleges clearly shows that further increases in per-acre yields are readily obtainable. The records of individual farm mar-

ketings which are maintained in our county ASCS offices disclose numerous instances of yields as high as 3,500 pounds per acre, with some running even higher.

With the further reductions which have been made in farm acreage allotments for 1965, it is only natural that farmers will seek to obtain maximum production from their allotted acreage by making even greater efforts to increase yields per acre.

Thus, we are in a continuous spiral. Further increases in per acre yields require further reductions in acreage which in turn stimulate further increases in yields. Caught in this vise, each farmer must compete with each other farmer in a hectic race to increase per acre yields so that he can maintain his share of the market.

But as bad as that may be, there is another factor that is even worse. With increased yields per acre, the quality of U.S. grown tobacco has deteriorated and we have lost more of the export market for our tobacco. There are those who feel that we should not admit that the quality of our tobacco has deteriorated in recent years. This is no secret, however, to those who have examined out tobacco as it is displayed on the warehouse floors. As you gentlemen know, all tobacco offered for sale on our auction markets is graded by trained Federal graders. During the 5 years, 1946-50, 31.1 percent of Flue-cured tobacco marketed in the United States was placed in first, second, and third qualities by USDA inspectors. During the 5 years, 1956-60, only 14.4 percent was placed in the first three qualities. For the 1962 crop, only 10.3 percent, or about one-third as much as in 1946-50, was graded into the first, second, and third qualities. Since Government grade standards for Flue-cured tobacco were substantially revised in 1963, comparable data for the 1963 and 1964 crops are not available.

Tobacco grown in the United States over the years has been noted for its superior quality. It has been the hallmark of quality in world tobacco trade. Historically, there has been a strong consumer preference for tobacco products made from U.S. leaf. High-quality cigarettes in most countries of the world have been made solely from U.S. leaf or blends of U.S. leaf with domestic or other imported leaf.

The United States has the soil, climate, research program, and know-how to produce tobacco far superior in quality to that produced in any other area of the world. U.S. leaf has excelled in nearly all phases of smoking and manufacturing qualities, including flavor and aroma.

Flue-cured tobacco has become of increasing importance in world tobacco trade since the end of World War II, and now accounts for around 50 percent of all free world tobacco exports of leaf tobacco. In spite of increased demand for Flue-cured from world markets, the U.S. export level has remained relatively constant at about 450 million pounds annually. During this period, our competitors have been moving larger and larger quantities into world trade.

In 1950-54, an average of about 670 million pounds of Flue-cured tobacco moved from free world countries. Of this total, the U.S. share was about 66 percent. During 1955-59, when an average of nearly 780 million pounds were being exported by free-world countries, the U.S. share was 60 percent.

For 1960-64, the U.S. share was only a little over 50 percent, and based on preliminary data, the U.S. share in 1964 was only 45 percent.

Last year Rhodesia, India, and Canada all had record exports of Flue-cured tobacco.

In recent years, many foreign manufacturers and importers have stated that there has been a decline in the quality of U.S. Flue-cured leaf. They point out that much of this decline in quality has been due to the present acreage control program, which results in grower emphasis on increasing yields, which on many farms has resulted in production of relatively lower quality leaf.

Mr. Chairman, I would like to present two recent letters we have received. One is from the chairman of the tobacco advisory committee in the United Kingdom and the other from the president of the Japan Monopoly Corp. Copies of these letters are attached to my prepared statement.

Senator JORDAN. It is so ordered.

(The letters referred to are as follows:)

LONDON, S.W.1, *October 30, 1964.*

HON. ORVILLE L. FREEMAN,  
*Secretary of Agriculture,  
Department of Agriculture,  
Washington, D.C.*

DEAR SIR: The United Kingdom has been a large consumer of American tobacco for a great many years, but in recent years it has become more and more difficult for us to fulfill our requirements from the Flue-cured crop. This season the quality of the crop, in particular in the eastern North Carolina belt which is usually the source of a large part of our requirements, has been exceptionally poor. We believe that the seriousness of the position is now becoming clear to all sides of the industry in the United States.

This situation appears to be the result of a series of undesirable cultural practices, which in part at least, are the result of the present arrangements for controlling the size of the crop. Unless measures are taken to remedy the situation, the United States may be in danger of losing some part of this export market, and we are writing this letter in the hope that you will be able to bring about some change for next year.

Our representative, Mr. D. A. Coulson of the Imperial Tobacco Co. Ltd., Richmond, Va., is fully conversant with the problem and would be happy to enlarge on the situation which has arisen this year if you wish him to do so.

Yours faithfully,

SIR ALEXANDER MAXWELL,  
*Chairman, Tobacco Advisory Committee.*

—  
TOKYO, JAPAN, *January 19, 1965.*

HON. ORVILLE J. FREEMAN,  
*Secretary of Agriculture,  
Washington, D.C.*

Sir: The Japan Monopoly Corp., sole maker of cigarettes and other tobacco products in Japan, has been importing American Flue-cured tobacco for half a century, for the purpose of manufacturing high quality cigarettes, blending with the Japanese grown tobacco. You are aware of a remarkable upward trend in this business recently.

I am informed, of late, that a 19.5-percent cut in acreage of Flue-cured tobacco is decided for 1965 in the United States.

Upon this decision which may give serious effects on our future importing policy, please allow me to state frankly to you my stand of view:

If the acreage is reduced as informed, the growing of unfavorable tobacco varieties, the excessive density of plant population, the overuse of fertilizer and the use of improper insecticide, fungicide, and sucker-control chemicals are feared to be prevailed, and make the qualities lower, unless any rigorous and strict controls are put into effect in regard to the yield.

The qualities of the American Flue-cured tobacco have been getting poorer in these 3 or 4 years, in spite of an increasing trend in price. As a result, it is becoming more and more difficult to get the tobacco we really want. Our aim is to

manufacture the cigarettes rich in taste and flavor. So we have imported and are intending to import the American Flue-cured tobacco, recognizing well prices are rather higher than the tobaccos of other countries.

We are apprehending seriously that the above-related reasons may happen to oblige us to seek other sources of supply.

I would appreciate very much, if you would kindly reconsider the problem in taking into consideration our point of view and endeavor to cooperate for the betterment of the trade relation of our two countries.

Yours very truly,

TAIJI SAKATA,  
*President, the Japan Monopoly Corp.*

Mr. MURPHY. Let me say the United Kingdom imports about 150 million pounds of U.S. leaf annually and Japan 30 million pounds.

Although the present marketing quota program for tobacco operated well for many years, the need for changing it has now become urgent. I wish to point out to the committee that this matter has been under extensive study and review for many years. Public Law 96 of the 84th Congress, approved June 28, 1955, directed the Secretary of Agriculture to study alternative methods for controlling the marketings of burley tobacco, and to submit to the Congress a report by November 1, 1955. In compliance with this law, the Department solicited comments and suggestions from farm organizations, producer cooperatives, other agricultural agencies and land-grant colleges. In addition, six public hearings were held at different locations in the burley producing area to afford interested growers, farm organizations, and other agencies an opportunity to express their views. Following these hearings and extensive study, the Department forwarded a report to the Congress. This report was printed by this committee and received wide distribution. One of the alternative methods discussed in this report was a combination farm acreage and poundage quotas not unlike the one provided in S. 821.

A subcommittee of this committee held six public hearings in Florida, Georgia, South Carolina, and North Carolina in March and April 1957, on S. 1219, a bill to authorize a system of acreage-poundage allotments for tobacco.

The National Agricultural Advisory Commission—a distinguished bipartisan group of leaders in agriculture and related fields appointed by the President to advise the Secretary of Agriculture on matters of farm policy and the administration of farm programs—on November 13, 1964, issued a broad-range report entitled "Farm Policy in the Years Ahead," which included comments and recommendations on tobacco. The summary recommendation on tobacco was as follows:

To meet the serious quality problem now existing for some leading types of tobacco and to hold production of the crop more firmly in line with utilization we recommend the use of poundage quotas rather than acreage controls. While this appears desirable for all types under the Government program, the need is more pressing for some types than for others. Accordingly, the change in method of control should be made possible on a type-by-type basis. Attention should also be paid to the role of price in our failure to participate in the growing foreign market for tobacco. Further price increases under existing legislation are of dubious value. A self-financing two-price plan is a possible means of dealing with this situation.

We also have a National Tobacco Industry Advisory Committee appointed by the Secretary of Agriculture to advise on tobacco problems. This committee, composed of 44 members representing all types of tobacco and all segments of the industry, met in Washington,

D.C., on November 18 and 19 to consider short-range and long-range problems facing the tobacco industry.

I would like to offer for the record the membership of this committee.

(The membership list referred to is as follows:)

MEMBERS OF THE NATIONAL TOBACCO INDUSTRY ADVISORY COMMITTEE,  
FEBRUARY 5, 1965

*Name, address, and biographical information*

- Charles F. Adams, Java, Va.: Manager of several Flue-cured tobacco farms. Floor manager of Big Sale Tobacco Warehouse, Danville, Va. Member of County School Board, Pittsylvania County.
- Ray A. Baker, 722 Smith Street, Timmonsville, S.C.: President, South Carolina Warehouse Association.
- William D. Black, Sr., Route 6, Lexington, Ky.: Owner and operator of Burley tobacco farm. Has taught agriculture at Kentucky State College and served as its farm manager.
- Jerome L. Blaska, Route 2, Sun Prairie, Wis.: Owner and operator of 500-acre cigar tobacco farm. Member of Wisconsin State Legislature, where he has served as vice chairman of agriculture committee.
- Crate Boyd, Route 1, Boaz, Ky.: Owner and operator of 215-acre burley, Fire-cured, and dark air-cured tobacco farm. Director, Western Dark Fired Tobacco Growers Association.
- Aubrey J. Brown, University of Kentucky, Lexington, Ky.: Chairman, Department of Agricultural Economics, University of Kentucky.
- Albert G. Clay, Post Office Box 363, Mount Sterling, Ky.: President, Burley Auction Warehouse Association. Owner and operator of burley tobacco farm. President of Farmers Tobacco Warehouse Co., Inc., and Growers Warehouse Co., Inc. Member, Board of Directors, Federal Reserve Bank of Cleveland, Ohio.
- Thomas Daniel, Route 2, Wilson, N.C.: Owner and operator of 300-acre Flue-cured tobacco farm. Chairman, Wilson County Board of Commissioners.
- Alonzo C. Edwards, Hookerton, N.C.: Owner and operator of 1,200-acre Flue-cured tobacco farm. Chairman, board of directors, Tobacco Associates.
- Edward Y. Floyd, Post Office Box 1967, Raleigh, N.C.: Owner and operator of 410-acre Flue-cured tobacco farm. Director, Plant Food Institute of North Carolina and Virginia, Inc.
- Richard W. Gannaway, Route 3, Cumberland, Va.: Owner and operator of 600-acre Fire-cured tobacco farm. Supervisor of Robert E. Lee Soil Conservation District, Member of Virginia Dark Fired Tobacco Growers Association.
- John M. M. Gregory, Jr., Box 1414, Fifth and Franklin Streets, Richmond, Va.: Manager, American Organization, the Imperial Tobacco Co.
- Thomas E. Guthrie, Route 1, Cross Plains, Tenn.: Owner and operator of 294-acre burley, Fire-cured, and dark Air-cured tobacco farm. Has been county agricultural extension agent in Tennessee. He represents dark fired tobacco growers on the Farm Labor Advisory Committee, Employment Security, Tennessee.
- Claude T. Hall, Roxboro, N.C.: Owner and operator of 2,800-acre Flue-cured tobacco farm. Member of North Carolina Board of Agriculture. Has served as assistant commissioner of agriculture in North Carolina.
- Spencer B. Hanes, Jr., R. J. Reynolds Tobacco Co., Winston-Salem, N.C.: Executive vice president of R. J. Reynolds Tobacco Co.
- J. Preston Harrell, Route 1, Stantonsburg, N.C.: Owner and operator of a Flue-cured tobacco farm. Member of board of directors, Stantonsburg Bank & Trust Co.
- Joseph W. Holliday, Gallivants Ferry, S.C.: President of Pee Dee Farms Corp., which produces Flue-cured tobacco. Director of South Carolina National Bank. Trustee of Furman University.
- Joseph Y. Honeycutt, 1600 West Hill Street, Louisville, Ky.: Vice president of Brown & Williamson Tobacco Corp.
- Robert Earle Jones, 1530 Gorrell Street, Greensboro, N.C.: Director, extension staff of A. & T. College of North Carolina.
- William D. Juett, Route 6, Frankfort, Ky.: Owner and operator of 450-acre burley tobacco farm. Director of Franklin County Soil Conservation District.

- Kenneth R. Keller, North Carolina State College, Raleigh, N.C.: Assistant director, research in charge of tobacco, North Carolina State College.
- Stanley S. Keyser, 529 Fifth Avenue, New York, N.Y.: President, Consolidated Cigar Corp.
- Benedict A. Kupchunos, 390 Avery Street, Wapping, Conn.: Vice president of Kupchunos Bros., Inc., a large family-operated cigar tobacco farm. Partner in Kupchunos Bros. farm. President of Conn-Mass Tobacco Cooperative.
- R. L. Traylor Larus, 22d and Cary Streets, Richmond, Va.: Member, board of directors, Larus & Bro. Co., Inc.
- George W. Macon, Jr., Post Office Box 1895, Richmond, Va.: Vice president, Philip Morris, Inc.
- Clarence W. Maloney, Sr., Route 3, Madisonville, Ky.: Owner and operator of 300-acre dark Air-cured and burley tobacco farm. President of Stemming District Tobacco Association (grower cooperative). Has served as State senator in Kentucky Legislature.
- Hugh J. Moser, Route 2, Jefferson City, Tenn.: Owner and operator of burley tobacco farm.
- David L. Newton, Route 2, Norman Park, Ga.: Owner and operator of 350-acre Flue-cured tobacco farm. Member of Georgia General Assembly since 1957 where he is serving on agriculture, appropriation, and education committee.
- Barnie L. O'Quinn, 204 East Jarman Street, Hazelhurst, Ga.: Owner and operator of 1,500-acre Flue-cured tobacco farm. Owner and operator of a Flue-cured tobacco warehouse.
- John D. Palmer, 1025 Connecticut Avenue NW., Washington, D.C.: President, Tobacco Associates, Inc., an organization to promote the use of Flue-cured tobacco.
- Fred S. Royster, Post Office Box 295, Henderson, N.C.: Managing director, Flue-Cured Bright Belt Warehouse Association, Inc. Joint owner and operator of 300-acre Flue-cured tobacco farm. Member of North Carolina State Senate, where he is serving as chairman of committee on agriculture.
- D. E. Scaff, Route 1, Jennings, Fla.: Owner and operator of 326-acre Flue-cured tobacco farm.
- Malcolm B. Seawell, Post Office Box 1288, Raleigh, N.C.: Executive secretary and general counsel for Tobacco Association of United States and Leaf Tobacco Exporters Association, Inc.
- Dudley Smith, Mitchellville, Md.: Owner and operator of 200-acre Maryland tobacco farm. Director of Maryland Tobacco Cooperative.
- Frank B. Snodgrass, 1025 Connecticut Avenue NW., Washington, D.C.: Vice president and managing director, Burley & Dark Leaf Tobacco Export Association, Inc., an organization to promote the use of burley and dark leaf tobacco.
- J. Brantley Speight, Box 423, Winterville, N.C.: Owner and operator of a large Flue-cured tobacco farm. Partner in Speight Seed Farm, which produces tobacco, corn, and soybean seed.
- William L. Staton, Sr., Post Office Box 860, Lexington, Ky.: Executive secretary-treasurer, Burley Tobacco Growers Cooperative Association, Inc.
- Fred M. Taylor, Post Office Box 921, Danville, Va.: Director of leaf purchases, P. Lorillard Co.
- Robert L. Taylor, L. & M. Tobacco Co., Durham, N.C.: General manager of leaf department, Liggett & Myers Tobacco Co.
- George L. Turner, 2401 East Main Street., Post Office Box 6-P, Richmond, Va.: President, American Suppliers of the American Tobacco Co.
- James E. Warren, Route 2, South Hill, Va.: Joint owner and operator of 1,500-acre Flue-cured tobacco farm. Has served as member of the Governor's Commission of the Industry of Agriculture.
- Clyde N. Wayne, Brunswick, N.C.: Owner and operator of 412-acre Flue-cured tobacco farm. Member of board of directors of First National Bank of Whiteville and Peoples Savings & Loan Association.
- L. T. Weeks, 522 Fayetteville Street, Post Office Box 2718, Raleigh, N.C.: General manager, Flue-Cured Tobacco Cooperative Stabilization Corp.
- W. S. Williams, Jr., Middlesex, N.C.: Owner and operator of Flue-cured tobacco farm. Served as member of Nash County Board of Education.
- John C. Williamson, Route 1, Knightdale, N.C.: Joint owner and operator of Williamson Farms, Inc., which produces Flue-cured tobacco. President of Flue-Cured Tobacco Growers Association, Inc.

Mr. MURPHY. Committee members considered the supply-and-demand situation for different kinds of tobacco, both in the United

States and abroad. The need to bring supplies into a better balance with demand—particularly for Flue-cured tobacco—was emphasized. Members recommended that the Secretary of Agriculture announce a quota for Flue-cured tobacco that would make a significant contribution toward bringing supply and consumption into better balance.

The committee felt that Congress should make some revisions in the tobacco program to "enable it to cope with today's problems in the tobacco industry." The committee recommended that a study group be named to work on ways the tobacco program should be changed.

The committee also recommended a study group to continue working on the problem of the relation between Government grades and the level of price support.

The committee again strongly urged all tobacco growers to select varieties and use cultural practices which produce the mature, open-faced grainy tobaccos with full flavor and aroma which are in demand by domestic and foreign users.

The committee asked the Department to seek methods for making U.S. tobacco more competitive in price in world markets so that it could regain its traditional share of the world market.

In line with the recommendation of the Advisory Committee, the Secretary appointed a task force to study and recommend changes in the present acreage allotment program for tobacco.

After careful study and deliberation, the task force reported back to the full Advisory Committee.

The National Tobacco Industry Advisory Committee discussed the report of the task force thoroughly and recommended that steps be taken to secure adoption of an acreage-poundage method for stabilizing production. It was felt that this method would provide a more effective control over the total volume of marketings and offer greater incentives for improving quality. S. 821 is in line with the recommendations of the Advisory Committee.

I shall outline briefly for the committee the provisions of S. 821 as we in the Department interpret it. As I have already indicated, the bill provides for acreage-poundage marketing quotas for tobacco. Simply stated, it affords the growers themselves the opportunity to vote in a special referendum to determine whether the growers favor the establishment of marketing quotas on an acreage-poundage basis in lieu of the present acreage allotment program.

If quotas are changed to an acreage-poundage basis, it means that a marketing quota will be established for each tobacco farm in terms of a specified number of pounds in addition to establishing its acreage allotment. Heretofore, the marketing quota has been all the tobacco the farmer could grow on his acreage allotment. That is the feature of the present system that has created the inordinate pressure to increase per acre yields at any cost. The acreage-poundage system would have the following advantages:

(1) Acreage allotments could be larger, as the poundage quota would provide protection against excessive marketings.

(2) The farmer would have more flexibility in planning and carrying out his farming operations, because he could use the combination of land, fertilizer, labor, and other inputs that would give him the highest gross receipts at the lowest production costs—instead of having to aim for the highest per acre yields regardless of costs.

(3) Added flexibility for the farmer would be provided by the authorization to carry over unused quotas from one year to the next.

(4) Each farmer could aim at producing high-quality tobacco without thereby losing part of his share in the market to other farmers who produce more pounds at the expense of quality.

(5) Restraint between different producing areas as well as between individual farmers would be provided in the race to increase yields at the expense of quality.

(6) Producer income would be increased as a result of improved quality and lower production costs.

(7) Sales and exports would be increased through improved quality.

(8) Supplies of tobacco would be kept in better balance with demand.

(9) The cost of the tobacco program to the Government would be reduced.

(10) The danger of the tobacco price-support program being terminated altogether would be reduced.

We believe that these reasons are sufficient to show a very substantial advantage in shifting to the acreage-poundage basis. I wish to reiterate, however, that the shift would not be made unless the growers themselves so elected in a referendum.

The bill provides that within 30 days after its enactment, the Secretary shall determine and announce the amount of the national marketing quota for Flue-cured tobacco for the marketing year beginning July 1, 1965, and the national acreage allotment and national average yield goal for the 1965 crop of Flue-cured tobacco. The bill provides further that within 30 days after such announcement, the Secretary shall conduct a special referendum of the farmers engaged in the production of the 1964 crop of Flue-cured tobacco to determine whether they favor or oppose the establishment of farm marketing quotas on an acreage-poundage basis, as provided in the bill, for the 3 marketing years beginning July 1, 1965, in lieu of quotas on an acreage basis now in effect. If two-thirds or more of the farmers voting in the special referendum approve marketing quotas on an acreage-poundage basis, marketing quotas on an acreage-poundage basis as provided in the bill will be in effect for the 3 marketing years in lieu of the marketing quotas on an acreage basis.

The bill provides also that whenever during the first or second year of a 3-year period for which marketing quotas on an acreage basis are in effect for a kind of tobacco, including Flue-cured, the Secretary determines with respect to that kind of tobacco that acreage-poundage quotas would result in a more effective marketing quota program for that kind of tobacco, he shall, at the time of the next announcement of the amount of the national marketing quota under the present acreage allotment program, determine and announce the amount of the national quota for the kind of tobacco involved and at the same time announce the national acreage allotment and national average yield goal and within 30 days thereafter, conduct a special referendum to determine whether growers of the kind of tobacco involved favor the establishment of marketing quotas on an acreage-poundage basis as provided in the bill for the next 3 marketing years.

We recommend that the bill be amended in subsections 317(b) and 317(c) to change the percentage of favorable votes required to

make the acreage-poundage program effective, from two-thirds or more of the growers voting to more than 50 percent of the growers voting. Since 96.5 percent of the growers voting have approved marketing quotas for the next three crops of Flue-cured tobacco, and since the vote in the special referendum would not change that basic decision to have marketing quotas, it is our view that a simple majority of the growers voting in the special referendum should determine whether such a program will be on an acreage basis or on an acreage-poundage basis.

I think that under our system, it is fairly well recognized that there are some kinds of questions that might best be settled by a majority vote, and some where it is more appropriate to require something more than a majority vote. I am sure that all Senators are familiar with the distinction between these two kinds of questions and the various rules that prevail in the Senate that relate to that. It is difficult sometimes to decide in which category it is best to place a particular question. In this case we believe that the decision as to the choice between these two kinds of programs is one that is properly to be determined by a majority vote. We believe that the basic question whether or not to have marketing quotas has been determined. A two-thirds vote was required. The vote was far more than that.

The question of which kind of a program is more effective and can best achieve the results that were aimed at in the basic quota referendum is one that, it seems to us, a majority vote should determine. Of course, in any case, if you require more than a majority vote, if you fail to get it, you might well have the decision made by a minority of those voting instead of a majority, and that is not always a very happy situation.

This is a question which we, of course, submit to the judgment of the Congress, but after rather careful consideration, it is our judgment that a majority vote would be more appropriate for this particular question.

There are some other clarifying or technical changes that we would recommend in the bill. We recommend further that the limitation in paragraphs 317(a)(4) and 317(a)(8) with respect to the amount of the farm marketing quota, which can be carried over from one year to the next because of under marketings, be clarified.

We have furnished the committee a revised draft of the bill in which these recommended changes, together with other minor changes, have been incorporated.

To assist the committee in its deliberations, I would like to offer for the record a brief description of an acreage-poundage program for Flue-cured tobacco which is presented as a step-by-step procedure, using three hypothetical individual farm situations to illustrate how it works.

(The description referred to is as follows:)

#### AN ACREAGE-POUNDAGE PROGRAM FOR FLUE-CURED TOBACCO

There follows a brief description of an acreage-poundage program for Flue-cured tobacco. It is presented as a step-by-step procedure, using three hypothetical individual farm situations to illustrate how it works.

##### I. THE NATIONAL MARKETING QUOTA

###### A. For 1965

1. Set the national marketing quota at 1,125 million pounds. A quota of 1,125 million pounds plus an additional quantity expected to be marketed by allowing

farms to market 5 percent over their quotas will result in the marketing of about 1,150 million pounds. This is 100 million pounds below expected disappearance, and will allow for orderly reduction in excess supplies.

2. Establish the national average yield goal at 1,854 pounds per acre. Research data indicates that a national average yield of about 1,850 pounds will result in the production of usable tobacco at a favorable net return to growers.

3. Determine a national acreage allotment by dividing the national marketing quota by the national average yield goal, as follows: 1,125 million divided by 1,854 pounds equals 606,800 acres.

4. Determine the national acreage factor by dividing a new 1965 national acreage allotment by the national acreage allotment currently in effect for the 1965 crop (514,265 acres): 606,800 acres divided by 514,265 acres equals 1.180 national acreage factor.

5. Set aside a very small portion of the 1,125 million-pound quota for correcting errors and for new farms.

*B. For future years*

Set the quota at an amount that is desirable to maintain an adequate supply or to effect an orderly reduction of excessive supplies.

II. FARM ACREAGE ALLOTMENTS

Determine an acreage allotment for each farm by multiplying the current farm acreage allotment by the national acreage factor, as follows:

Farm	Current 1965 allotment	National acreage factor	New 1965 allotment
A-134.....	5.25	1.180	6.20
C-382.....	2.54	1.180	3.00
F-291.....	4.24	1.180	5.00

III. FARM MARKETING QUOTA

*A. For each county*

Determine the 5-year average yield during 1959-63. Then, compute 130 percent and 70 percent of the county 5-year average. Use these guides to determine preliminary farm yields for individual farms.

County	1959	1960	1961	1962	1963	5-year average	5-year average	
							70 percent	130 percent
Otis.....	1,650	1,710	1,830	1,740	1,920	1,770	1,239	2,301
Brown.....	1,995	2,110	2,075	2,270	2,450	2,180	1,526	2,834
Ford.....	1,910	2,075	2,265	2,375	2,410	2,207	1,545	2,869

*B. Determine a preliminary farm yield for each farm*

Select the three highest yields during 1959-63 and compute a simple average. If the simple average is more than 130 percent of the county 5-year average yield, reduce it to that amount. (Estimates are that this limitation will affect about 10 percent of the farms.) If the simple average is less than 70 percent of the county 5-year average yield, raise it to that amount. (Estimates are that this will affect about 2 percent of the farms.) This can be illustrated by examples of three farm situations, as follows:

*Example A.*—Farm A-134 is located in Otis County which has a 5-year average yield of 1,770 pounds per acre. The yields for farm A-134 are as follows:

1959.....	1,990
1960.....	*2,350
1961.....	2,175
1962.....	*2,375
1963.....	*2,350
Average of 3 highest years (*).....	2,358
Preliminary farm yield.....	2,301

This farm's three highest years averages 2,358 pounds per acre. But, this is more than 130 percent of the county 5-year average yield of 2,301 pounds. So, the farm preliminary yield is reduced to 2,301 pounds.

*Example B.*—Farm C-382 is located in Brown County which has a 5-year average yield of 2,180 pounds per acre. The yields for farm C-382 are as follows:

1959.....	1,730
1960.....	1,845
1961.....	*1,970
1962.....	*2,068
1963.....	*2,130
Average of 3 highest years (*).....	2,056
Preliminary farm yield.....	2,056

This farm's 3 highest years averages 2,056 pounds per acre. This average yield is less than 130 percent (2,834 pounds) and more than 70 percent (1,526 pounds) of the county 5-year average yield. So, the preliminary farm yield for this farm is 2,056 pounds per acre.

*Example C.*—Farm F-291 is located in Ford County which has a 5-year average yield of 2,207 pounds per acre. The yields for farm F-291 are as follows:

1959.....	1,322
1960.....	1,295
1961.....	*1,510
1962.....	*1,475
1963.....	*1,530
Average of 3 highest years (*).....	1,505
Preliminary farm yield.....	1,545

The farm's 3 highest years average, 1,505 pounds per acre. But, this average yield is less than 70 percent of the county 5-year average yield of 1,545 pounds. So, the preliminary farm yield is raised to 1,545 pounds per acre.

*C. Determine a national yield factor*

1. For each farm, multiply the preliminary farm yield by the acreage allotment. The result would be the projected production prior to setting final farm yield.

Farm	Preliminary farm yield	Acreage allotment	Projected production
A-134.....	2,301	6.20	14,266
C-382.....	2,056	3.00	6,168
F-291.....	1,545	5.00	7,725
Total.....		14.20	28,159

2. Total the acreage allotments for all farms and total the projected production for all farms.

3. Divide the total projected production by the total acreage allotted. The result is the weighted national average yield. This is illustrated by the acreage and yield data from the three example farms, as follows:

$$28,159 \text{ pounds} \div 14.20 \text{ acres} = 1,983 \text{ weighted average yield}$$

4. Divide the national average yield goal by the weighted national average yield. The result is the national yield factor.

$$1,854 \div 1,983 = 0.935 \text{ yield factor}$$

*D. Determine final farm yield*

Multiply the preliminary farm yield by the national yield factor.

Farm No.	Preliminary farm yield	National yield factor	Final farm yield
A-134.....	2,301	0.935	2,151
C-382.....	2,056	.935	1,922
F-291.....	1,545	.935	1,445

*E. Determine farm marketing quota*

Multiply the acreage allotment by the final farm yield.

Farm No.	Acreage allotment	Final farm yield	Farm marketing quota
		<i>Pounds</i>	<i>Pounds</i>
A-134.....	6.20	2,151	13,336
C-382.....	3.00	1,922	5,766
F-291.....	5.00	1,445	7,225

IV. PRODUCTION OVER AND UNDER FARM QUOTA

*A. Handling overproduction*

1. A farm harvesting within its 1965 acreage allotment is eligible to sell 5 percent over its farm quota with price support and no penalty. But, these pounds sold would be deducted from the farm's 1966 quota. The tolerance privilege would be effective only for 1965.

Farm	Farm marketing quota	Quota plus 5-percent tolerance
A-134.....	13,336	14,003
C-382.....	5,766	6,054
F-291.....	7,225	7,586

2. A farm harvesting in excess of its allotment is not eligible for price support. All pounds marketed over the farm's quota would be assessed 44 cents per pound—the full penalty rate. In addition, if, for example, farm A-134 harvested within its allotment but sold 14,500 pounds in 1965, 497 pounds would be assessed the full rate of penalty with no price support and would be deducted from the farm's 1966 quota.

$$497 \text{ pounds} \times \$0.44 \text{ (full penalty rate)} = \$218.68$$

*B. Handling under production*

A farm may carry over to the following year as much as 100 percent of its quota.

1. *Example of 100-percent carryover.*—Farm C-382 with a 1965 quota of 5,766 pounds, may elect not to produce any tobacco in 1965. So, for 1966, assuming no change in the national marketing quota, 5,766 pounds would be added to the farm's quota. Also, the farm's acreage allotment would be increased in the same proportion.

<i>Farm C-382</i>			
1965 acreage allotment.....	acres..		3
1965 marketing quota.....	pounds..	5,766	
1965 marketings.....			0
1966 marketing quota.....	pounds..	11,532	
1966 acreage allotment.....	acres..		6

2. *Example of less than 100-percent carryover.*—Farm F-291, with a 1965 quota of 7,225 pounds, markets only 6,500 pounds in 1965. Assuming the national marketing quota remains the same for 1966, 725 pounds would be added to 7,225 pounds for a 1966 farm quota of 7,950 pounds. Also, the farm's acreage allotment would be increased in the same proportion.

<i>Farm F-291</i>			
1965 acreage allotment.....	acres..		5
1965 marketing quota.....	pounds..	7,225	
1965 marketings.....	do.....	6,500	
1966 marketing quota.....	do.....	7,950	
1966 acreage allotment.....	acres..		5.50

Illustrative table—Flue-cured tobacco: Average 1959-63 harvested acreage, yield and production, specified allotment and yield data with production extensions, and percentage distributions by States

State	Average, 5 years 1959-63			1965 allotment acreage		Farm average yields, 3 high years in 1959-63—maximum 130 percent and minimum 70 percent of 1959-63 county average yield		1965 allotment restored to 95 percent of total acreage allotted in 1964		Farm average yields, 3 high years in 1959-63 (with maximum and minimum limits) factored by 93.5 percent		
	Harvested acreage	Yield per acre	Production		Acres	Yield per acre	Production extension		Acres	Yield per acre	Production extension	
			Quantity	Percentage distribution			Quantity	Percentage distribution			Quantity	Percentage distribution
	Acres	Pounds	Million pounds	Percent	Acres	Pounds	Million pounds	Percent	Acres	Pounds	Million pounds	Percent
Virginia.....	70,700	1,043	10	3	51,681	1,788	92.2	9.0	60,814	1,672	101.7	9.0
North Carolina.....	464,500	1,811	84	66	339,162	1,982	672.2	65.9	399,872	1,853	741.0	65.9
South Carolina.....	81,000	1,960	138.8	12.1	59,795	2,115	126.3	12.4	70,416	1,978	139.3	12.4
Georgia.....	70,800	1,869	131.6	10.3	52,330	2,046	107.1	10.5	61,697	1,913	118.0	10.5
Florida.....	14,100	1,729	24.4	1.9	10,965	1,985	21.2	2.1	12,928	1,809	23.4	2.1
Alabama.....	470	1,541	.7	.1	1,502	1,711	.9	.1	592	1,600	.9	.1
Total.....	701,570	1,814	1,272.9	100.0	514,265	1,983	1,019.9	100.0	606,319	1,854	1,124.3	100.0

Mr. MURPHY. Mr. Chairman, the bill is in accordance with the recommendation in the President's message on agriculture relating to tobacco. The President's message also recommends that consideration be given to other revisions in the tobacco program to make American tobacco more competitive in world markets. In order to make the acreage-poundage choice contemplated by S. 821 available for tobacco growers for the 1965 crop, we would suggest that the Congress give prompt consideration to legislation revising this aspect of the program without awaiting the consideration of other matters.

The Department not only wholeheartedly supports S. 821 and recommends its enactment, but urges that it be enacted in time to permit its operation for the 1965 crop of Flue-cured tobacco. Our program needs strengthening. We cannot long continue with an ineffectual program. We want to continue to be a force for stabilization of the tobacco industry which has meant so much to our economy. Tobacco is one of our basic commodities and one of the oldest. Historians tell us that tobacco was the first commercial export from the New World and this trade in tobacco is credited with saving the colony at Jamestown. Tobacco returns approximately \$1,300 million annually to some 700,000 farm families. Exports of unmanufactured tobacco during the 1964 fiscal year were valued at \$420 million, over 90 percent of which were for dollars. Tobacco exports contribute significantly to our efforts to balance trade. Taxes collected by Federal, State, and local governments on tobacco products during the 1964 fiscal year totaled some \$3.3 billion.

All of this, Mr. Chairman, goes to demonstrate the importance of tobacco in our economy. We urge the enactment of this legislation at the earliest possible date.

We thank you very much for the opportunity to appear here, and we will be glad to answer such questions as the committee might have, to the best of our ability.

Senator JORDAN. Thank you very much, Mr. Murphy. I was impressed with your statement about the urgency of this program. There has been some question in some people's minds as to whether they thought the President's message meant urgent or urgent a year from now. From a legal standpoint is there any reason why this program cannot go into effect this year if Congress approves the bill?

Mr. MURPHY. Mr. Chairman, there is not. We have here Mr. Howard Rooney, from our General Counsel's Office, who will be glad to answer that question at somewhat greater length if you desire.

Senator JORDAN. I would like to have that.

Before I get into that though, I am delighted to announce that Senator McCarthy of Minnesota, who is a member of the Agriculture Committee and on this subcommittee, has come in. Although they do not raise tobacco certainly in any quantity in Minnesota, they do raise a lot of other things up there, and he is a very valued member of this committee, and I am delighted to see his interest in this program.

Senator McCarthy, we will be glad to hear from you if you have a remark to make.

Senator McCARTHY. We do raise some tobacco. We also have a milk problem out there. I just want to see how the tobacco growers stand on this because we may call upon them to give us support for a dairy program.

Senator JORDAN. In addition, we have Congressman Bonner, who is right out of the tobacco territory in North Carolina and who is

certainly as much interested in the future of tobacco as anybody could be in the Congress. I am delighted that he took time to come over here and be with us this morning. We will be glad to hear from you, Mr. Bonner. He lives in Washington, N.C., the original Washington.

Mr. BONNER. Mr. Chairman, I, of course, am interested in this. The record will show that some 7 or 8 years ago I introduced a similar bill in the Congress. I have felt since the inception of the tobacco program when the change was made from the national declaration of pounds to acres, that that meant the deterioration of the program. Naturally you would expect everybody to keep the economy up, but you start off with so many million pounds of tobacco as a national proclamation and you get down to the growing area where the farmer produces, and you put it on acres. Well, of course the fertilizer people come in, agents from the Department of Agriculture in Washington and from the States come along, and then the chemical people come along, and they just say, "Don't pay any attention to this national proclamation; just grow all the tobacco you can on an acre."

There has been a development, in my opinion, of an inferior tobacco from these very things, growing tobacco that is not the original tobacco that we had years ago.

Now in this bill—with your permission, Mr. Chairman, I would like to ask this question.

Senator JORDAN. Yes; certainly.

Mr. BONNER. In the bill that I introduced some years ago, there was a provision for disaster to be taken into consideration in determining the grower in a specific area's poundage.

For instance, we will take a county that had a disaster—hurricane; storm. It wiped out the agricultural crops in that county. A national proclamation was made from the Department of Agriculture and the administration giving aid to that area, the States having recognized it.

In this bill would there be any objection to some provision being put in here to determine the average of the 5 years, if a specific year in those 5, during a specific year in those 5, A county or B county or a group here had suffered a disaster that would bring their poundage down to such an extent that it would be economically destructive to them?

Mr. MURPHY. Mr. Chairman, I have here with me Mr. Horace Godfrey who is the Administrator of the Agricultural Stabilization and Conservation Service. I would like for him to have an opportunity to respond to Mr. Bonner's question.

Senator JORDAN. We are happy to have you with us also.

**STATEMENT OF HORACE D. GODFREY, ADMINISTRATOR, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE**

Mr. GODFREY. Thank you, sir.

Mr. Chairman, in this connection the county average yield comes in only as a limitation on the top side and on the bottom side. We do not know of any particular county in which a disaster has occurred during the 5-year base period that is included in the bill.

However, to serve as a safeguard, if you wanted to include a provision which would eliminate a particular year if there was a disaster, there would be no objection on our part.

Mr. BONNER. You do know, of course, because in eastern North Carolina there were 2 years in these 5 that we had these tremendous hurricanes that practically wiped out the agricultural crop, and we had the Governor of North Carolina to visit certain areas. I accompanied him. And the tobacco was just laying on the ground as well as corn and other crops.

One of them happens to be my home county—and not because it is my home county; I would feel the same if it was any other county—but in the bill that I introduced, there was a provision that disaster should be taken into consideration and a provision for a yardstick to determine that county's and the grower in that county's poundage under the provisions of this bill.

Mr. GODFREY. The bill as introduced does provide a safeguard as far as the individual grower is concerned, because it permits the 3 high years out of the 5 years.

Mr. BONNER. That is right.

Mr. GODFREY. 1959 to 1963, and we would have no objection to including a provision to exclude a particular year in determining the county yield if this is considered desirable.

Mr. BONNER. Just some recognition of a disaster beyond that of the ability of the man to avoid. You know what the disasters were. I think you were called down there—

Mr. GODFREY. Yes.

Mr. BONNER. To look at some of this damage at the time. It not only occurred in tobacco, it occurred in poultry areas, corn and grain areas, and so forth. But I do think in this that some consideration, some provision should be made for those growers who through no fault of their own suffered a disaster that reduced their county average to such an extent that it would be a hardship beyond that of the overall grower.

And of course I am greatly interested in this bill, and I congratulate the Department of Agriculture on the lengthy work it has done and the administration and those who are interested in the tobacco program because I think that you have got to go back to pounds.

Thank you, Mr. Chairman.

Senator JORDAN. Thank you very much.

Did you have any answer further than that made by Mr. Godfrey?

Mr. MURPHY. I do not, Mr. Chairman.

Senator JORDAN. Mr. Bonner, this is the kind of suggestions we want because it is our intention—and there are provisions in the bill—to take care of a farmer if he should happen to have a disaster on his farm.

Mr. BONNER. What section is that?

Senator JORDAN. It is in there. It is in the 5-year-period provision.

Mr. GODFREY. Three out of the five would give this protection, yes.

Senator JORDAN. But your suggestion will certainly be given very serious consideration. It can be worked out in this bill without any problem I think.

Mr. GODFREY. Yes, very easily.

Senator JORDAN. It is certainly the intention that it be in this bill.

Mr. BONNER. It is not an average, then, of the 5 years.

Mr. GODFREY. No, sir.

Mr. BONNER. Three year average.

Mr. GODFREY. For the individual farm it is the 3 highest years out of the period 1959 to 1963, 5 years.

Mr. BONNER. 1959 to 1963. Of course you are aware of the fact that each of these succeeding years, even with the reduction of acreage, the poundage has gone up.

Mr. GODFREY. Yes, sir.

Mr. BONNER. And it would be difficult for a grower who had had two disasters in those 5 years to get the advantage that other areas may have had in the similar time.

Mr. GODFREY. There is also provided a reserve for correction of errors and situations such as this, but I think that it is adequately covered on page 3 of the bill and section 7 on farm yield.

Mr. BONNER. Is it not correct that the county takes the average of five?

Mr. GODFREY. This is right, sir.

Mr. BONNER. So that farmer then would be protected overall in that county.

Mr. GODFREY. I said we would have no objection to an amendment which would permit the correction of the county yield for disasters that occur.

Mr. BONNER. Of course I am very frank to admit that your Department practically drew the bill that I introduced. They did draw it, and that provision was put in here, and I am sure you have people in your Department that have the language there. That was discussed, so as to be fair to everybody.

Mr. GODFREY. This could be corrected very easily on page 2 of the bill, item 5, and we would have no objection to it.

Mr. BONNER. You mean page 3, item 5?

Mr. GODFREY. Page 2, item 5 of the bill, section 317 (5). "County average yield means in the case of Flue-cured tobacco," and so forth.

Mr. BONNER. That is on page 3 of the bill that I have.

Mr. MURPHY. Mr. Chairman, we will be glad to cooperate with the Committee and its staff in drafting appropriate amendments that the Committee might wish.

Senator JORDAN. Fine. Thank you. And that is a very fine suggestion that you have made.

Mr. BONNER. Thank you, Mr. Chairman.

Senator JORDAN. Are there any questions?

Senator TALMADGE, did you have any questions?

Senator TALMADGE. Yes, Mr. Chairman.

Mr. Secretary, I want to compliment you on your statement. I would ask that you turn to page 4 thereof beginning with line 5. Here I think you are faced with a very, very, serious problem and the real problem of the tobacco industry at the present time:

During the 5 years, 1946-50, 31.1 percent of Flue-cured tobacco marketed in the United States was placed in first, second, and third qualities by USDA inspectors. During the 5 years, 1956-60, only 14.4 percent was placed in the first three qualities. For the 1962 crop, only 10.3 percent, or about one-third as much as in 1946-50, was graded into the first, second, and third qualities. Since Government grade standards for Flue-cured tobacco were substantially revised in 1963, comparable data for the 1963 and 1964 crops are not available.

That statement, as I understand it, clearly proves a severe deterioration in the quality of tobacco that has been produced in the United States.

Mr. MURPHY. We think it establishes that rather clearly, Senator, yes.

Senator TALMADGE. Now, in the State of Georgia we have considerable tobacco producers that claim that Georgia tobacco by and large finds its market without going into CCC. A very small percentage goes into CCC, I think something on the order of 2 percent. Is that figure substantially correct?

Mr. MURPHY. I understand that it is. It varies from year to year, but that is substantially correct.

Senator TALMADGE. That was my impression.

Now, some of these farmers think—and have reported to me on frequent occasions—that the matter of overproduction of tobacco could be handled by quite severe grading, with price supports commensurate with the quality. Why could you not establish a grading system with relatively high support prices on good quality tobacco that the domestic and world markets desire with very low or no support price on this tobacco that no one wants? Why would that not answer the problem?

Mr. MURPHY. Senator, we made a very substantial move in that direction for the 1963 crop and did change the grades in an effort to provide a lower support price for the less desirable or less marketable tobaccos. We were aiming as nearly as we could toward discouraging the kind of cultural practices that produce the less desirable kinds of tobacco.

We did improve the situation some. I think it is pretty clear that the quality of the 1963 crop of tobacco was better than the quality of the crop before that.

Just yesterday I asked the tobacco experts in the Department the very question you just asked me—if we could not go further in that direction and reduce more—by changing the grades—reduce to a lower level the support price of these less desirable qualities of tobacco. Their response was that in the marketplace, tobacco of these qualities is already bringing right much more than the support price, 8, 10, 12 cents a pound, and that the higher grades, better qualities, are the ones that we are getting under the support program. They thought that we would not be able to achieve any effective improvement in the situation by further reductions in the support price—further downgrading of these less desirable qualities of tobacco.

Senator TALMADGE. I understand your reply to be then that you cannot devise a grading scheme that will eliminate the poor quality tobacco?

Mr. MURPHY. That seems to be the situation; yes, sir.

Senator TALMADGE. Thank you, sir.

Senator McCARTHY. Mr. Chairman, I would like to ask at this point, if you made a subsidy payment, you would put pressure on the higher quality tobacco. You could make it more popular in the market, could you not, and encourage production of better tobacco rather than the production of this offgrade tobacco which seems to be taking over the market? Do you have authority for direct subsidy payments now in the tobacco program?

Mr. MURPHY. I think not.

Senator McCARTHY. Would not a direct payment authority give you a device which might encourage the production of better tobaccos?

Mr. MURPHY. That is a sufficiently complicated question, Senator, that I am reluctant to give an offhand answer. I think I would say that I believe that it is probable, but I would like to work on it a while before I undertook to give an answer that anyone would rely on.

Senator McCARTHY. One of our objectives is to encourage production of better tobacco, is it not?

Mr. MURPHY. It certainly is, yes.

Senator McCARTHY. The filter is not so important, I understand, but evidently from the letters you have gotten from Japan and from England even when they smoke through a filter they prefer a better tobacco in the front end.

Mr. MURPHY. We think the evidence is quite clear that people do prefer better tobacco and are willing to pay somewhat more for good tobacco.

Senator JORDAN. Senator Cooper, do you have some questions?

Senator COOPER. I would like to say, Mr. Secretary, that I think you have given a very fine statement in support of this bill.

I have a number of questions about the effect of specific provision of the bill. Some of them are rather technical and may require detailed answers. I would like to ask whether I should address them to the Department of Agriculture officials accompanying you, or whether you prefer that I propose them to you and ask that replies be filed with the committee?

Mr. MURPHY. We will, of course, follow the course that you would like for us to. If you wish to address the questions to us now, we will answer as many as we can and you wish us to.

Senator COOPER. First, I will address myself to the question of the special referendum. The bill introduced by Senators Jordan and Ervin provides that two-thirds of the farmers voting would have to approve the acreage-poundage quotas before the new program could come into action. I understood you to say the Department recommends that the choice could be made by a majority.

Mr. MURPHY. That is true; in making the choice between which kind of program it is going to be, we recommend that this be settled by a majority.

Senator COOPER. I understand your rationale for this—it is a choice of alternative methods of production control under the tobacco price support program now in effect.

Mr. MURPHY. Yes.

Senator COOPER. Rather than a vote on whether to have fixed price supports with production controls or no program, as in the regular referendum.

Mr. MURPHY. Yes.

Senator COOPER. Where a two-thirds vote is already required. I would like the Department to report to the committee whether there have been any exceptions to the policy you now propose. In other words, whether in choosing between alternative control programs for wheat, feed grains, cotton, and so forth, the Department has ever recommended two-thirds rather than a majority vote by farmers.

Mr. MURPHY. We would like an opportunity to check the record to answer that question, Senator. We will be glad to do that.

(The information is as follows:)

STATEMENT OF HOWARD ROONEY, OFFICE OF THE GENERAL COUNSEL, U.S.  
DEPARTMENT OF AGRICULTURE

The act of August 28, 1958, Public Law 85-835 (72 Stat. 993) (note: 7 U.S.C. 1441), provided for a referendum of corn producers on whether they desired price support on the basis of acreage allotments at levels provided in section 101 of the Agricultural Act of 1949, as amended, or price support at levels provided in Public Law 85-835 without acreage allotments. If less than a majority voted for the program under Public Law 85-835 it did not become effective. The proposal contained in Public Law 85-835 carried by 71.2 percent (24 F.R. 223). This referendum pertained to price support and acreage allotments and did not involve marketing quotas or penalties.

Under the authority of *Mulford v. Smith*, 307 U.S. 38, 51, it is my opinion that the marketing quota provisions of S. 821 could be made effective for the 1965 crop of Flue-cured tobacco if S. 821 should be enacted into law prior to the time for marketing the 1965 crop.

Senator COOPER. Going to the basis of your recommendation for this program, this year I believe Flue-cured acreage allotments were cut 19½ percent.

Mr. MURPHY. Yes, sir.

Senator COOPER. Burley allotments for the 1965 crop were cut 10 percent and so were the dark tobaccos; and of course that is in addition to the 10-percent cuts for the 1964 crop. Do you see any prospect that annual cuts in acreage might be required as a result of the increased production on each acre that farmers are now able to achieve?

Mr. MURPHY. Under the present program, Senator, I would regard it is almost certain that cuts in acreage will continue to be required year after year. In the case of Flue-cured for the 1964 crop, for example, there was a 10-percent cut in acreage, but the total number of pounds produced was actually greater than in 1963. There has been a 19½-percent cut this year below 1964. We do not expect anything like a 19½-percent cut in the number of pounds produced. We do not know, of course, what it will be. But, as I indicated in my prepared statement, the evidence seems to be quite clear that we have by no means reached the limit of what can be done in increasing yields per acre. Unfortunately in the case of tobacco, these cultural practices that increase per acre yields tend very substantially to lower the quality of the product. That is not true—at least not to anything like the same degree—in the case of other commodities. You can produce more pounds of cotton on an acre and you are likely to get better cotton. But in tobacco it is a very different situation.

Senator COOPER. To test the effectiveness of the acreage cuts ordered for the 1965 crops of both Flue-cured and burley tobacco, I would like to ask you whether there would be a resulting surplus above estimated use in the year 1965—assuming that production per acre remains about the same for 1965 as in 1964.

Mr. MURPHY. I am not sure I understand the question. In the case of Flue-cured, if we get the same per-acre yield in 1965 as in 1964, there will be a drawdown in stocks according to our estimates, that is we would produce less Flue-cured tobacco than will be used.

Senator COOPER. I am asking what will happen if the present acreage control system should be retained.

Mr. MURPHY. If the present acreage control system should be retained, we would expect, in the absence of natural disaster, we would expect a substantial increase in average yields per acre.

Even with that increase, in the case of Flue-cured—since the cut was 19½ percent—we would estimate that the production will be somewhat less than utilization and there will be some drawdown in stocks.

In the case of burley, we would estimate that the production will be about as large as or perhaps a little larger than utilization, and there would not be any drawdown in stocks or no substantial drawdown in stocks.

Senator COOPER. You may recall that following the large 1954 crop of burley tobacco, the farmers voted in a special referendum for an additional cut in allotments—a total cut of 25 percent along with other steps to brighten up the program. Thereafter, over a period of 6 or 7 consecutive years production was held below use each year. The cooperatives were able to sell the surplus that had accumulated—and I believe without loss to the Government. The amounts held under Government loan went to a very low level by 1961 or 1962, down to about 30 million pounds of burley tobacco.

Are you saying in effect that the situation with respect to burley tobacco is worse today than it was in 1955?

Mr. MURPHY. I would have to turn to someone who was in the program in that year.

Senator COOPER. That is a very general question, but I will ask you or your staff to report to the committee, taking this situation: Following the record 1954 crop, you were able to hold down production and work off by sales a rather large volume of burley tobacco. What consideration now applies which was not applicable at that time, and therefore dictates your position that it is not possible, by using the same program we used then and have now, to take care of this rather large surplus that has developed?

Mr. MURPHY. If we are going to compare the two periods, Senator, I think we had better ask an opportunity to present that answer for the record later. I think it is possible to continue operating the same program and draw down the stocks of tobacco just by continuing to cut acreage allotments. We do not feel that that is as good a solution to the problem as the shift to acreage-poundage.

Senator COOPER. I judge then that your answer is that it could be done, but that the present program would require continuing cuts in acreage if farmers maintain or increase these high levels of production per acre.

Mr. MURPHY. That is the outlook; yes, sir.

(Supplemental statement filed by the Department of Agriculture is as follows:)

Burley yields averaged 1,586 pounds per acre in 1954. Following the 25-percent reduction in allotments in 1955, yields increased only moderately. During the 6 years, 1955-60, burley yields averaged 1,602 pounds per acre. By contrast, burley yields during the past 3 years, 1962-64, averaged around 2,090 pounds per acre. Further increases in per acre yields, will require further reductions in allotments if supplies are to be balanced with demand.

Senator COOPER. One other general question.

Under present law a reserve supply level is specified for each type of tobacco. At the quota meeting each year we are reminded that for burley this supply goal in the law works out to 2.8 years' use. I think that level assumes that government stocks would be exhausted each

year; in other words the present formula reflects pretty well the stocks normally held by manufacturers and the trade.

Would the bill which you propose provide for the maintenance of this reserve supply of tobacco?

Mr. MURPHY. It is my impression that it would leave this reserve supply provision as it is in existing law. I am told that is the situation. We would continue to have the same reserve supply concept that we have in existing law. We would have, we think, somewhat more effective provisions for hitting the target so far as the reserve supply level is concerned.

Senator COOPER. I am going to file all these questions with you, but will you spell out how that is done?

Now I turn to burley, and I have a few questions. I know the bill before us if enacted would require the proclamation within 30 days of Flue-cured acreage-poundage quotas followed by a special referendum for Flue-cured growers.

For other types of tobacco it appears to provide that, during the first or second year after growers have voted to maintain the price support program for 3 more years, whenever the Secretary determines acreage-poundage would result in a more effective program he shall proclaim acreage-poundage quotas instead of the next regular quota and hold a special referendum.

If this bill should be enacted, what would be the first year that the Secretary could proclaim acreage-poundage quotas for burley tobacco, dark tobacco, and other types of tobacco?

Mr. MURPHY. It is my understanding that, except in the case of Flue-cured, the first year would be 1966.

Senator COOPER. For 1966?

Mr. MURPHY. 1966.

Senator COOPER. Flue-cured?

Mr. MURPHY. Except for Flue-cured. That is for burley and the dark types and all others, it would be 1966.

Senator COOPER. Could you state whether the bill specifically would limit such a proclamation to the first year being 1966?

Mr. MURPHY. My understanding is that the bill is so written that there would just be no provision for doing it for an earlier year in the case of any kind of tobacco except Flue-cured.

Senator COOPER. I had thought it was not entirely clear. But you do state specifically that the first year it could be made applicable to burley would be 1966.

Mr. MURPHY. That is right; yes.

Senator COOPER. I note that the "preliminary farm yield" for Flue-cured tobacco would be the yield per acre for the 3 highest years of the 5 consecutive crop years beginning with 1959.

Is it correct that the bill provides that for other types of tobacco, the preliminary farm yield would be the average of several years selected by the Secretary as representative, and not necessarily the three highest? If so, can you tell the committee why this distinction is made, because I think it is evident that the first average yield fixed just determines the amount that becomes the farmer's income, not only for that year but for each future year.

Mr. MURPHY. Could we see if Mr. Godfrey is prepared to answer this question now, Senator?

Senator COOPER. Yes.

Mr. GODFREY. Senator Cooper—

Senator COOPER. I think it discriminates against dark and burley tobacco.

Mr. GODFREY. This was not intended at all. This was written this way so we could get the burley and dark tobacco interests together on what year should be used since they were not going to apply to the 1965 crop. It was written this way so that we could get a recommendation from them as to what years they wanted to use in determining this. The 5 years were agreed upon by the Flue-cured people.

Senator COOPER. Before this matter comes up to a vote before the burley growers, I think you will have to spell out the same conditions applicable to them.

Mr. GODFREY. It would be spelled out well in advance; yes, sir.

Senator COOPER. I think it should be.

Senator Talmadge may have expressed himself on this next point. If this plan should be adopted, we know it is possible—not possible, it is probable—that farmers would grow excess tobacco. You cannot determine what the weather will be, and they might go ahead and grow on their acreage allotment more pounds than their quota.

Would it not be better for farmers to be permitted to sell this tobacco, if they chose to do so, and then the overage production could be deducted from their acreage allotment and their poundage quota for the next year? The reason I ask is that I have heard that when excess tobacco is grown, sometimes—and this might be applicable to only a few farmers—somehow it finds its way into the market. Would it not be better to allow farmers to sell what they have grown on their assigned allotment, cured and brought to market, at least within a certain limit, deducting the overage from their next allotment rather than waiting to grow it the following year?

Mr. MURPHY. Senator, there is a provision in the bill that applies to the first year that would permit excess sales of 5 percent. Let me say next that there is some leeway on the other side that I think would help to take the pressure off this particular problem; that is, if there is underproduction or undermarketings, the right to market can be carried over to the following year.

I think it is certainly reasonable to consider allowing some tolerance for overmarketings regularly. I do not know whether that would get us into administrative problems that were so complicated that it would endanger the program.

Mr. Godfrey has participated in the discussions. This has been considered at great length. He might have some comment to add on this point.

Mr. GODFREY. Yes, sir; this was considered at great length in the Tobacco Advisory Committee and also by the task force.

It is generally believed that to permit overmarketings consistently year in and year out would not permit the tobacco trade to know exactly how much tobacco to expect to be marketed any particular year. It would be possible for 2 years' crop to be produced in 1 year which would overtax the marketing facilities and would so affect the market until the producers themselves would suffer. So this was the reason for not including the overmarketing provision for subsequent years after the first year.

Senator COOPER. I have just two more questions, and I will submit others to the Department.

My first question goes to a very important point that has to be discussed, and our people have to know about it: That is the existing provision of law which applies to farms having burley allotments of one-half acre or less.

We know that under present law they are protected from cuts. I am not now arguing the merit or lack of merit of that provision of the law. But I would like to ask you to tell the committee what effect this bill would have upon this provision of law.

Mr. GODFREY. Senator Cooper, under the present law a burley tobacco farm may not be reduced below five-tenths of an acre or 10 percent of the cropland. We believe that this specific provision in the acreage-poundage quota bill relating to minimum allotments for burley tobacco would not apply.

Senator COOPER. The existing provision of law would not apply?

Mr. GODFREY. That is correct.

Senator COOPER. Under the acreage-poundage plan contained in this bill?

Mr. GODFREY. This is our opinion, yes.

Senator COOPER. Now, would you determine and report to the committee the number of burley growers, in Kentucky and in the United States, having acreage allotments of one-half acre or less?

Mr. GODFREY. Yes, sir, we can do that.

Senator COOPER. Your report would show also the total acreage of these small burley allotments, and the approximate percentage of the total crop produced by these small growers.

Mr. GODFREY. Yes, sir; we will furnish that also.

(The information is as follows:)

An actual count of the number of allotments and the acreage allotted by size groups is made every third year. The count of 1965 allotments has not yet been made. On the basis of the 1962 count and subsequent adjustments in allotments, it is estimated that 35 percent of the 298,600 farms in the United States having burley tobacco allotments in 1965 have allotments of five-tenths of an acre or less. In Kentucky, it is estimated that 23 percent of the 141,700 burley allotments are five-tenths of an acre or less.

It is estimated that 13 percent of the 285,700 acres allotted in the United States for 1965 is allotted to farms with allotments of five-tenths of an acre or less. In Kentucky, it is estimated that 6 percent of the 185,000 acres allotted is allotted to farms having allotments of five-tenths of an acre or less.

Senator COOPER. Now my last question. We know this bill would change or displace provisions of the present law. I would ask, Mr. Chairman—perhaps it has already been submitted to the committee, and if it is, you can say so—I think we should have an analysis from counsel of the Department setting forth the provisions of law which are now operating in the tobacco program which would be changed, replaced, or affected by the provisions of this bill.

Mr. MURPHY. We will be glad to provide such an analysis.

Senator COOPER. There are a lot of matters which become important, you know, like the penalties, the provision for new farms, the history used on old farms, and such as this small-acreage provision you have already said would be changed.

Senator JORDAN. Senator, would you want that separated as to burley and dark tobacco as against Flue-cured?

Senator COOPER. I think perhaps you might want it for flue-cured, or somebody else would. I was asking especially about the types produced in Kentucky.

Senator JORDAN. I think it would be well if you could separate those two because there is a vast difference in the production of burley on these small acreages as against Flue-cured tobaccos.

Mr. MURPHY. We will be glad to try to indicate, Senator, where there is a difference as between Flue-cured and the other kinds.

Senator COOPER. Thank you.

(The information is as follows:)

TEXTS OF EXISTING PROVISIONS OF LAW AND PROVISIONS OF PROPOSED ACREAGE POUNDAGE BILL

(Existing law on left—proposed bill on right)

(References are to the Agricultural Adjustment Act of 1938, unless otherwise indicated)

NATIONAL MARKETING QUOTA AND REFERENDUM

NATIONAL MARKETING QUOTA

SEC. 312. (a) The Secretary shall, not later than December 1 of any marketing year with respect to flue-cured tobacco, and February 1 of any marketing year with respect to other kinds of tobacco, proclaim a national marketing quota for any kind of tobacco for each of the next three succeeding marketing years whenever he determines with respect to such kind of tobacco—

(1) that a national marketing quota has not previously been proclaimed and the total supply as of the beginning of such marketing year exceeds the reserve supply level thereof;

(2) that such marketing year is the last year of three consecutive years for which marketing quotas previously proclaimed will be in effect;

(3) that amendments have been made in provisions for establishing farm acreage allotments which will cause material revision of such allotments before the end of the period for which quotas are in effect; or

(4) that a marketing quota previously proclaimed for such marketing year is not in effect because of disapproval by producers in a referendum held pursuant to subsection (c): *Provided*, That if such producers have disapproved national marketing quotas in referenda held in three successive years subsequent to 1952, thereafter a national marketing quota shall not be proclaimed hereunder which would be in effect for any marketing year within the three-year period for which national marketing quotas previously proclaimed were disapproved by producers in a referendum, unless prior to November 10 of the marketing year one-fourth or more of the farmers engaged in the production of the crop of tobacco harvested in the calendar year in which such marketing year begins petition the Secretary, in accordance with such regulations as he may pre-

SEC. 317. (a) \* \* \*

(1) "National marketing quota" for any kind of tobacco for a marketing year means the amount of the kind of tobacco produced in the United States which the Secretary estimates will be utilized during the marketing year in the United States and will be exported during the marketing year adjusted upward or downward in such amount as the Secretary in his discretion determines is desirable for the purpose of maintaining an adequate supply or for effecting an orderly reduction of excessive supplies in order to achieve the policy of the Act. \* \* \*

scribe, to proclaim a national marketing quota for each of the next three succeeding marketing years.

(b) The Secretary shall also determine and announce not later than the first day of December with respect to flue-cured tobacco and not later than the first day of February with respect to other kinds of tobacco, the amount of the national marketing quota proclaimed pursuant to subsection (a) which is in effect for the next marketing year in terms of the total quantity of tobacco which may be marketed which will make available during such marketing year a supply of tobacco equal to the reserve supply level.<sup>1</sup> The amount of the national marketing quota so announced may, not later than the following March 1, be increased by not more than 20 per centum if the Secretary determines that such increase is necessary in order to meet market demands or to avoid undue restrictions of marketings in adjusting the total supply to the reserve supply level.

(B) "Normal supply" in the case of tobacco shall be a normal year's domestic consumption and exports, plus 175 per centum of a normal year's domestic consumption and 65 per centum of a normal year's exports as an allowance for a normal carry-over. \*

\* \* \* \* \*

SEC. 301. (b) (14) \* \* \* \*

(B) "Reserve supply level" of tobacco shall be the normal supply plus 5 per centum thereof, to insure a supply adequate to meet domestic consumption and export needs in years of drought, flood, or other adverse conditions, as well as in years of plenty.

(c) Within thirty days after the proclamation of national marketing quotas under subsection (a), the Secretary shall conduct a referendum of farmers engaged in the production of the crop of tobacco harvested immediately prior to the holding of the referendum to determine whether such farmers are in favor of or opposed to such quotas for the next three succeeding marketing years. If more than one-third of the farmers voting oppose the national marketing quotas, such results shall be proclaimed by the Secretary and the national marketing quotas so proclaimed shall not be in effect but such results shall in no wise affect or limit the subsequent proclamation and submission to a referendum, as otherwise provided in this section, of a national marketing quota.

<sup>1</sup> Sec. 301. (b) (10) \* \* \*

(b) Within 30 days after the enactment of this section the Secretary pursuant to the provisions of subsection (a) of this section shall determine and announce the amount of the national marketing quota for flue-cured tobacco for the marketing year beginning July 1, 1965 and the national acreage allotment and national average yield goal for the 1965 crop of flue-cured tobacco, and within 30 days after the announcement of the amount of such national marketing quota shall conduct a special referendum of the farmers engaged in the production of flue-cured tobacco of the 1964 crop to determine whether they favor or oppose the establishment of marketing quotas on an acreage-poundage basis as provided in this section for the marketing years beginning July 1, 1965, July 1, 1966, and July 1, 1967 in lieu of quotas on an acreage basis in effect for those marketing years. If the Secretary determines that more than 50 per centum of the farmers voting in the special referendum approve marketing quotas on an acreage-poundage basis, marketing quotas on an acreage-poundage basis as provided in this section shall be in effect for those marketing years and the marketing quotas on an acreage basis shall cease to be in effect at the beginning of such three-year period.

(c) Whenever, during the first or second marketing year of the three-year period for which marketing quotas on an acreage basis are in effect for any kind of tobacco, including flue-cured tobacco, the Secretary in his discretion determines with respect to that kind of tobacco that acreage-poundage quotas under this section would result in a more effective marketing quota program for that kind of tobacco he shall at the time the next announcement of the amount of the national marketing quota under section 312(b) of this Act determine and announce the amount of the national quota for that kind of tobacco under this section of the Act and at the same time announce the national acreage allotment and national average yield goal and within thirty days thereafter conduct a special referendum

(Existing law on left—proposed bill on right)—Continued  
 (References are to the Agricultural Adjustment Act of 1938, unless otherwise indicated)—Continued

NATIONAL MARKETING QUOTA AND REFERENDUM—Continued

NATIONAL MARKETING QUOTA—continued

of farmers engaged in the production of the kind of tobacco of the most recent crop to determine whether they favor the establishment of marketing quotas on an acreage-poundage basis as provided in this section for the next three marketing years. If the Secretary determines that more than 50 per centum of the farmers voting in the special referendum approve marketing quotas on an acreage-poundage basis as provided in this section quotas on that basis shall be in effect for the next three marketing years and the marketing quotas on an acreage basis shall cease to be in effect at the beginning of such three-year period.

(d) If marketing quotas have been made effective for a kind of tobacco on an acreage-poundage basis pursuant to subsections (b) or (c) the Secretary shall, not later than December 1 of any marketing year with respect to Flue-cured tobacco, and February 1 with respect to other kinds of tobacco, proclaim a national marketing quota for that kind of tobacco for the next three succeeding marketing years if the marketing year is the last year of three consecutive years for which marketing quotas previously proclaimed will be in effect. The Secretary in his discretion may proclaim the quota on an acreage-poundage basis as provided in this section or on an acreage allotment basis, whichever he determines would result in a more effective marketing quota for that kind of tobacco, and shall conduct a referendum in accordance with the provisions of section 312(c) of this Act. If the Secretary determines that more than one-third of the farmers voting oppose the national marketing quotas the results shall be proclaimed and the national marketing quota so proclaimed shall not be in effect. If the Secretary proclaims the quotas on an acreage-poundage basis he shall determine and proclaim at the same time the national marketing quota, national acreage allotment, and national average yield goal for the first year of the three years for which quotas are proclaimed. Notice of the farm marketing quota which will be in effect for his

farm for the first marketing year covered by the referendum insofar as practicable shall be mailed to the farm operator prior to the holding of any special referendum under subsections (b) or (c) or a referendum on acreage-poundage quotas under this subsection. The Secretary shall determine and announce the national marketing quota, national acreage allotment and national average yield goal for the second and third marketing years of any three-year period for which national marketing quotas on an acreage-poundage basis are in effect on or before the December 1 with respect to Flue-cured tobacco and the February 1 with respect to other kinds of tobacco immediately preceding the beginning of the marketing year to which they apply. \* \* \*

APPORTIONMENT OF NATIONAL MARKETING QUOTA TO STATES

APPORTIONMENT OF NATIONAL MARKETING QUOTA

SEC. 313. (a) The national marketing quota for tobacco established pursuant to the provisions of section 312, less the amount to be allotted under subsection (c) of this section, shall be apportioned by the Secretary among the several States on the basis of the total production of tobacco in each State during the five calendar years immediately preceding the calendar year in which the quota is proclaimed (plus, in applicable years, the normal production on the acreage diverted under previous agricultural adjustment and conservation programs), with such adjustments as are determined to be necessary to make correction for abnormal conditions of production, for small farms, and for trends in production, giving due consideration to seed bed and other plant diseases during such five-year period. \* \* \*

No provision.

No provision.

AMOUNT OF NATIONAL ACREAGE ALLOTMENT

SEC. 317. (a) \* \* \*

(3) "National acreage allotment" means the acreage determined by dividing the national marketing quota by the national average yield goal.<sup>2</sup>

\* SEC. 317. (a) \* \* \*

(Existing law on left—proposed bill on right)—Continued  
 (References are to the Agricultural Adjustment Act of 1938, unless otherwise indicated)—Continued

AMOUNT OF NATIONAL ACREAGE ALLOTMENT—Continued

(2) "National average yield goal" for any kind of tobacco means the yield per acre which on a national average basis the Secretary determines will improve or insure usability of the tobacco and increase the net return per pound to the growers. In making this determination the Secretary shall give consideration to such Federal-State production research data as he deems relevant.

CONVERSION OF STATE MARKETING QUOTA TO STATE ACREAGE ALLOTMENT

SEC. 313. \* \* \*  
 (g) Notwithstanding any other provision of this section, the Secretary on the basis of average yield per acre of tobacco for the State during the five years last preceding the year in which the national marketing quota is proclaimed, adjusted for abnormal conditions of production, may convert the State marketing quota into a State acreage allotment.

No provision.

APPORTIONMENT OF STATE ACREAGE ALLOTMENT TO FARMS

SEC. 313 \* \* \*

(g) \* \* \* [The Secretary may allot the State acreage allotment] through the local committees among farms on the basis of the factors set forth in subsection (b) <sup>3</sup>, using past acreage (harvested and diverted) in lieu of the past marketing of tobacco; and the Secretary on the basis of the national average yield during the same period, similarly adjusted, may also convert into an acreage allotment the amount reserved from the national quota pursuant to the provisions of subsection (c) <sup>4</sup>, and on the basis of the factors set forth in subsection (c) and the past tobacco experience of the farm operator, allot the same through the local committees among farms on which no tobacco was produced during the last five years. Any acreage of tobacco harvested in excess of the farm acreage allotment for the year 1955, or any subsequent crop shall not be taken into account in establishing State and farm acreage allotments. Except for farms last mentioned or a farm operated, controlled, or

No provision.

[The acreage poundage bill makes no provision for State acreage allotments—the national acreage allotment is apportioned directly to farms.]

directed by a person who also operates, controls, or directs another farm on which tobacco is produced, the farm-acreage allotment shall be increased by the smaller of (1) 20 per centum of such allotment or (2) the percentage by which the normal yield of such allotments (as determined through the local committees in accordance with regulations prescribed by the Secretary) is less than three thousand two hundred pounds, in the case of fire-cured tobacco, and two thousand four hundred pounds in the case of other kinds of tobacco: *Provided*, That the normal yield of the estimated number of acres so added to farm acreage allotments in any State shall be considered as a part of the State marketing quota in applying the proviso in subsection (a).

§ Act of July 12, 1952. \* \* \* notwithstanding any other provision of law, effective for the 1956 and subsequent crops of burley tobacco, the farm acreage allotment for burley tobacco for any year shall not be less than the smallest of (1) the allotment established

§ Sec. 313. \* \* \*

(b) The Secretary shall provide, through the local committees, for the allotment of the marketing quota for any State among the farms on which tobacco is produced, on the basis of the following: Past marketing of tobacco, making due allowance for drought, flood, hail, other abnormal weather conditions, plant bed, and other diseases; land, labor, and equipment available for the production of tobacco; crop-rotation practices; and the soil and other physical factors affecting the production of tobacco: *Provided*, That, except for farms on which, for the first time in five years tobacco is produced to be marketed in the marketing year for which the quota is effective, the marketing quota for any farm shall not be less than the smaller of either (1) three thousand two hundred pounds, in the case of fire-cured tobacco, and two thousand four hundred pounds, in the case of other kinds of tobacco, or (2) the average tobacco production for the farm during the preceding three years, plus the average normal production of any tobacco acreage directed under agricultural adjustment and conservation programs during such preceding three years.

§ Sec. 313. \* \* \*

(c) The Secretary shall provide, through local committees, for the allotment of not in excess of 5 per centum of the national marketing quota (1) to farms in any State whether it has a State quota or not on which for the first time in five years tobacco is produced to be marketed in the year for which the quota is effective and (2) for further increase of allotments to small farms pursuant to the proviso in subsection (b) of this section on the basis of the following: Land, labor, and equipment available for the production of tobacco; crop-rotation practices; and the soil and other physical factors affecting the production of tobacco: *Provided*, That farm marketing quotas established pursuant to this subsection for farms on which tobacco is produced for the first time in five years shall not exceed 75 per centum of the farm marketing quotas established pursuant to subsection (b) of this section for farms which are similar with respect to the following: Land, labor, and equipment available for the production of tobacco, crop-rotation practices, and the soil and other physical factors affecting the production of tobacco.

(Existing law on left—proposed bill on right)—Continued  
 (References are to the Agricultural Adjustment Act of 1938, unless otherwise indicated)—Continued

APPORTIONMENT OF STATE ACREAGE ALLOTMENT TO FARMS—Continued

for the farm for the immediately preceding year, (2) five-tenths of an acre, or (3) 10 per centum of the cropland: *Provided, however,* That no allotment of seven-tenths of an acre or less shall be reduced more than one-tenth of an acre in any one year. The additional acreage required under this Act shall be in addition to the State acreage allotments and the production on such acreage shall be in addition to the national marketing quota.]

APPORTIONMENT OF NATIONAL ACREAGE ALLOTMENT TO FARMS

No provision.

[As indicated above, the State acreage allotment is apportioned to farms.]

SEC. 317. (a) \* \* \*

(4) "Farm acreage allotment" for a tobacco farm other than a new tobacco farm means the acreage allotment determined by adjusting uniformly the acreage allotment established for such farm for the immediately preceding year prior to any increase or decrease in such allotment due to under marketings or over marketings and prior to any reduction under subsection (f) so that the total of all allotments is equal to the national acreage allotment less that part of the reserve provided in subsection (c) of this section reserved for new farms with a further downward or upward adjustment to reflect any adjustment in the farm marketing quota for over marketing or under marketing and to reflect any reduction required under subsection (f) of this section.

\* \* \* \* \*

(e) No farm acreage allotment or farm yield shall be established for a farm on which no tobacco was produced or considered produced under applicable provisions of law for the immediately preceding five years. For each marketing year for which acreage-poundage quotas are in effect under this section the Secretary in his discretion may establish a reserve from the national acreage allotment in an amount equivalent to not more than one per centum of the national acreage allotment to be available for making corrections of errors in farm acreage allotments and for establishing acreage allotments for

new farms, which are farms on which tobacco was not produced or considered produced during the immediately preceding five years. The part of the reserve held for apportionment to new farms shall be allotted on the basis of land, labor, and equipment available for the production of tobacco, crop-rotation practices, soil and other physical factors affecting the production of tobacco and the past tobacco-producing experience of the farm operator. The farm yield for any farm for which a new farm acreage allotment is established shall be determined on the basis of available productivity data for the land involved and farm yields for similar farms.

#### REDUCTIONS IN ALLOTMENTS

(f) Only the provisions of the last two sentences of subsection (g) of section 313 of this Act shall apply with respect to acreage-pounding programs established under this section. The acreage reductions required under the last two sentences shall be in addition to any other adjustments made pursuant to this section, and where acreage reductions are made the farm marketing quota shall be reduced to reflect such reductions. The provisions of the next to the last sentence of such subsection pertaining to the filing of any false report with respect to the acreage of tobacco grown on the farm shall also be applicable to the filing of any false report with respect to the production of marketings of tobacco grown on a farm for which an acreage allotment and a farm yield are established as provided in this section. In establishing acreage allotments and farm yields for other farms owned by the owner displaced by acquisition of his land by any agency, as provided in section 378 of this Act, increases or decreases in such acreage allotments and farm yields as provided in this section shall be made on account of marketings below or in excess of the farm marketing quota for the farm acquired by the agency.

#### SEC. 313. (g) \* \* \*

If any amount of tobacco shall be marketed as having been produced on the acreage allotment for any farm which in fact was produced on a different farm, the acreage allotments next established for both such farms shall be reduced by that percentage which such amount was of the respective farm marketing quota, except that such reduction for any such farm shall not be made if the Secretary through the local committees finds that no person connected with such farm caused, aided, or acquiesced in such marketing; and if proof of the disposition of any amount of tobacco is not furnished as required by the Secretary or if any producer on the farm files, or aids or acquiesces in the filing of, any false report with respect to the acreage of tobacco grown on the farm required by regulations issued pursuant to this Act, the acreage allotment next established for the farm on which such tobacco is produced shall be reduced by a percentage similarly computed. If in any calendar year more than one crop of tobacco is grown from (1) the same tobacco plants or (2) different tobacco plants, and is harvested for marketing from the same acreage of a farm, the acreage allotment next established for such farm shall be reduced by an amount equivalent to the acreage from which more than one crop of tobacco has been so grown and harvested.

(Existing law on left—proposed bill on right)—Continued  
 (References are to the Agricultural Adjustment Act of 1938, unless otherwise indicated)—Continued

#### FARM MARKETING QUOTA

##### SEC. 313. (g) \* \* \*

The actual production of the acreage allotment established for a farm pursuant to this subsection shall be the amount of the farm marketing quota. \* \* \*

[Since penalties are computed on the extent of noncompliance with the farm acreage allotment, the farm marketing quota has no significance.]

##### SEC. 317. (a) \* \* \*

(8) "Farm marketing quota" for any farm for any marketing year shall be the number of pounds of tobacco obtained by multiplying the farm yield by the acreage allotment prior to any adjustment for under marketing or over marketing, increased for under marketing or decreased for over marketing by the number of pounds by which marketings of tobacco from the farm during the immediately preceding marketing year, if marketing quotas were in effect under the program established by this section, is less than or exceeds the farm marketing quota for such year: *Provided*, that the farm marketing quota for any marketing year shall not be increased for under marketing by an amount in excess of the number of pounds determined by multiplying the acreage allotment for the farm for the immediately preceding year prior to any increase or decrease for under marketing or over marketing by the farm yield. If on account of excess marketings in the preceding marketing year the farm marketing quota for the marketing year is reduced to zero pounds without reflecting the entire reduction required, the additional reduction required shall be made for the subsequent marketing year or years. The farm marketing quota will be increased or decreased for the second succeeding marketing year in the case of Maryland tobacco, and for any other kind of tobacco for which the Secretary determines it is impracticable because of the lack of adequate marketing data, to make the increases or decreases applicable to the immediately succeeding marketing year.

#### FARM YIELDS

[There is no provision of present law prescribing the manner of determining farm yields of tobacco. However, in the case of false identification of tobacco or failure to account for the disposition of tobacco, sec. 314(a) provides for the imposition of a penalty based upon the "normal yield" of the excess acreage.]

(6) (a) "Preliminary farm yield" in the case of flue-cured tobacco means a farm yield per acre of tobacco determined by averaging the yield per acre for the three highest years of the five consecutive crop years beginning with the 1959 crop year and adjusting such yield to: (i) 130 per centum of the county average yield if the average yield so

computed exceeds 130 per centum of the county average yield, or (ii) 70 per centum of the county average yield if the average yield so computed is less than 70 per centum of the county average yield.

(b) "Preliminary farm yield" means in the case of kinds of tobacco other than flue-cured, a farm yield per acre of tobacco determined by averaging the yield per acre for such of the five years used in determining the county average yield as the Secretary determines to be representative and will result in a fair and equitable relationship among farms. In determining the preliminary farm yield, the Secretary may provide maximum and minimum percentage levels in relation to the county average yield.

(7) "Farm yield" means the yield of tobacco per acre for a farm determined by multiplying the preliminary farm yield by a national yield factor which shall be obtained by dividing the national average yield goal by a weighted national average yield computed by multiplying the preliminary farm yield for each farm by the acreage allotment determined pursuant to paragraph (4) for the farm prior to adjustments for over marketing, under marketing, or reductions required under subsection (f) and dividing the sum of the products by the national acreage allotment.

#### COUNTY AVERAGE YIELDS

No provision.

(5) "County average yield" means in the case of flue-cured tobacco the five-year average yield of tobacco per acre in the county for the five consecutive years beginning with the 1959 crop year as determined by the Secretary and in the case of other kinds of tobacco the five-year average yield of tobacco per acre in the county for the five most recent crop years for which data are available, as determined by the Secretary.

[The county average yield is used only as a limitation in adjusting preliminary farm yields.]

(Existing law on left—proposed bill on right)—Continued  
 (References are to the Agricultural Adjustment Act of 1938, unless otherwise indicated)—Continued

## PENALTIES

## PENALTIES

SEC. 314. (a) The marketing of any kind of tobacco in excess of the marketing quota for the farm on which the tobacco is produced shall be subject to a penalty of 75 per centum of the average market price (calculated to the nearest whole cent) for such kind of tobacco for the immediately preceding marketing year. Such penalty shall be paid by the person who acquired such tobacco from the producer but an amount equivalent to the penalty may be deducted by the buyer from the price paid to the producer in case such tobacco is marketed by sale; or, if the tobacco is marketed by the producer through a warehouseman or other agent, such penalty shall be paid by such warehouseman or agent who may deduct an amount equivalent to the penalty from the price paid to the producer: *Provided*, That in case any tobacco is marketed directly to any person outside the United States the penalty shall be paid and remitted by the producer. If any producer falsely identifies or fails to account for the disposition of any tobacco, an amount of tobacco equal to the normal yield of the number of acres harvested in excess of the farm-acreage allotment shall be deemed to have been marketed in excess of the marketing quota for the farm, and the penalty in respect thereof shall be paid and remitted by the producer. Tobacco carried over by the producer thereof from one marketing year to another may be marketed without payment of the penalty imposed by this section if the total amount of tobacco available for marketing from the farm in the marketing year from which the tobacco is carried over did not exceed the farm marketing quota established for the farm for such marketing year (or which would have been established if marketing quotas had been in effect for such marketing year), or if the tobacco is carried over does not exceed the normal production of the number of acres by which the harvested acreage of tobacco in the calendar year in which the marketing year begins is less than the farm-acreage allotment. Tobacco produced in a calendar year in which marketing

## SEC. 317. \* \* \*

(g) When marketing quotas under this section are in effect provisions with respect to penalties for the marketing of excess tobacco and the other provisions contained in section 314 of the Act shall apply, except that:

(1) No penalty on excess tobacco shall be due or collected until 100 per centum of the farm marketing quota for a farm (105 per centum for the first year a national marketing quota established under this section is in effect if the acreage harvested from the farm is not in excess of the farm acreage allotment) has been marketed, but with respect to each pound of tobacco marketed in excess of such percentage the full penalty rate shall be due, payable and collected at the time of marketing on each pound of tobacco marketed.

quotas are in effect for the marketing year beginning therein shall be subject to such quotas even though it is marketed prior to the date on which such marketing year begins.

(b) The Secretary shall require collection of the penalty upon a proportion of each lot of tobacco marketed from the farm equal to the proportion which the tobacco available for marketing from the farm in excess of the farm marketing quota is of the total amount of tobacco available for marketing from the farm if satisfactory proof is not furnished as to the disposition to be made of such excess tobacco prior to the marketing of any tobacco from the farm. All funds collected pursuant to this section shall be deposited in a special deposit account with the Treasurer of the United States until the end of the marketing year next succeeding that in which the funds are collected, and upon certification by the Secretary there shall be paid out of such special deposit account to persons designated by the Secretary the amount by which the penalty collected exceeds the amount of penalty due upon tobacco marketed in excess of the farm marketing quota for any farm. Such special account shall be administered by the Secretary, and the basis for, the amount of, and the person entitled to receive a payment from such account, when determined in accordance with regulations prescribed by the Secretary, shall be final and conclusive.

#### LEASE OF ACREAGE ALLOTMENTS

SEC. 316. (a) Notwithstanding any other provision of this Act for the crop years 1962, 1963, 1964, and 1965, the owner and operator of any farm for which a tobacco acreage allotment (other than a Burley tobacco acreage allotment or a cigar-filler and cigar-binder (types 42, 43, 44, 53, 54, and 55) 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 on a farm having a current tobacco allotment of the same kind. 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. In the case of Maryland (type 32) tobacco, no farm shall be eligible for lease of 1962 or 1963 allotment from

(2) When marketing quotas established under this section are in effect the provisions with respect to penalties contained in the third sentence of subsection 314(a) shall be revised to read: "If any producer falsely identifies or fails to account for the disposition of any tobacco, the Secretary, in lieu of assessing and collecting penalties based on actual marketings of excess tobacco, may elect to assess a penalty computed by multiplying the full penalty rate by an amount of tobacco equal to 25 percent of the farm marketing quota plus the farm yield of the number of acres harvested in excess of the farm acreage allotment and the penalty in respect thereof shall be paid and remitted by the producer."

(3) For the first year a marketing quota program established under the provisions of this section is in effect, the words "normal production" where they appear in the fourth sentence of subsection (a) of such section shall be read "farm yield" and the said fourth sentence shall otherwise be applicable. For the second and succeeding years for which a program established under the provisions of this section is in effect, the provisions of subsection (a) (8) shall apply when penalties, if any, on carry-over tobacco are computed, and the provisions contained in the fourth sentence of subsection 314(a) shall not be applicable.

#### SEC. 317. \* \* \*

(f) \* \* \* Acreage allotments and farm marketing quotas determined under this section may be leased under the terms and conditions contained in section 316 of this Act, except that (1) the adjustment provided for in the last sentence of subsection (c) of said section shall be based on farm yields rather than normal yields, and (2) any credit for under marketing or charge for over marketing shall be attributed to the farm to which transferred.

(Existing law on left—proposed bill on right)—Continued  
(References are to the Agricultural Adjustment Act of 1938, unless otherwise indicated)—Continued

LEASE OF ACREAGE ALLOTMENTS—Continued

the farm unless at least 75 per centum of the allotment for the farm was actually planted during each of the years 1960 and 1961, nor shall a farm be eligible for lease of 1964 or 1965 Maryland tobacco allotment from the farm unless at least 75 per centum of the allotment for the farm was actually planted on such farm during each of the two immediately preceding years.

(b) Any lease shall be made on an annual basis and on such terms and conditions, except as otherwise provided in this section, as the parties thereto agree.

(c) The lease and transfer of any allotment shall not be effective until a copy of such lease is filed with and determined by the county committee of the county in which the farms involved are located to be in compliance with the provisions of this section. Such lease and transfer shall not be effective unless a copy of the lease is filed with the county committee prior to a closing date established by the Secretary, which date shall be no later than the normal planting time in the county. If the normal yield established by the county committee for the farm to which the allotment is transferred does not exceed the normal yield established by the county committee for the farm from which the allotment is transferred by more than 10 per centum, the lease and transfer shall be approved acre for acre. If the normal yield for the farm to which the allotment is transferred exceeds the normal yield for the farm from which the allotment is transferred by more than 10 per centum, the county committee shall make a downward adjustment in the amount of the acreage allotment transferred by multiplying the normal yield established for the farm from which the allotment is transferred by the acreage being transferred and dividing the result by the normal yield established by the farm to which the allotment is transferred.

(d) The lease and transfer of any part of a tobacco acreage allotment determined for a farm shall not affect the allotment for the farm from which such acreage allotment is transferred 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 purpose of determining future allotments to have been planted to tobacco on the farm from which such allotment is transferred and the production pursuant to the lease and transfer shall not be taken into account in establishing allotments for subsequent years for the farm to which such allotment is transferred. The lessor shall be considered to have been engaged in the production of tobacco for the purpose of eligibility to vote in the referendum.

(e) Under the provisions of this section not more than five acres of allotment may be leased and transferred to any farm: *Provided*, That the total acreage allotted to any farm after such transfer shall not exceed 50 per centum of the acreage of cropland in the farm.

(f) The Secretary shall prescribe such regulations as he considers necessary for carrying out the provisions of this section.

(g) Notwithstanding the provisions of subsection (c) relating to the filing of a lease with the county committee, the lease and transfer of an allotment for the 1964 crop year shall be effective if, (1) the Secretary finds that a lease in compliance with the provisions of this section was agreed upon prior to the normal planting time in the county, as determined by the Secretary, or June 15, 1964, whichever is earlier, and (2) the terms of the lease are reduced to writing and filed in the county office in which the farms involved are located within twenty days of the date the 1964 amendment to this subsection become law.

#### EFFECT OF PLANTING TOBACCO WITHOUT ALLOTMENT

SEC. 2. Subsection (j) of section 313 of the Agricultural Adjustment Act of 1938, as added by Public Law 361, Eighty-fourth Congress, approved August 11, 1955, is amended by inserting immediately following the language "(g) hereof" wherever it appears in said subsection the language "or section 317".

(j) The production of tobacco on a farm in 1955 or any subsequent year for which no farm acreage allotment was established shall not make the farm eligible for an allotment as an old farm under subsections (b) and (g) hereof: *Provided, however*, That by reason of such production the farm need not be considered as ineligible for a new farm allotment under subsections (c) and (g) hereof, but such production shall not be deemed past tobacco experience for any producer on the farm.

(Existing law on left—proposed bill on right)—Continued  
 (References are to the Agricultural Adjustment Act of 1938, unless otherwise indicated)—Continued

ELIGIBILITY FOR PRICE SUPPORT

(Agricultural Act of 1949)

SEC. 408. \* \* \*

COOPERATOR

(b) A "cooperator" with respect to any basic agricultural commodity shall be a producer on whose farm the acreage planted to the commodity does not exceed the farm acreage allotment for the commodity under title III of the Agricultural Adjustment Act of 1938, as amended, or in the case of price support for corn or wheat to a producer outside the commercial corn-producing or wheat-producing area, a producer who complies with conditions of eligibility prescribed by the Secretary. For the purpose of this subsection, a producer shall not be deemed to have exceeded his farm acreage allotment unless such producer knowingly exceeded such allotment.

BASIC AGRICULTURAL COMMODITY

(c) A "basic agricultural commodity" shall mean corn, cotton, peanuts, rice, tobacco, and wheat, respectively.

SEC. 317. \* \* \*

(h) Price support under the Agricultural Act of 1949, as amended, shall not be made available for tobacco sold in excess of the farm marketing quota (105 per centum of the farm marketing quota for the first year a national marketing quota established under this section is in effect if the tobacco harvested from the farm is not in excess of the farm acreage allotment), or for any tobacco harvested from a farm from which tobacco is harvested from acreage in excess of the farm acreage allotment.

Senator JORDAN. Senator Miller.

Senator MILLER. Thank you, Mr. Chairman.

Mr. Secretary, at the end of your paper is an example of acreage-poundage program for Flue-cured tobacco. I would like to refer to that for a moment. Would it be correct to assume that for the year 1966 there would be a similar computation made with respect to burley tobacco and a separate computation made with respect to dark tobacco as well as Flue-cured tobacco?

Mr. GODFREY. Senator Miller, we have not yet agreed upon the years in determining the yield for burley and dark tobacco, but if it was agreed that we would use a 5-year period and the 3 highest years, it would be a similar computation, yes.

Senator MILLER. I understand that. You might, for example, determine the 2 highest years or you might determine a different combination of years but with the same format and procedure in arriving at a farm marketing quota; each individual farm marketing quota would be arrived at.

Mr. GODFREY. Yes, sir. This would be essentially the same format.

Senator MILLER. Then is it likely if this bill is passed that for the year 1966 there would be some farms that would have separate computations to determine their marketing quota for burley tobacco and the same farm would have a quota for dark tobacco and the same farm would have a quota for Flue-cured tobacco?

Mr. GODFREY. We have farms that have quotas for dark and burley, but I do not believe we have any individual farms now that have a Flue-cured quota along with burley and dark tobaccos.

Senator MILLER. Not now?

Mr. GODFREY. Not now.

Senator MILLER. But in 1966 it would be that way, perhaps?

Mr. GODFREY. You would not have farms having the same quotas. The Flue and dark and burley are not grown in the same areas.

Senator MILLER. Would it be possible in the same county to have that?

Mr. GODFREY. There may be a half dozen counties where Flue-cured is grown and burley is grown in another part of the county. This is right, sir. Not over half a dozen counties, though. But not on the same farm.

Senator MILLER. All right.

Now I realize that you people have some magnificent research facilities, but I must say I am amazed to read the second paragraph there which says that:

Research data indicates that a national average yield of about 1,850 pounds would result in determining a national average yield.

With all of the different qualities, types, and kinds of tobaccos and different prices for each quality, I am wondering how this can be done. It taxes my imagination, and I am wondering if this has in fact been done, calculated out on the basis of the market price, the relative market price, qualities, kinds, so that you can say as a basis for this whole computation that the national average yield goal should be 1,854 pounds per acre.

Mr. MURPHY. First, I think, Senator, this is intended to apply and does apply only in the case of Flue-cured tobacco. Even limited that way, it covers a lot of tobacco in a fairly wide geographical area.

The next thing I would say is that it certainly cannot be precise.

I think it is undoubtedly true that if you set targets so that people aim at producing this much tobacco—which is several hundred pounds less per acre than the average yield in recent years—that they can be expected to produce tobacco of a better quality than under the present system.

If we go beyond that and get to the question of how this particular number was arrived at, I will have to yield to someone else, because I did not participate in the exercise.

Senator MILLER. May I say, Mr. Secretary, I appreciate that you cannot come out with an exact figure on something like this, and I do not believe anybody expects you to do so. But I am just wondering if we might have the committee furnished a computation of how this was arrived at so we could evaluate the basic data that go into this.

Mr. MURPHY. We will be glad to provide that.

Senator MILLER. And in that connection I think it might be helpful if we were furnished an explanation of how this can be used with reasonable accuracy, taking into account the differences in production, the various farms, the soil differences, quality differences. As I understand it, there are some farms which may have the same acreage as others, but their quality production can be much higher than in other farms.

How does this computation take that into account? If we could have an answer to that, Mr. Chairman, I think it would be helpful to the committee.

Mr. MURPHY. We will be glad to provide that.

(For the information requested above, see statement of W. D. Touissant, member of the task force, National Tobacco Industry Advisory Committee, beginning on p. 198.)

Senator MILLER. Now, a second question is this, pertaining to page 2 of this computation: Why do we have to get into counties? Why can we not just bypass counties and go into preliminary farm yield for each farm?

Mr. GODFREY. This is recommended by the task force and also by the Advisory Committee for two specific reasons, I would guess.

One is that they wanted to place a top limit on individual farmers who may have attempted, during the base period, to increase their yields materially without any regard to quality whatsoever, so they did not want him to benefit to a very large degree by so doing.

Then the bottom limit was placed in the act to take care of maybe change in farm operation, farmownership, where a particular farmer could produce a much higher yield and a much better quality tobacco than another farmer who had formerly operated the farm.

Senator MILLER. I recognize the equity of what you have just said, but why can't that pertain by just simply establishing the national allotment and then the preliminary yield for each farm without going through the county computation, and then use the same approach if somebody is 130 percent over the 5-year average for the national group? Why do we have to get down to the county group?

Mr. GODFREY. Because of the wide variation in county yields between the different counties.

We have some counties producing Flue-cured tobacco with an average yield of around 1,400 pounds per acre, and some other counties with an average yield of approximately 2,600 pounds per acre.

Senator COOPER. Will the Senator yield?

Senator MILLER. Yes, I would be happy to.

Senator COOPER. Would not this be correct also; you have great soil differences in different counties?

Mr. GODFREY. Yes, sir.

Senator COOPER. If you followed the suggestion made by my good friend, you would have some counties where individual farm yields might never reach the general average; you would have others with fine soil which is naturally good, and many farms in these counties would be cut so low that it would be inequitable to them.

Mr. GODFREY. In our area of the country, Senator Cooper, any area where Flue-cured tobacco is grown, we are not as fortunate as they are in the good State of Iowa, where they have pretty uniform soil conditions, and we have been farming ours about 200 years, a little longer than you have in Iowa. We have varying types. In some cases we are farming the subsoil.

Senator MILLER. I appreciate that, but why can't we determine a preliminary farm yield for each farm on the basis of its historical record, without worrying about the county. You are going to have to do this anyhow to determine whether or not it averages more than 130 or whether its average is below the county average. You are going to have to have each farm's historical data anyhow.

Why do we have to go into the county average on this? Why can we not take the individual farm yield, historical yield?

Mr. GODFREY. Let us relate this to a specific example, then, Senator Miller. If we take a county that has a 5-year average yield now of 2,600 pounds and we took 130 percent of the 1,850 national average, this would be approximately 2,500 pounds as the limit that would be applied to any particular farm.

Now, certainly in a county with the 2,600-pound average yield, you have many farms who have an average yield of 3,000 pounds. So you would be reducing that farm from an average yield of 3,000 pounds down to 2,500.

Conversely, on the other end, you have a county with a yield of only 1,200 pounds per acre, which is under 70 percent of the 1,850. You would be raising farms there. In that county you would have farms with a farm yield of only 1,800 pounds per acre, and you would be raising him up.

Because of the wide variance in county yields which is occasioned by the difference in soil types, and some cases difference in management of the farms, it is necessary that we do consider county yield.

Senator MILLER. All right. Thank you. Now, why do we use the 130/70 percent figures here without any recognition of the relative quality of yield? Is it practical or is it fair to take into account quality of the yield rather than just the quantity?

Mr. GODFREY. We do not have any records of the quality produced on individual farms. We do have records of the amount of pounds produced on each individual farm. We cannot take into account the actual quality.

Senator MILLER. Then why do we use 130 and 70?

Mr. GODFREY. It was an agreed-upon percentage, and I might say the task force and the advisory committee—there was some difference of opinion on this. Some wanted a wider variance, some wanted

a much narrower variance, from 85 to 115, and some went from 60 to 140. After quite a bit of discussion and some briefing by an economist, they convinced them that 130 and 70 were the best figures.

Senator MILLER. You say in this example if we use 130 that it will affect about 10 percent of the farms.

Mr. GODFREY. Yes.

Senator MILLER. Suppose we used 140. Do you have that calculated out on a percentage of farms that would be affected?

Mr. GODFREY. I will have to determine whether we did any calculation on that or not.

No, we did not.

Senator MILLER. Would it be feasible for you to get those figures for the committee?

Mr. GODFREY. It is based on a sample, now, that we had of several counties. It would be feasible to get this, and we could provide you with this; yes—based on the sample that this 130 was based upon—yes.

Senator MILLER. Yes. This 10 percent is an estimate based upon a sampling.

Mr. GODFREY. Yes.

Senator MILLER. If you could perhaps scale it out for the committee, I think this might be helpful, too, Mr. Chairman. Determine whether if, for example, we go into 140 we might have only 2 percent of the farms affected.

I have no further questions. Thank you very much.

(The information is as follows:)

Based on sample data, it is estimated that a maximum limit for an individual farm's yield set at 140 percent of the 1959-63 average county yield would affect about 3 percent of the farms growing Flue-cured tobacco. Setting a minimum limit for an individual farm's yield at 60 percent of the 1959-63 average county yield would affect less than one-half of 1 percent of the farms growing Flue-cured tobacco.

Senator JORDAN. Thank you very much. If you carry this thing far enough, you have to take into consideration how each individual farmer works, how hard he works. I had a case a few years ago where this lady wanted to sell her farm to me because it adjoined mine. I went over to look at it. There was a beautiful oak tree right in the yard there, and I said, "Why do you want to sell this farm?"

She said, "That tree ruins it."

I said, "I don't see how that tree ruins it."

She said, "You see my brother sitting under it?"

That is where he did all of his farming.

So that should be taken into consideration, also.

Any further questions from the members of the committee?

Mr. Murphy, we appreciate your testimony very much. It is very fine, and with the information that has been asked for, I think that we can arrive at a conclusion on this bill.

Did you have anything that you wanted to state further on this?

Mr. MURPHY. I believe not, Mr. Chairman. Thank you very much. We are glad to have this opportunity to appear, and we will be glad to give the committee any assistance that you wish by way of drafting or further information from time to time.

The CHAIRMAN. Thank you very much.

Thank you, Mr. Godfrey. You do not have to leave because you get off the witness stand here.

Mr. MURPHY. Thank you.

Mr. GODFREY. Mr. Chairman, we may have to leave, Mr. Murphy and myself, but we will have some technicians here from the Department who will be available through the entire hearing to furnish you any information you desire.

Senator JORDAN. Thank you very much.

Mr. Harry L. Graham, legislative assistant to the master of the National Grange.

Mr. Graham, will you come up here. We are mighty happy to have you with us this morning.

Mr. Graham represents a very fine organization. I was talking to Mrs. Harry Caldwell, your master in North Carolina the other day, on this program. In fact, I talked to her before we ever introduced this bill. I got the distinct feeling and understanding from her that the Grange was strongly behind some form of acreage-poundage control of tobacco.

We are glad to have you with us today, and we will be glad to hear from you.

#### STATEMENT OF HARRY L. GRAHAM, LEGISLATIVE REPRESENTATIVE, NATIONAL GRANGE

Mr. GRAHAM. Mr. Chairman, I am glad to be here also. Before I present this written testimony, which won't take too long to present, may I say that the North Carolina Grange as I understand it, will have somebody to testify tomorrow and the Virginia State Grange will join in a joint statement with the other farm organizations of Virginia.

Senator JORDAN. That is correct.

Mr. GRAHAM. I think what I will do in light of the time is simply file the statement and make a few comments about it, and then answer any questions which you have, or are we going to have time to even do that?

Senator JORDAN. That will be perfectly satisfactory.

(The statement referred to follows:)

My name is Harry L. Graham, legislative representative of the National Grange. It has long been apparent to the casual observer of the American scene that the use of acreage limitations as a basis for production controls cannot work in an expanding technology which rapidly increases agricultural production. The National Grange has long been concerned with the continuation of this outmoded and ineffective means of attaining the production objectives of the Agricultural Adjustment Act of 1938.

We have seen the development of hybrid seeds for almost all crops with greatly expanded production characteristics built into the seeds through advanced plant breeding. We have watched improvements in the fertilizers and their use, weed and pest control measures, revised planting procedures such as narrowing the rows and increasing the stand in corn, skip row planting in cotton, along with many other measures which have been a part of the technological revolution and the expansion of production which is so characteristic of American agriculture.

In our judgment there is no question but that some of these practices have been carried out with the deliberate intention of avoiding wholehearted participation in the spirit and letter of our production control legislation. The adoption of some of these practices by a few requires that they also be adopted by the rest of those who produce the commodities in order that they can stay in competition and even stay in business. Thus, we have built into our system of production

controls the basis for its own destruction and, although this is not the only cause for the greatly expanded surplus of tobacco that will be carried over this year, it certainly is a major contribution toward that problem.

The National Grange has held for many years that if we are going to have production controls, the controls should be expressed in terms of the unit that is used in the marketing of the commodity rather than in the acres which are permitted to be in production. In other words, we believe that quotas for cotton should be in bales, for tobacco in pounds, and for wheat, corn, rice, etc., in bushels.

It was with this in mind that the National Grange adopted the following resolution at its 98th annual session in Atlantic City, N.J., on November 1 1964:

"Whereas, the tobacco control program has served the farmer well in stabilizing prices and farmers realize the absolute necessity of adjusting the program to meet the changing conditions arising out of increased yields per acre and mounting surplus stocks: Therefore be it

*Resolved*, That the National Grange favor a control program based on acreage and poundage allotments. Such a program will remove the incentive to maximize pounds at the expense of quality and provide an effective means of limiting output to market needs and enable the grower to maintain his share of the market without engaging in a race with other growers to produce more per acre."

A study of S. 821 introduced by the distinguished Senators from North Carolina, Mr. Jordan and Mr. Irwin, has been studied with the instructions of the delegate body of the National Grange in mind. We find and are pleased to tell the committee that this bill which has been proposed would carry out the basic principles of Grange agricultural policy and especially as applied to tobacco.

Although the mechanics which are proposed for implementing this legislation are somewhat complicated and would be difficult for the average producer to understand, we view this as proper legislative procedure in that the administrative procedures as far as possible are written into the law for the purpose of directing the administration of this bill within the intent of the Members of the Congress and those of us who support the legislation.

We also note with approval the fact that this does give a little bit of leeway in a transitional period for producers, and that the provision that growers could sell up to 5 percent more than their poundage allotments the first year and then charge it against the next year's production is a reasonable method of making the transition from the acreage control to the acreage-poundage control.

The proposals to limit preliminary farm yields to 130 percent of the county average and to bring them up to 70 percent if they are under that percentage of the county average would prevent the building-in of quotas at a level that had been attained by those fortunate enough to have the capital to obtain the highest possible yields per acre, and at the same time it gives those who have been a little slower to adopt these methods an opportunity of gaining some in equity. The only question we would raise as to whether or not that 50-percent spread is too large. Although we do not have a policy on this matter and will not make a point of objecting to it at its present level, I think we would support with considerable enthusiasm attempts to bring this difference down.

Another feature of this part of the bill which we like is the carryover provision of the allotment which will permit a person who does not come up to his quota in 1 year to increase his production the following year. This is also a form of crop insurance and income protection which has considerable merit in light of the excessive drought conditions that have affected some of our producing areas during the last couple of years.

We, therefore, urge favorable action on this proposed legislation by this committee and by the Congress.

Mr. GRAHAM. Actually we would point out that the National Grange has, for many years, been in favor of a type of control which recognized the units of production and placed less dependence on acreage.

The reasons have already been given here this morning, and just as adequately as I can give them.

The main reason is it has not worked very well. We have continued to cut acreage, and we have increased our problems without coming to any substantial answers.

The end results, and we have particular interest in this field, as it relates to the family farmers, is that their acreages are simply cut

to the point where they are relatively meaningless in terms of having enough income to provide for the necessities of life.

We are concerned about the decrease in quality that comes from the emphasis that is almost entirely on production. This is afflicting a part of the tobacco industry. It is to some extent in cotton. It was a very real problem in wheat, and necessitated a cutting off of a great number and varieties of wheat from the support system because of the action that had been taken by the farmers.

I understand that there has been a shift in the production of cotton in California from the type of long-staple cotton that was in highest demand to the type of cotton that is not quite so much in demand in the market simply because pounds or the bales can be increased by changing the variety of cotton that is grown.

We think this bill comes to grips with the problem about as well as anything that could be done. I will just read for your hearing and the hearing of the folks that are here that don't have copies the resolution which we passed this last year, which incidentally originated in the North Carolina State Grange. It is very simply:

Whereas the tobacco control program has served the farmer well in stabilizing prices and farmers realize the absolute necessity of adjusting the program to meet the changing conditions arising out of increased yields per acre and mounting surplus stocks: Therefore be it

*Resolved*, That the National Grange favor a control program based on acreage and poundage allotments. Such a program will remove the incentive to maximize pounds at the expense of quality and provide an effective means of limiting output to market needs and enable the grower to maintain his share of the market without engaging in a race with other growers to produce more per acre.

The only comment I would have about the bill, and this is one which starts every time we talk about setting quotas, is that I think the committee should be extremely careful that the basis for setting these quotas will represent and reflect the historical relationships between the growers of the different areas.

In the illustration of the way this would work, I notice that the State relationships are changed slightly after application of the program from what they are at the present time. I think it behooves all of us, and I am sure that the Senators on this committee are interested in doing the same to be sure that this doesn't get into an argument between States about who is getting the best of the deal. This is the thing that can hurt us awfully fast on any of these programs.

Outside of that, I have no particular comment. We have in the testimony that we would prefer to see the difference between this 130 and 70 percent a little smaller, but Mr. Godfrey gave the reasons for putting it at that point, and the reasons appear to be valid, and we are not going to press that at all. We wouldn't have pressed it anyway.

We are in favor of the bill. We support it. We hope the committee will support it, and that the Congress will adopt it.

Senator JORDAN. Thank you very much, Mr. Graham.

Senator TALMADGE. Did you have any questions?

Senator TALMADGE. No questions.

Senator JORDAN. Mr. Bonner.

Mr. BONNER. No.

Senator JORDAN. Senator Miller.

Senator MILLER. No.

Senator JORDAN. Your statement will be put in the record in its entirety and we appreciate your remarks and appreciate your being

here and we hope you will be here tomorrow to hear the people who testify from North Carolina.

Mr. GRAHAM. I will be here tomorrow. Thank you for your courtesy.

Senator JORDAN. Mr. Palmer, chairman of the Tobacco Acreage-Poundage Legislative Committee.

We are glad to have you with us this morning, Mr. Palmer. We will be glad to hear from you at this time.

#### STATEMENT OF JOHN D. PALMER, CHAIRMAN, TOBACCO ACREAGE-POUNDAGE LEGISLATIVE COMMITTEE

Mr. PALMER. Mr. Chairman and distinguished Members of the Congress, my name is John D. Palmer. I am employed by Tobacco Associates, Inc., 1025 Connecticut Avenue, Washington, D.C.

This organization is supported almost entirely by Flue-cured tobacco growers. There are allotments on 198,000 farms in 6 States, and in the last referendum 356,000 eligible voters participated.

I have been in the tobacco business continuously for 37 years with the exception of 3 years in military service during the last war. During those years, and beginning in 1934, I have repeatedly visited practically every country in the world on matters pertaining to the sale of American tobacco, including what is now Red China. I personally know every manufacturer of importance in the free world which uses American tobacco. I am appearing here today as chairman of the Tobacco Acreage-Poundage Legislative Committee, which includes some 65 representatives from tobacco-producing areas in the United States. I believe, therefore, that I am competent to testify in the matter with which we are concerned here today.

It was known many years ago that changes were necessary in the tobacco control program. It first became evident after the 1955 crop when nearly 300 million pounds went under loan. It became glaringly evident in 1956 when more than 300 million pounds of Flue-cured went under loan.

In the 3 crop years from 1955 to 1957, acreage cuts were made totaling 37 percent. It was said at the end of the 1956 crop that there was nothing wrong in the tobacco situation that a short crop would not cure. That argument was fallacious on two scores.

First, there is no such thing as a short crop under straight acreage control unless an act of God joins forces with the proclaimed cut. That was once again borne out in the 1964 crop when acreage was cut 10 percent, as the Secretary pointed out a moment ago, yet yields increased 11½ percent with the net result that more tobacco was grown in 1964 than in 1963. If no change is made for the 1965 crop, every effort will be made to produce as much in 1965 to offset the 19½-percent acreage cut, and I am convinced that farmers will be able to do it.

The second fallacy flows from the first. The more acreage is reduced, the more quality is reduced, because of the use of high-yielding varieties and cultural practices. The more quality is reduced the more open market demand is reduced.

The procedure under which we have been working has, therefore, played directly into the hands of our competitors overseas, notably Canada, India, and Rhodesia. No competent judge of tobacco will deny that large percentages of recent crops are of no better quality

than foreign growths, and under our price support for Flue-cured, which is now over 57 cents per pound, our competitors are able to undersell us in every market in the world. We can produce the finest tobacco under the sun and our customers overseas will pay a premium for standard American tobacco, but they will not pay Tiffany prices for costume jewelry.

In many respects we are rapidly approaching a point of no return. I am convinced that we will reach that point before the end of this year if we continue on straight acreage alone. The legislation proposed by our committee, which was endorsed by 57 of the 65 members, and which was introduced under S. 821 by the distinguished senior Senator from North Carolina, the Honorable B. Everett Jordan, and cosponsored by Senator Ervin, has the support of the National Tobacco Industry Advisory Council, the U.S. Department of Agriculture, and the President of the United States. I think its basic principle also has the support of a large majority of responsible, conscientious tobacco producers in all tobacco-growing areas. Its purpose is to enable us to stop and stop far short of a point of no return. It is designed to accomplish four principal objectives:

1. To reduce the flow of tobacco going under loan and, indeed, to reverse that trend.
2. To produce tobacco for which there is open market demand.
3. To sharply reduce the cost of the program to the taxpayer.
4. Of greater importance, to save the program.

The soundness, the desirability and the advantages of these four objectives cannot be questioned. Each of the four is a separate link in a chain and like a chain the four are inseparable.

Not since the depression years has the tobacco producer been faced with problems of the magnitude he faces today. Not since then, either, has the possibility of solving these problems been more favorable or hopeful. Not since then has there been the awareness of thoughtful producers that changes must be made and made quickly; an awareness clearly recognized and fully appreciated by the Department of Agriculture, by Members of Congress from the tobacco-producing States and by the President of the United States himself. It is one of those rare occasions, if I may quote from something that was said several hundred years ago, when

There is a tide in the affairs of men  
Which taken at the flood leads on to fortune  
Omitted, all the voyages of their life  
Is bound in shallows and miseries.

Mr. Chairman, I would like for my testimony to include statements from a number of our major customers in the United Kingdom and Europe for Flue-cured tobacco. They are in the form of cables and letters, the originals of which I have here and copies of which I would like to file for the record. Details of this acreage-poundage were sent to these people with a request for their comments, and here are their answers. I would be glad to read them in full but with your permission I would like to read excerpts from a few of the more representative ones.

Senator JORDAN. That would be perfectly satisfactory, and they will be included in the record at the conclusion of your remarks.

Mr. PALMER. Thank you, sir.

The first is from the Imperial Tobacco Co. of Britain and Ireland.

Please accept our emphatic confirmation and endorsement of your action. This legislation urgently required as intelligent approach to problems of crop control and return to producing quality tobacco throughout the Bright Belt.

As was pointed out a few minutes ago, the Imperial Tobacco Co. is the largest single individual foreign purchaser of tobacco, and I think later in the day their representative, or tomorrow, Mr. Chairman, may elect to comment further.

From the second largest importer of American tobacco in the United Kingdom, the firm of Gallaher, Ltd., and which I believe buys in excess of 25 million pounds per year, there is comment by the managing director:

My company, as large buyers of American Flue-cured tobacco, would like to tell you that we strongly support this measure, if by this means the problem of crop control can be solved intelligently. We also support it strongly if this means the return to production of better quality tobacco throughout the Flue-cured Belt.

Also from London, from the largest single tobacco company in the entire world, the British-American Tobacco Co., Ltd., this statement:

We, as users of U.S. leaf in many parts of the world, fully endorse any legislation which is likely to assist in the production of quality tobacco throughout the Bright Belt.

From one of the largest manufacturers in the Benelux countries, the firm of Heintz VanLandewyck of Luxembourg. I am not reading these in total, only excerpts, Mr. Chairman:

The introduction of acreage control was in essence established to limit the quantity of tobacco grown to a reasonable level. As through the last years it definitely does not limit the crop but only deteriorates the quality because of the farmers' amplified use of chemicals, it is unrealistic to think of it as the right politic, because it lost the reason for which it was established.

Therefore, we can only emphatically endorse this new proposed legislation as of being an intelligent approach to solve this very annoying problem for all manufacturers and, last not least, for the Department of Agriculture itself.

One letter, Mr. Chairman, I ask permission to read in total, because it expresses more clearly perhaps than all of the others. It is from the firm of Tiedemanns in Norway, a firm which enjoys about 90 percent of the entire business in Norway:

It is understood that Senator B. Everett Jordan has recently introduced a bill to Congress, in which he proposes acreage and poundage control of Flue-cured tobaccos. With the vast quantities of tobacco of doubtful quality in stabilization stocks, this legislation should, I feel, be emphatically supported by all interested in the future of American Flue-cured tobaccos.

In the past, American-grown tobacco was considered to be the best that could be bought. However, the quality of Flue-cured tobaccos has been falling off year after year while prices have risen. As a result, tobaccos from other parts of the world have become more attractive, not only because of their reasonable price but, also, because the quality of these tobaccos has improved and they have become worthy substitutes for the American product that can be purchased today.

As late as in 1952, virtually all this country's purchases of Flue-cured tobacco were made in the United States. Twelve years later about a third of these purchases consist of tobaccos from other parts of the world. As you will appreciate, changes of this nature cannot be done too rapidly, but these figures show the trend that has started and will have to be continued, unless the quality of American-grown tobacco improves.

Although American tobaccos are the backbone of most of my blends today, it must be realized that this backbone is being strained to its uttermost. If American tobaccos can be improved qualitywise, the usage of "offshore" tobaccos could be halted at its present level and, over a period of time, may even be reduced.

I am as interested as the Ameridan farmer and tobacco dealer in the betterment of the quality of Flue-cured tobaccos. I very definitely prefer good quality American tobacco for any other growth and anything that can be done to improve the current position will receive my wholehearted support.

From the largest single manufacturer of tobacco, of cigarettes, in West Germany, the firm of H. F. & P. W. Reemtsma of Hamburg. This is a cable:

After 10 years continuous efforts toward an improved tobacco program our company strongly welcomes the new acreage-poundage bill recently introduced to Congress which we consider an intelligent approach to solve the enormous problem of crop control and the return to producing quality tobacco throughout the Bright Belt. We definitely hope that legislation on this bill can be completed to be in effect for the 1965 season.

From an almost equally important manufacturer in West Germany, the firm Martin Brinkmann of Bremen:

This new bill is, in our opinion as buyers of considerable amounts of U.S. leaf tobacco, of utmost importance for all American tobacco farmers and also the tobacco industry. Especially the tobacco industry in foreign countries had for the past years an enormous problem in obtaining and buying American leaf tobaccos with sufficient quality and flavor for their manufacturing products. The European tobacco industry pays considerably higher prices in the United States for their supply in Flue-cured tobacco, prices which are much higher than the prices which they have to pay for Flue-cured tobaccos in other countries.

The foreign industry can keep up these higher prices only if they are able to purchase tobaccos with enough flavor and quality in the States. In our opinion this bill of acreage-poundage control is a major step in solving the problem of the lack of quality and aroma of today's production in the Bright Belt.

That concludes my statement, Mr. Chairman.

Senator JORDAN. Thank you very much, Mr. Palmer.

I want to correct one mistake you made. I am only senior to Senator Ervin in age. I am 15 days older than he is. We were born in the same month. But he is the senior Senator from North Carolina.

Mr. PALMER. My apologies to both of you, sir.

Senator JORDAN. I appreciate the compliment.

You have a very fine statement here, and I am particularly impressed with those cablegrams and letters you have had from your foreign customers, because they, in the final analysis, are the people who are going to determine how much American tobacco is bought overseas. The documents will be included in the record at this point (The documents referred to follow:)

BRISTOL, February 15, 1965.

JOHN D. PALMER,  
Washington D.C.:

Understand you are strongly supporting new acreage-poundage bill recently introduced by Senator B. Everett Jordan to Congress. Please accept our emphatic confirmation and endorsement of your action. This legislation urgently required as intelligent approach to problems of crop control and return to producing quality tobacco throughout the bright belt.

IMPERIAL TOBACCO Co.

GALLAHER, LTD.,  
London, February 5, 1965.

Mr. JOHN D. PALMER,  
President, Tobacco Associates, Inc.,  
Washington, D.C.

DEAR MR. PALMER: We understand that a new acreage-poundage bill has recently been introduced by Senator B. Everett Jordan to Congress and that this is up for discussion next week.

My company, as large buyers of American Flue-cured tobacco, would like to tell you that we strongly support this measure, if by this means the problem of crop control can be solved intelligently. We also support it strongly if this means the return to production of better quality tobacco throughout the Flue-cured belt.

You may use this letter in any way you think fit in relation to negotiations with Congress.

Yours sincerely,

E. J. FOORD.

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BRITISH-AMERICAN TOBACCO CO., LTD.,  
London, February 5, 1965.

JOHN D. PALMER, Esq.,  
President, Tobacco Association, Inc.,  
Washington, D.C.

DEAR SIR: We are given to understand that Senator B. Everett Jordan has recently introduced to Congress a bill to cover acreage-poundage for the production of U.S. Flue-cured tobacco.

We, as users of U.S. leaf in many parts of the world, fully endorse any legislation which is likely to assist in the production of quality tobacco throughout the bright belt.

Yours faithfully,

ALBERT E. BENNETT,  
Manager, Leaf Department.

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HEINTZ VAN LANDEWYCK,  
Luxembourg, February 5, 1965.

Mr. JOHN D. PALMER,  
President of Tobacco Associates, Inc.,  
Washington, D.C.

DEAR MR. PALMER: We acknowledge receipt of Mr. J. D. Payne's cable asking our position concerning the new acreage-poundage bill for flue-cured tobacco recently introduced to Congress by Senator Jordan.

We can only confirm what the writer of this letter already told Mr. J. D. Palmer during his last visit in Washington D.C.: The only realistic approach for the solution of the crop control problem and the return to quality tobacco throughout the bright belt, is a simultaneous limitation of acreage and poundage.

The introduction of acreage control was in essence established to limit the quantity of tobacco grown to a reasonable level. As through the last years it definitely does not limit the crop but only deteriorates the quality because of the farmers' amplified use of chemicals, it is unrealistic to think of it as the right politic, because it lost the reason for which it was established.

Therefore, we can only emphatically endorse this new proposed legislation as of being an intelligent approach to solve this very annoying problem for all manufacturers and, last but not least, for the Department of Agriculture itself.

With our kindest regards and all our best wishes, we beg to remain,

Very truly yours,

J. P. THILL.  
ROBERT MEYER.

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OSLO, NORWAY,  
February 5, 1965.

Mr. JOHN D. PALMER,  
Tobacco Associates, Inc., Washington, D.C.

DEAR SIR: It is understood that Senator B. Everett Jordan has recently introduced a bill in Congress in which he proposes acreage and poundage control of Flue-cured tobaccos. With the vast quantities of tobacco of doubtful quality in stabilization stocks, this legislation should, I feel, be emphatically supported by all interested in the future of American Flue-cured tobaccos.

In the past, American-grown tobacco was considered to be the best that could be bought. However, the quality of Flue-cured tobaccos has been falling off year after year, while prices have risen. As a result, tobaccos from other parts of the world have become more attractive, not only because of their reasonable price but, also, because the quality of these tobaccos has improved and they have become worthy substitutes for the American product that can be purchased today.

As late as in 1952, virtually all this country's purchases of Flue-cured tobacco were made in the United States. Twelve years later about a third of these purchases consist of tobaccos from other parts of the world. As you will appreciate, changes of this nature cannot be done too rapidly, but these figures show the trend that has started and will have to be continued, unless the quality of American-grown tobacco improves.

Although American tobaccos are the backbone of most of my blends today, it must be realized that this backbone is being strained to its uttermost. If American tobaccos can be improved qualitywise, the usage of "offshore" tobaccos could be halted at its present level and, over a period of time, may even be reduced.

I am as interested as the American farmer and tobacco dealer in the betterment of the quality of Flue-cured tobaccos. I very definitely prefer good quality American tobacco for any other growth and anything that can be done to improve the current position will receive my wholehearted support.

Any action you can take to further this cause will receive my full and unqualified endorsement.

Wishing you all success in this project, I remain,

Yours very truly,

J. L. TIEDEMANN'S TOBAKSFABRIK.  
JOH. H. ANDRESEN.

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HAMBURG, February 5, 1965.

Mr. JOHN D. PALMER TOBACCO ASSOCIATES, INC.,  
Washington, D.C.:

After 10 years continuous efforts toward an improved tobacco program our company strongly welcomes the new acreage poundage bill recently introduced to Congress, which we consider an intelligent approach to solve the enormous problem of crop control and the return to producing quality tobacco throughout the Bright Belt. We definitely hope that legislation on this bill can be completed to be in effect for the 1965 season.

WERNER NEIDEL, *Reemtsmafabrik.*

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BREMEN, February 5, 1965.

Mr. JOHN D. PALMER TOBACCO ASSOCIATES, INC.,  
Washington, D.C.

DEAR MR. PALMER: Recently a new acreage poundage tobacco bill was introduced by Senator B. Everett Jordan to the American Congress. This new bill is, in our opinion, as buyers of considerable amounts of U.S. leaf tobacco, of utmost importance for all American tobacco farmers and also the tobacco industry. Especially the tobacco industry in foreign countries had for the past years an enormous problem in obtaining and buying American leaf tobaccos with sufficient quality and flavor for their manufacturing products. The European tobacco industry pays considerably higher prices in the United States for their supply in Flue-cured tobacco, prices which are much higher than the prices which they have to pay for Flue-cured tobaccos in other countries.

The foreign industry can keep up these higher prices only if they are able to purchase tobaccos with enough flavor and quality in the States. In our opinion this bill of acreage poundage control is a major step in solving the problem of the lack of quality and aroma of today's production in the Bright Belt.

We therefore suggest that you use all your influence that this bill will be passed in Congress.

Yours very truly,

MARTIN BRINKMANN AG.  
D. POLACK.  
D. FAHL.

ANDREW CHALMERS INTERNATIONAL LTD.,  
Walford, England, February 5, 1965.

Mr. JOHN D. PALMER,  
President, Tobacco Associates, Inc.,  
Washington, D.C.

DEAR SIR: We understand that positive moves are now afoot to replace acreage control of tobacco production by poundage control.

We support this action as a first step to solving the serious problems arising from the acreage control system of the past, and believe that control of tobacco by weight is the only answer to the problem of continually mounting surpluses of tobacco in the hands of the Flue-cured Stabilization Corporation.

It is to be hoped that poundage control will bring to an end the bad cultivational practices of close planting, overfertilization, the use of certain varieties of high-yielding tobacco seed, and high topping of plants.

In giving our support to the bill recently introduced to Congress by Senator B. Everett Jordan, we must reserve our judgment on the actual details of the new control scheme until we have had time to study their implications.

Yours faithfully,

P. H. MACK,  
Chairman and Managing Director.

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BASILDON, February 5, 1965.

JOHN D. PALMER, Esq.,  
President, Tobacco Associates, Inc.,  
Washington, D.C.

DEAR SIR: I am taking this opportunity of writing to you as I feel that you might like to know that we heartily endorse the efforts you are making to influence the passage of the new acreage-poundage bill recently introduced by Senator B. Everett Jordan to Congress.

We feel that the introduction of acreage-poundage controls will go some way toward improving the overall quality of Flue-cured tobacco now being grown in the United States.

It is, of course, clear that the present system of acreage control alone has many flaws, not the least of which has been the encouragement of cultural practices on the part of the farmer to produce poundage at the expense of quality, and it is therefore hoped that the effects of the new bill will be to place greater emphasis on the quality aspects of American tobacco and in the normal course of events this must make American tobacco more acceptable to markets which have been forced to find alternative sources of supply.

We congratulate you in your efforts to support the bill and trust they will meet with some success.

Yours faithfully,

CARRERAS, LTD.  
C. R. L. MATCHETT, Director.

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TABACOFINA S.A.,  
Antwerp, February 5, 1965.

Mr. JOHN D. PALMER,  
Tobacco Associates, Inc.,  
Washington, D.C.

DEAR MR. PALMER: We have heard about the new acreage-poundage bill recently introduced by Senator B. Everett Jordan.

As a matter of principle, we are, of course, in favor of any measure that will improve the quality of Flue-cured tobacco.

Acreage-poundage control is a move in that direction. But we fear that, due to those steps, certain grades, especially export ones, may eventually disappear from the floors or show a sharp reduction in poundage. This would mean very higher prices for those types, with the consequence that eventually the continental manufacturers would have to be on the lookout for other sources of supply.

We have especially in mind certain grades of tobacco out of the nondescript group.

For further information, if required, will you please contact Mr. H. N. Visser, president of Cumberland Export Tobacco Co., Inc., Richmond, Va., who is taking care of our purchases?

With kindest regards, we are, dear Mr. Palmer,

Yours very truly,

UNION FINANCIÈRE BELGE DES TABACS.

H. PETTEROE TOBAKKFABRIKK,  
Oslo, February 5, 1965.

Mr. JOHN D. PALMER,  
Tobacco Associates, Inc.,  
Washington, D.C.

DEAR MR. PALMER: I understand that you are fighting in favor of Senator B. Everett Jordan's bill to Congress for an acreage-poundage control.

If it can be of any help to you I want to give you my wholehearted support.

Every since acreage cuts started, usability of U.S. Flue-cured tobaccos has decreased, the result of which necessarily has led to switching over to Flue-cured tobaccos from other countries.

Wishing you full success in your endeavor to the benefit of the tobacco industry and the consumers.

Very truly yours,

H. PETTEROE.

BREMEN, February 5, 1965.

Mr. JOHN D. PALMER,  
President of Tobacco Associates, Inc.,  
Washington, D.C.

DEAR MR. PALMER: With great interest we have heard from our suppliers of Flue-cured Virginia tobacco that recently Senator Everett Jordan introduced to the Congress an acreage-poundage bill in order to build up the reorganization respectively the reform of the production of American Virginia tobaccos.

We think that the efforts in this direction should be of enormous interest to all growers and exporters of Flue-cured American Virginia tobaccos.

We know very well this problem as we had to state that in the course of the last years the European tobacco manufacturers are using more and more substitutes grown in other countries. The reason is that the quality of the original U.S. Virginia tobaccos has gone down and that the prices are considerably higher. If you should succeed in bringing up the quality of your tobaccos to their old well-known standard we are sure that you can increase your export again.

You know that our house has many old relations and friends among the American tobacco dealers and you may be assured that we have seen with deep regret the development of the Flue-cured tobacco business.

The circumstances have forced us to reduce the import of American Virginia tobaccos from year to year and to look after any other bright tobaccos grown in other parts of the world.

We hope that the Congress will accept the new acreage-poundage bill and that this will be the basis of the renewing of the production of first-quality Virginia tobaccos.

With our best personal regards we remain, dear Mr. Palmer,

Very truly yours,

HOFFMANN & LEISEWITZ.

LONDON.

PALMER TOBACCO ASSOCIATES,  
Washington, D.C.:

Having spent average 3 months on Flue-cured markets every season bar one since prestabilization corporation days and regretfully observed accelerating deterioration in quality of crops, certainly from main export users point of view, most strongly support you in efforts to change existing control system to acreage poundage.

WADDELL SIEMSEN.

BRUXELLES, *February 5, 1965.*JOHN D. PALMER TOBACCO ASSOCIATES,  
*Washington, D.C.:*

Belgian and Luxemburgian tobacco industry support warmly efforts to influence passage of the new acreage-poundage bill recently introduced by Senator B. Everett Jordan to Congress insofar as they do not involve a sensible reduction of supply of some export grades for which Europe and especially Belgium have a great and permanent need at reasonable prices.

P. KATTELA,  
*In FEDTAB.*KOELNTELEX.  
*February 5, 1965.*Mr. JOHN PALMER,  
*President, Tobacco Associates, Inc.,*  
*Washington, D.C.*

Reference is made to the new acreage-poundage bill recently introduced by Senator Everett Jordan to Congress. We strongly support this legislation to solve the problem of crop control for the benefit of more desirable qualities of Flue-cured tobacco. A solution which should be beneficial to the American farmers and all manufacturers using U.S. Flue-cured. We do hope this bill will pass in due time for the crop grown in 1965.

HAUS NEUERBERG KOELN.

SOCIÉTÉ FRANÇAISE DES TABACS EN FEUILLES.  
*Paris, February 5, 1965.*Mr. JOHN D. PALMER,  
*President, Tobacco Associates, Inc.,*  
*Washington, D.C.*

Mr. PRESIDENT: We beg to acknowledge receipt of your letter of January 1 announcing us the appointment of Mr. James Denis Payne as your director for Europe.

We thank you for this information. We have the pleasure to know Mr. J. D. Payne and think that no other would have been more qualified and capable than he at this post.

We take the opportunity of the present letter to let you know that we have followed with interest in the U.S. tobacco revues all articles regarding the new acreage-poundage bill which was recently introduced by Senator B. Everett Jordan to the U.S. Congress.

As a firm specialized for so many years in the trade of leaf tobaccos and particularly in Flue-cured tobaccos of all origins, please allow us to give you our opinion in this matter.

We find since a few years that in a general way the quality of the Flue-cured tobaccos of the United States is slowly going down, probably due to a too strong production per acre, and we think that the amendment moved by Senator B. Everett Jordan represents an intelligent and constructive solution to solve the enormous problem of crop control and to return to producing quality tobacco throughout the bright belt, this permitting to your production to be exported more easily and giving full satisfaction to the buyers abroad.

We believe that our opinion is shared by the majority of merchants and manufacturers in Europe.

Very truly yours,

A. TARDY.

AMSTERDAM *February 5, 1965.*Mr. J. D. PALMER,  
*President, Tobacco Associates, Inc.,*  
*Washington, D.C.*

GENTLEMEN: We understand that a new acreage-poundage bill has been introduced to Congress by Senator B. Everett Jordan.

We fully endorse this proposal as being an intelligent approach to solve the problem of crop control and as a first step to produce better quality tobacco throughout the bright belt.

We may add that the latter can only be achieved through improved cultural practices and not by eliminating lower leaf.

Sincerely yours,

TURMAC TOBACCO Co., N.V.

STICHTING SIGARETTENINDUSTRIE,  
The Hague, Netherlands, February 5, 1965.

Mr. JOHN D. PALMER,  
President, Tobacco Associates, Inc.,  
Washington, D.C.

DEAR MR. PALMER: On several occasions, notably during my visit 2 years ago, you informed me of the limited effect the acreage control produced because in the course of years it led to an artificial rise of the poundage per acre accompanied by the deterioration of quality.

It is understandable that you aim at the institution of a control on yield and thus on quality, as well as on acreage. I understand that a bill has been introduced to Congress to that effect.

If you should ask me whether such a double control would also be in the interest of the industry, I think the answer ought to be in the affirmative for the obvious reason that the industry wishes to make a quality product. Naturally, the reservation must be made that such a control would be regulated in such a way as to avoid the discontinuation of those grades the Netherlands industry needs.

Very sincerely yours,

PETER M. PAUW,  
President.

BRUSSELS, February 8, 1965.

Mr. JOHN D. PALMER,  
Tobacco Associates, Inc.,  
Washington, D.C.

DEAR MR. PALMER: Senator B. Everett Jordan recently introduced a new acreage-poundage bill.

We consider this legislation as a wise approach to solve the problem of crop control and we are in favor of this measure improving also the quality. But, we draw your attention on the fact that, under these circumstances export grades like nondescripts, may eventually disappear and kindly ask you to reconsider this point.

We remain, dear Mr. Palmer,  
Yours very truly,

S.A. ED. LAURENS LE KHÉDIVE, N.V.

ETABLISSEMENTS GOSSET, SOCIÉTÉ ANONYME,  
MANUFACTURE DE TABACS ET CIGARETTES,  
Brussels, February 5, 1965.

Mr. JOHN D. PALMER,  
President of Tobacco Associates, Inc.,  
Washington, D.C.

MR. PRESIDENT: We have learned that the officials (authorities) of your country anticipate taking severe steps to reduce production of tobacco. This reduction would be on planted surface (acreage) and also on the average output (yield) per acre.

We understand the necessity of the reduction in the planted surface on account of too plentiful stocks—and although we are of the opinion that quality production should always be encouraged—we would, however, request that grades usually purchased by foreign customers, such as the Belgian manufacturers, would always be found on the market in sufficient quantities so as to permit purchases at reasonable and competitive prices compared with tobaccos from other countries.

We thank you for your kind cooperation and remain,

Yours very sincerely,

(S) A. GROESSENS,  
Administrateur-Directeur.

Senator JORDAN. As you know, and as all of the tobacco people know, our export business has been slipping. It is going to keep on deteriorating unless we improve our quality. I wish Senator Cooper were here. He is going to be back very shortly.

We were both delegates to the NATO conference last November. We finished up the conference on Friday afternoon. We went down to the agricultural attaché in Paris and talked to him about our problems, which, as you know, are mighty acute with the French Government, with the tariff they are putting on American tobacco. At that time he made dates for us to see the Ambassadors to the Common Market, not the Ambassador to Belgium, but to the Common Market. It is handled by the Ambassador and his associates to the Common Market. We were to see them on Saturday morning. We caught a train before daylight out of Paris into Brussels and met with them about noon that day and they all emphasized that American tobacco must get back to a quality tobacco if we were going to hold what we have got now.

I think that this bill should go a long way in restoring our quality and helping us to hold our export market and to increase it if possible, and I think we can, if we get the kind of tobacco that they want, because they use our tobacco largely for blending, is that correct?

Mr. PALMER. That is correct, sir.

Senator JORDAN. We buy Turkish tobacco to blend with our cigarettes and they buy American tobacco over there to blend with their cigarettes.

Mr. PALMER. Yes, sir.

Senator JORDAN. Once they have lost their flavor and taste for American tobacco, it is gone for good. We must do something about this, and I think as quickly as possible, and I hope this year.

Senator Talmadge, do you have some questions?

Senator TALMADGE. No.

Senator JORDAN. Mr. Bonner?

Mr. BONNER. I want to compliment Mr. Palmer for the leadership he has taken on this subject. It is outstanding, and I think those who are deeply interested in the improvement of this great American crop should extend to you a lot of thanks.

Mr. PALMER. Thank you, Mr. Bonner.

Mr. BONNER. I have heard your testimony over in the House. I have enjoyed hearing you today and I appreciate the efforts you are making.

Mr. PALMER. Thank you very much. I appreciate that deeply.

Mr. BONNER. Mr. Palmer, I would like to follow up, if I may, Senator Jordan.

Senator JORDAN. Yes, indeed.

Mr. BONNER. As to your view on putting a little something in this bill that can give consideration to those areas who have suffered from the elements which destroyed their crop in these 5 years under which this program will be conducted, in seeking the poundage that will be allocated to the counties' individual farms of the areas.

Mr. PALMER. Mr. Bonner, I think there should be some provision, either written specifically into the bill, perhaps, or some flexibility allowed to the Secretary, both of which would accomplish the same thing.

Mr. BONNER. The same thing that happened in any State in tobacco-growing States, or in any community. You therefore think that something should be put in here that could adjust this situation?

Mr. PALMER. I certainly do, sir, because tobacco is a commodity that is so flexible by its very nature as to qualities and if you write a bill that is too hidebound—

Mr. BONNER. Before you leave, then, where in the present bill should that be placed, and in just what type of language? I refer to Senator Jordan's bill, S. 821. If you will just refer to that, just give a suggestion as to where that might be put as an amendment to the bill.

Mr. PALMER. Mr. Bonner, might I have permission to do that later, at such time when I can study it.

Mr. BONNER. I am over here in the Senate as a guest, you know, and the Senator from North Carolina and the Senator from Georgia have been so kind to me.

Senator TALMADGE. We are honored to have you, sir.

Mr. BONNER. I appreciate this opportunity. I am greatly interested in this subject.

Senator JORDAN. I might add that you are very welcome as a guest and you will be welcome through the entire hearings. We will be glad to have your comments.

Mr. PALMER. I would, however, like to confer with the Department, with the members of the Department of Agriculture as to the most appropriate place for that.

Senator JORDAN. I am sure that will require a little bit of study.

Mr. PALMER. Yes, sir.

Senator JORDAN. Before you can give a definite answer on it.

Mr. PALMER. Yes.

Senator JORDAN. Senator Cooper, I announced that you would be right back, and you are always very prompt. I had the pleasure of commenting a while ago about the time you and I were delegates to the NATO Conference, and when the Conference ended on Friday afternoon, we went down to our Embassy in Paris and talked to the agricultural attaché about tobacco.

He made a date for us to go to Brussels the next morning, and we did leave before daylight. We had a real good visit in Brussels that day with the officials of the Common Market, and they stressed, as I pointed out a minute ago, Senator Cooper, and I will be glad to have your comment on it, that American tobacco, if it is going to retain its place in the market and carry 17½ cents tariff per pound, we have to get our quality up to justify their continuing to buy our tobacco. I would be glad to have Senator Cooper comment on that.

Senator COOPER. Yes, we did visit our representatives there in the Common Market, the Ambassador to the Common Market and his staff, and Senator Jordan has reported accurately on it.

Our tobacco exports are under great competitive pressure by tobaccos from other countries, and they did state that quality is the element which keeps our tobacco exports active in Europe—and Europe is our dollar market. They were very anxious that greater attention be paid to quality.

We also have great problems in connection with the Common Market itself and the restrictions placed on imports of American tobacco; but quality was the word which they stressed.

Senator JORDAN. Do you have anything further?

Mr. PALMER. No, sir.

Senator JORDAN. Gentlemen and ladies, we will recess until 2 o'clock for lunch. I want to thank all of you who are here.

I hope you can all be back after lunch, because this is a very interesting and informative hearing.

(Whereupon, at 12:30 p.m., the hearing adjourned to reconvene at 2 p.m. the same day.)

AFTERNOON SESSION

Senator JORDAN. The committee will please come to order.

Mr. L. T. Weeks and Mr. Carl T. Hicks.

I would appreciate it if you would both occupy these chairs and be in a position to testify together, if you so like, and you will be able to answer questions together.

You are both from the Stabilization Corp.

Mr. Weeks, are you going to testify first?

Mr. WEEKS. First, if I may, sir.

Senator JORDAN. You certainly may.

Will you please give your full name and who you represent for the record, please.

**STATEMENT OF L. T. WEEKS, GENERAL MANAGER, FLUE-CURED TOBACCO COOPERATIVE STABILIZATION CORP., RALEIGH, N.C.**

Mr. WEEKS. Mr. Chairman and members of the committee, I am L. T. Weeks, general manager of Flue-Cured Tobacco Cooperative Stabilization Corp. (herein after referred to as "Stabilization"), Raleigh, N.C.

Stabilization was incorporated under the Cooperative Marketing Act of the State of North Carolina on June 1, 1946, and began operations on August 12, 1946. It has operated continually since that time. Inasmuch as it serves all flue-cured tobacco growers, it is domesticated in the States of Virginia, South Carolina, Georgia, and Florida.

Stabilization was organized for the purpose of making available price support for Flue-cured tobacco to growers, as their agent, by administering the price-support program under contractual arrangements with Commodity Credit Corporation. Only Flue-cured tobacco growers are eligible for membership and Stabilization has 640,000 members.

During its 19 years of operations, Stabilization has received 3,022 million pounds of Flue-cured tobacco or more than 12 percent of the total production for the past 19 years. This entire quantity of tobacco is tobacco which failed to sell for as much as or more than the support price when it was offered for sale by the producer at the auction warehouse. Stabilization is holding in storage today 954 million pounds of tobacco which is 36 percent greater than the inventory a year ago and is an alltime high. Of this amount, 80 percent comes from the 1962, 1963, and 1964 crops. Sales for the past 3 calendar years from all crops have amounted to 215 million pounds as compared to receipts of 799 million pounds for the corresponding period.

There are several factors that have contributed to this situation. Some of them are:

1. Production has exceeded disappearance each of the past 3 years.
2. Increased yields per acre.
3. The type of tobacco that has been produced as related to acceptability in the market.

At the present time, the total supply of tobacco approximates 650 million pounds in excess of what is defined as a normal supply.

During the years 1961-64, yield per acre has risen 400 pounds and for the past 10 years, nearly 1,000 pounds.

The following tables will show the change that has taken place in the kind of tobacco that has been produced during the past 5 years and how this change has affected the kind of tobacco received by Stabilization:

TABLE 1.—*Change in the 10-year average computed percentage of crop composition by grade groups*

Crop	Standard grades (percent)	Substandard grades (percent)	Nondescript (percent)
1960.....	75.9	17.2	3.7
1964.....	62.6	26.7	6.2
Change.....	-13.3	+9.5	+2.5

TABLE 2.—*Composition of Stabilization's receipts by grade groups*

Crop	Standard grades (percent)	Substandard grades (percent)	Nondescript (percent)
1960.....	69.8	20.6	9.6
1964.....	41.6	54.3	4.1
Change.....	-28.2	+33.7	-5.5

You will note in table 1 that there has been a decrease in the volume of tobacco which qualified for standard grades and an increase in the substandard and nondescript grades for the period 1960-64. In table 2, you will note that the volume of tobacco which Stabilization has received in standard grades has decreased, substandard grades has increased, and the nondescript has decreased. These two tables indicate the trend that has existed for many years and the acuteness of the shift from standard grade tobacco to substandard grade tobacco during the past 4 years.

You will note in table 1, where the computed percentage going into standard grades has decreased by 13 percent, from 1960 to 1964, at the same time the substandard grades has increased by 9½ percent. Then when we look at table 2, the amount of tobacco going into the inventory of Stabilization, standard grades has decreased by 28 percent, while the substandards have increased by 33 percent.

With the type of production control program that has been in operation continuously since 1939, and with a price-support program that began in 1946, there is incentive for the grower to produce as many pounds per acre as possible and in many instances this has been

done with the knowledge that tobacco, regardless of its market acceptability, would be disposed of and the support price would protect the production of high-yielding substandard tobacco. This situation may be expected when there is a limitation on the acres that can be planted to tobacco, with no limitation as to the number of pounds that may be sold from each acre, with a support price to protect production practices of this kind. This practice in most instances gives higher returns per acre than an all-out effort to produce tobacco which is most acceptable in the market.

As of December 31, 1964, Stabilization owed to Commodity Credit Corporation \$606 million in principal and \$46 million in interest, or a total of \$652 million on the 1957-64 crops. The losses sustained on the 1955 and 1956 crops are not included in the above figures.

As of December 31, 1964, there had been invested in the 285 million pounds received from the 1964 crop slightly more than \$175 million. To carry this tobacco for 1 year will add another \$7 million which means that there would be a total of \$182 million invested before any appreciable quantity of the tobacco moves into trade channels. Sales experience shows that a relatively small quantity of any crop of tobacco moves into trade channels the first year in storage.

The proposed acreage-poundage program under consideration offers many features that will alleviate many of the problems confronting the American Flue-cured tobacco industry. Failure to modify the program to place incentive on market acceptability of tobacco for 1965 can only bring about a repetition of 1964, so far as the amount and kind of tobacco coming into Stabilization under the price support program is concerned. A repetition of 1964 would add approximately \$185 million to the \$652 million now owed to Commodity Credit Corporation. Of course, any sales that take place this year would be deducted from the total amount of money owed to Commodity Credit Corporation a year from now.

During the past 3 years, total sales from Stabilization's inventory have amounted to 215 million pounds, of which 101 million pounds was from the 1955 and 1956 crops, after prices were reduced, bringing about the first losses in the price support program for Flue-cured tobacco. During the calendar year 1964, there were only 33 million pounds of tobacco sold. With a repetition of 1964's sales experience during the year 1965, it is entirely possible that a year from now Stabilization would be holding in storage a minimum of 1,150 to 1,200 million pounds, or almost a total year's use based upon the current rate of disappearance.

If the proposed acreage-poundage program becomes a reality for the 1965 crop, it is estimated that a maximum of 75 million pounds would be received, thereby reducing the total quantity of tobacco received from the 1965 crop by more than 200 million pounds below the 1964 crop receipts, which would reduce the investment by Commodity Credit Corporation by approximately \$137 million. During the past three marketing seasons, total purchases from the auction warehouse floors by all companies amounted to an average of 1,120 million pounds per year. The quantity purchased from the auction warehouse floors, plus the quantity purchased from Stabilization's inventory, averaged 1,193 million pounds per year for each of the 3 years. The acreage-poundage proposal under consideration would limit the marketable production to 1,150 million pounds. Regardless

of conditions, Stabilization will receive a quantity of tobacco each year. Assuming that 75 million pounds, which is higher than receipts for either of the years 1959, 1960, or 1961, is the quantity that Stabilization receives in 1965, this would bring the total purchases of the companies to 1,075 million pounds. At present, there is an annual disappearance of approximately 1,250 million pounds. This would mean that 150 to 200 million pounds of tobacco would be purchased from the inventory of Stabilization, thereby giving a net reduction to its alltime high inventory and which would reduce Commodity Credit Corporation's investment of more than \$100 million.

In addition to these advantages of the acreage-poundage proposal, it would also place an incentive for the grower to follow fertilization, cultural, and other practices which would tend to produce tobacco with market acceptance throughout the world. This is the strongest selling point that American tobacco has in the world market. The competitors of American Flue-cured growers in other countries in the world can and are producing tobacco that is competitive to much of the tobacco currently being produced in this country and at a price advantage over American tobacco due to a lower cost of production.

Failure to modify the present program to take incentive away from pounds and place it upon market acceptability will only cause the problem to become greater so far as the marketability of American tobacco is concerned. Other countries will continue to increase their production while acreage reductions and increased yields continue here, with less market acceptability and with additional heavy losses on the tobacco program.

Thank you, Mr. Chairman.

Senator JORDAN. Thank you very much, Mr. Weeks.

Senator Talmadge, do you have any questions?

Senator TALMADGE. No questions.

Senator JORDAN. Senator Cooper?

Senator COOPER. As I understand your proposal regarding the production figures to be fixed for Flue-cured tobacco, the total production aimed for the first year would be less than the actual use of tobacco?

Mr. WEEKS. That's correct. As I understand the proposal of the act, it provides for a maximum marketable production of 1,150 million pounds, and the total disappearance is approximately 1,250 million.

Senator COOPER. Of course, the purpose of that is to reduce the amount in storage.

Mr. WEEKS. Yes, sir. That would be very helpful.

Senator COOPER. Then I think this should be brought out—although I do not remember that it has been. Assuming that this acreage-poundage program went into effect and that the production fixed for a number of years at the beginning was less than the use of tobacco, so that Government storage was steadily reduced to a tolerable amount, then I assume it would be the purpose of the Department of Agriculture to increase the poundage allowed to each individual producer. I don't think that has been made clear.

Mr. WEEKS. Senator Cooper, not being an employee of the Department of Agriculture, if it is all right with you, I would like to refer that to Mr. Turner back here.

Senator COOPER. I think it should be brought out—because I think there might be an assumption on the part of some that once poundage is fixed, it is forever eternal. But I would assume, from the way you describe this program, that when the storage is reduced, it is possible that all farm poundage quotas could be increased.

Mr. TURNER. That is correct, Senator Cooper.

Senator JORDAN. Mr. Hicks, do you have a statement to add?

**STATEMENT OF CARL T. HICKS, PRESIDENT, FLUE-CURED TOBACCO COOPERATIVE STABILIZATION CORP., RALEIGH, N.C.**

Mr. HICKS. Mr. Chairman, and gentlemen, I just wanted to say, as president of the Stabilization Corp., I fully concur in Mr. Weeks' statement.

Our board has seriously considered this problem, and with your permission, I would just like to read the resolution that was adopted at our last board meeting. It is very short.

We wholeheartedly support the bill introduced in the Senate on Tuesday, January 28, 1965, which would give the tobacco growers the privilege to approve or disapprove the principle of adjusting production through an acreage-poundage control program.

That resolution was unanimously adopted by the board of directors. As you know, our directors are represented from all the States.

As a grower, I would like to say that I wholeheartedly endorse it. I have been in favor of the principle for many, many years—back in the 1955, 1956, 1957 period. And I think it does have greater merit in the possibility of adjusting supplies in line with effective demands, and improving the marketability of the tobacco that we growers produce.

Senator JORDAN. Thank you, sir.

If there are no further questions, we appreciate your being with us, and the fine testimony you have brought before us.

If it is agreeable with the other witnesses, I am going to call Mr. Gregory, of the Imperial Tobacco Co., of Richmond. I understand he has to get back very quickly.

We are going to try to accommodate all of our witnesses who were good enough to come and testify here and meet their plane schedules, or whatever it might be.

Mr. Gregory, would you state your name and address and whom you represent.

**STATEMENT OF JOHN M. M. GREGORY, JR., PRESIDENT, AMERICAN LEAF ORGANIZATION OF THE IMPERIAL TOBACCO CO. OF GREAT BRITAIN AND IRELAND, LTD., RICHMOND, VA.**

Mr. GREGORY. Senator Jordan and gentlemen, I am John M. M. Gregory, Jr., president of the American Leaf Organization of the Imperial Tobacco Co. of Great Britain and Ireland, Ltd. Our organization's headquarters are in Richmond, Va., where they have been for some 35 years. For over 150 years our constituent branches have bought tobacco from the United States. Our organization now buys mainly Flue-cured tobacco, of which we are the largest single exporter.

In recent years it has become more and more difficult for us to fill our orders due to a steady deterioration in quality and a continued

rise in price. The point has been reached and passed where the poor value-for-money of American tobaccos drives us to seek our purchases in alternative markets where there has been a manifest willingness to supply our needs.

The prosperity of the tobacco industry in the United Kingdom has been built upon the quality, aroma, and smoking flavor of American tobaccos. We need, and will continue to need the types such as have, in the past, enabled the American product to dominate the world's markets. We deeply regret the inability of the growers here to furnish to the specifications of our orders.

In our minds there is no doubt that the control of production by acreage limitation has been the cause of the quality deterioration, because it has placed the incentive overwhelmingly on raising the maximum number of pounds per acre. This, backed by the support price which, too often, is above the marketable value of the tobacco, has guaranteed the grower his return, almost regardless of the quality (as judged by the buyers) which he produces. The superabundance under loan by the Commodity Credit Corporation is ample evidence of disruption in the quality-price relationship of the U.S. product, and that the present relationship is decreasingly acceptable to the buyers.

To restore this relationship so that the U.S. product once more becomes attractive at the market, a change is needed in the control system to one which puts the major incentive on the production of quality, aroma, and smoking flavor, so traditionally characteristic of American tobaccos. In our view an acreage-poundage system would do this. We, therefore, wholeheartedly support the aims of the bill under consideration.

May I end this submission by drawing attention to one point of fundamental importance. A return to better quality would enhance or restore the competitive power of American tobaccos in the world's markets, but only if current prices remain stable. If prices at auction increase as a result of the introduction of acreage and poundage then the good effect of the new system of control will be lost in proportion as the imbalance, already referred to, reappears.

Thank you.

Senator JORDAN. Thank you very much, Mr. Gregory.

Senator TALMADGE. No questions.

Senator COOPER. No questions.

Senator JORDAN. That is a very strong indictment against the type of tobacco we now have for sale.

Mr. GREGORY. It certainly is. I certainly hope this bill will pass Congress, because the quality of the tobacco is of great importance to us, as we are not able to flavor our cigarettes as they are on the domestic markets. We have to use straight tobacco, and we try to buy the best that is offered.

Senator JORDAN. Thank you very much, sir.

Mr. Clay, will you give your name and address and whom you represent to the reporter, please.

#### STATEMENT OF ALBERT G. CLAY, PRESIDENT, BURLEY AUCTION WAREHOUSE ASSOCIATION, MOUNT STERLING, KY.

Mr. CLAY. Thank you. Mr. Chairman and distinguished gentlemen of the committee, I am Albert G. Clay, of Mount Sterling, Ky. I am president of the Burley Auction Warehouse Association, a

trade group comprising over 90 percent of all tobacco auction warehouses that sell burley tobacco grown in Kentucky, Tennessee, North Carolina, Virginia, West Virginia, Ohio, Indiana, and Missouri. These warehousemen are marketing agents for over 300,000 burley growers.

I am also a member of the Secretary of Agriculture's National Tobacco Advisory Committee and was a member of the stabilization program's task force which was established to study and recommend changes in the present tobacco program.

I want to thank this committee for the privilege of making this appearance. As one who has spent over 20 years working with tobacco farmers and their programs and who is vitally interested in the preservation of a sound tobacco economy, I come before this distinguished group to speak in favor of Senate bill 821, which provides for referendums by types of tobacco so that farmers may choose between acreage quotas and acreage-poundage quotas.

Until recently, the tobacco program for all types has truly been a success story. For all tobacco growers it has been their Magna Carta of economic salvation. They are indebted to this committee and to the Congress for the recognition you have given to the problems peculiar to the production and marketing of tobacco. You have a warm place in our hearts for the consideration we received before this committee in 1948 and we will be eternally grateful for your service then and for the Cooper-Barkley amendment to the Agriculture Act of 1948 in the 80th Congress.

Tobacco growers, through their leadership, have always recognized the wisdom of recommending changes to improve their program. Time and time again, after drastic cuts in acreage, growers have voted overwhelmingly for continuation of their production control and price support program. In 1954, after producing a record crop of 150 million pounds over disappearance and after the Secretary of Agriculture had proclaimed a 10-percent acreage cut for 1955, the burley growers sensed storm warnings on the horizon and asked the 84th Congress to pass Public Law 21, which provided for a re-determination of the 1955 quota. This was accomplished, and on March 31 the Secretary of Agriculture proclaimed a 25-percent acreage cut for 1955. On April 28, 1 month from the time the bill was passed, 340,822 burley growers voted in a referendum and approved controls and price supports by a 96-percent majority.

I might say here, Mr. Chairman, that I think this is most significant, as the time element then was quite comparable to the present situation in Flue-cured. It has been insinuated in certain quarters that maybe there is not enough time to put this program into effect for Flue-cured for 1965.

In burley, March 31, 1955, legislation was passed. April 28, a referendum was voted, and we started planting in May.

The same thing can be done in Flue-cured. If legislation is passed in the month of February or even the early part of March, a referendum can be held even the latter part of March and the first of April, and there will still be plenty of time for planting in April.

Once again the tobacco program is in danger because of an over-supply of Flue-cured and maybe some other types, and urgent action is required. This time, however, the grower leadership realizes that additional acreage cuts are no longer the answer. Acreage limits

alone are not only failing to control production but are steering us down a course of worsening quality and diminishing markets at home and abroad.

The merits of the proposed legislation are that it is a step in the direction of limiting supply with an incentive toward quality. The quality incentive is realistic in that it certainly should cut down on excess use of nitrogen, sucker controls, and heavy yielding varieties, all of which have helped to create our problem. This bill has not been drawn in haste or panic; it is the result of compromise, fairness, and diligent study by many people interested in the survival of our tobacco program. It is a constructive attempt to submit for grower approval a choice of continuing on the same road and risking economic destruction or trying another path that will get their house in order and save a program that has stabilized their income for almost a quarter of a century.

I believe that this committee and the Congress of the United States will want to give them, the growers, the right to make such a choice.

Some of you might ask why I, as a representative of the burley industry, take such a strong stand in favor of legislation that will affect only Flue-cured tobacco in 1965. Historically, the strength and effectiveness of our tobacco program has been because of the unit within our industry. We recognized long ago that "united we stand, divided we fall" and, as a burley representative, I welcome the opportunity to go on record as favoring any tobacco legislation that will improve or help stabilize our present tobacco program. As you gentlemen know, Senate bill 821 does not limit itself to the Flue-cured type but provides that the Secretary of Agriculture, in his discretion, may call for a referendum for acreage-poundage quotas for other types when he feels that it would result in a more effective marketing quota program for that kind of tobacco. How could anyone object to letting the growers decide whether they want to make a change that will improve their program? And this is exactly what the bill provides.

Although our burley patient is not quite as sick as the Flue-cured patient at this time, most of us recognize that our patient has some of the same symptoms and may need a similar dose of medicine in the near future.

In closing, may I quote from President Johnson's farm message to the Congress:

The tobacco program must be reappraised this year. Yield increases, high Government costs, deterioration of quality, and loss of foreign markets have weakened what has been a highly successful program. Legislation is needed to authorize production and marketing limits on an acreage-poundage basis.

I thank you, Mr. Chairman, for this privilege of appearing before this committee.

Senator JORDAN. Mr. Clay, I appreciate the very fine statement you have made. I think it is most significant that you, representing the burley growers, have come out in favor of this program on Flue-cured tobacco. Not all people are that farsighted.

Senator TALMADGE?

Senator TALMADGE. No questions.

Senator JORDAN. Senator Cooper?

Senator COOPER. Mr. Chairman, members of the committee, I not only feel that I should say what I am going to say, but I want very much to do so.

I would like to tell this committee what I am sure many of you know—that Mr. Albert Clay, of Mount Sterling, Ky., a typical community in the tobacco-growing counties of Kentucky, is one of the distinguished citizens of our State, in addition to being one of the most expert on tobacco problems.

I know from my own knowledge and experience that for over 20 years he has addressed himself to the issue of keeping our tobacco program effective and strong, and he has not been afraid to take an issue in this field.

I have great regard for his testimony, as I am sure the committee will have. He qualifies also as a tobacco grower over a long period of years.

I would like to ask you this question, Mr. Clay. It is along the lines of the same question I asked Mr. Murphy. It relates specifically to burley tobacco.

Last year there was an acreage cut of 10 percent. This year there was another cut of 10 percent. Is it your judgment that even with these cuts, if use of tobacco and the production of burley tobacco continue along the same line followed in 1964, there would nevertheless be a surplus which would be taken over under our cooperative system?

Mr. CLAY. I am afraid, Senator Cooper, that if history is any indication of what could happen in the future as far as increased yields, the answer to your question is "Yes." I am afraid we would have to face further acreage cuts under the present system we now have.

Senator COOPER. With your knowledge of past trends, and your knowledge and your ability to project the future trends, would you say that without an unusual increase in the disappearance or use of tobacco, or without some natural disaster such as a drought which would reduce production of tobacco, that the present program would lead to successive cuts throughout the coming years?

Mr. CLAY. My answer to that is yes. To back my statement up—in 1963, as you well know, we produced the largest burley crop that has ever been produced, 750 million. We took a 10-percent cut. As has been indicated in earlier testimony, we had a rather severe drought and got an additional 9-percent cut, which totaled about 19. We still produced around 620 million this year, and our disappearance is around 571 million. So it would indicate that even though we get additional acreage cuts which we have, 10 percent this year, that we could, in the very near future, be in just as much trouble or more serious trouble than Flue-cured, which would require, under the present program, drastic acreage cuts for the future.

Senator COOPER. From your long experience in the tobacco fields and your wide acquaintance among Kentucky tobacco growers, can you comment as to whether or not this proposed plan has been tested as far as independent tobacco growers in our State are concerned?

Mr. CLAY. Senator Cooper, we have not had the opportunity to present this particular bill to the tobacco growers of Kentucky because it was devised, as you know, within the last month or so, and there is no contemplation of burley, as I understand it, going to the acreage poundage in 1965. We are voting on referendums on February 25 for a continuation of our price-support program and acreage production controls for 1965, 1966, and 1967. So this particular piece of

legislation we have not had the opportunity to bring to the growers of Kentucky as yet.

Senator COOPER. I would like to make one more comment. Of course it is self-evident, but I would say that Mr. Clay expresses and represents the position which I think is held by many tobacco leaders in our State—that although burley is our chief interest, yet they recognize the total program is interrelated and interconnected, as shown by his testimony here, particularly with reference to Flue-cured.

Senator JORDAN. Thank you very much, sir. We appreciate this fine testimony.

Mr. CLAY. Thank you, Mr. Chairman.

Mr. JORDAN. Mr. William Lanier, president of the Georgia Farm Bureau Federation.

Mr. Lanier, we are glad to have you with us today.

Senator TALMADGE. Mr. Chairman, may I make a comment. I have known Mr. Lanier all of his adult life. He served for many years in the Georgia House of Representatives with great distinction, where he was chairman of the committee on agriculture. He resigned as a member of the General Assembly of the State of Georgia to become State director of the ASCS committee, and the farmers of our State recently elected him president of the Georgia Farm Bureau Federation.

He is a farmer in his own right, operating a diversified farm in Candler County, Ga., where he produces tobacco.

We are very happy to have you before this committee.

#### **STATEMENT OF WILLIAM L. LANIER, PRESIDENT, GEORGIA FARM BUREAU FEDERATION, METTER, GA.**

Mr. LANIER. Thank you, Senator.

Senator JORDAN. Mr. Lanier, will you give your name, address, and who you represent for the record.

Mr. LANIER. Mr. Chairman, gentlemen, my name is William L. Lanier. I am president of the Georgia Farm Bureau Federation. As Senator Talmadge told you in presenting me, I have lived on a tobacco farm all my life.

The policy of the Georgia Farm Bureau for 1965 is: We support the present tobacco program with each tobacco type being allotted based on utilization. We recommend that if cuts are necessary in tobacco allotments they be made in areas where highest percentage of excess tobacco goes into stabilization. Therefore, my statement will be in opposition to S. 821.

Poundage-acreage attempts are not new. You will recall in 1957 the late Kerr Scott of North Carolina introduced a poundage-acreage bill in the Senate. Immediately thereafter hearings were conducted throughout the Flue-cured Belt to determine grower response. Producers overwhelmingly denounced this approach. The sentiments in Georgia are still opposed to this monstrosity and for the same reasons. The tobacco produced in Georgia has found its way in the normal channels of trade. A very small percentage of our tobacco goes into tobacco stabilization, therefore, the tobacco producers in Georgia know that they are presently producing quality tobacco and see no reason why they should be subjected to the poundage-acreage controls.

I would like to digress for a moment to remind you of a remark our distinguished junior Senator made this morning and suggest to the committee that hearings be held in the tobacco-producing areas similar to what they were in 1957.

A telephone call this morning to my hotel informed me that the chairman of the House Agriculture Committee in Congress had introduced a poundage-acreage bill, and is requesting hearings to be held.

I would like to say to this committee, sir, that I would believe it advantageous to the producer and to the members of this congressional committee to be a part of such a hearing team out in the field, because the tobacco allotments in Georgia are such that very few would be able to pay the transportation to our National Capital, that could go to places within our State to voice their opinions.

Senator JORDAN. I might say in connection with that—I certainly would have no objection to it. But our hearings will be completely available to the House, and I am sure theirs will be available to this committee, too—which is fine. But whatever Mr. Cooley does, of course we will have the advantage of those hearings, and Mr. Cooley will have the advantage of these hearings here also.

There is certainly no objection to having them in the field, except the time factor involved right now. But I am not saying we won't do that.

Mr. LANIER. Yes.

The base period in S. 821 for computing poundage, is 1959-63. I would like to review with you a chart showing the weighted percentage of gross sales by types of Flue-cured tobacco delivered to the Stabilization Corp.

Years	11(a)	11(b)	12	13	14
1959.....	11.0	5.3	2.1	4.1	1.1
1960.....	6.2	3.1	4.3	2.9	1.3
1961.....	6.4	3.8	7.6	2.6	3.8
1962.....	30.1	19.0	15.5	9.9	2.4
1963.....	43.6	21.7	14.2	12.2	2.8
5-year average.....	20.4	11.1	9.0	6.6	2.3
1962-63.....	36.7	20.3	14.8	11.0	2.6

Type 14 is principally grown in Georgia, a few acres in Alabama, and some in the State of Florida. In the testimony this morning more than one person has given reference to a statement by Imperial Tobacco Co. relative to quality and our need for it.

If you gentlemen would care to, if you would look at the *Blue Tag* lawsuit that was held in Brunswick, Ga., and heard by Judges Scarlett, Jones, and Simpson, that the head of Imperial Tobacco Co. testified and it is a matter of public record that the tobacco grown in my country is the tobacco that is far superior to any tobacco grown in the world.

From the above chart it will be noted that type 14 tobacco has consistently placed a smaller percentage of tobacco in the stabilization program. For the last 2 years, in the base period (1962-63) the percentage of tobacco delivered to Stabilization for type 14 was only 2.6 percent; whereas, the other four types were contributing as high a percentage as 36.7 percent and for 1963 in one case it was 43.6 percent.

Inasmuch as the program needed at this time is one designed to move tobacco into the markets and not add to the stocks of the Stabilization Corp., we feel that some additional consideration should be given to the growers of type 14 tobacco.

During the period 1959-63, type 14 constituted 13.6 percent of the total pounds of tobacco. During this same period, type 14 tobacco contributed only 3.1 percent of the tobacco placed in the loan. This indicates a difference of more than 10 percent between pounds produced and pounds put in loan.

This bill, S. 821, is presented under a quality banner. We contend we already have quality and should not be fed from the same spoon as those who grow tobacco for Stabilization Corp.

I repeat—the sentiment in Georgia is in opposition to poundage-acreage but if such a program or related program should come that negative consideration be given to amount of tobacco that finds its way to Stabilization Corp. rather than find its way into normal trade channels.

Tobacco producers are asking many questions:

(1) Have we acted in good faith by having the producers case a ballot in referendum on December 15, 1964, and then subject them to another at transplanting time?

(2) The study committee recommended a poundage program—why acreage? Under this proposal a producer could produce much less than his poundage quota and yet not be eligible for price support because he exceeded his acreage allotment.

As a tobacco farmer, Mr. Chairman, and gentlemen of the committee, I fail to see the merit of poundage-acreage—if you are going to limit the producer to this same area, this same spot in which he produces his tobacco, I do not feel that we are going to get the quality that you seek to get in this piece of legislation. If you are going this way at all, I would certainly suggest to the committee and to the Congress that they delete this word “acreage” in this proposal.

(3) Why the simple majority vote being proposed originally opposed to the two-thirds that has always existed? Is this because a certain State that has 65.97 percent of the Flue-cured allotment is also a very heavy contributor to stabilization? And with simple majority vote this State within itself could determine the destiny of tobacco programs.

This bill limits the pounds that can be sold by a producer. If a farmer produces more than his quota he will destroy his poorer quality—there is a market for less desirable tobacco—then a producer will sell better quality to satisfy this less quality demand at a lower price.

How would this program affect a multitenant farm?

How would this program affect a farm that changed ownership between cropping years relative to the following year poundage quota?

Would poundage-acreage program cause producers to plant desirable varieties? Can they do this with black-shank-infested soils?

This bill contains a 5-percent carryover from current year to following year—how will this affect tenancy when you have a different tenant the following year?

Didn't we at one time have a poundage quota? Why did we abandon it?

As a matter of fact, we have abandoned it twice. The first tobacco program in America, perhaps 200 years ago, that we had a poundage

and even a leaf control, it was abandoned, and we have already had a poundage one, and it has been abandoned.

Doesn't poundage-acreage further complicate the program with no increase in quality tobacco?

My analysis of the thinking of the Georgia tobacco producer is that he is strongly opposed to poundage-acreage controls on tobacco.

Thank you, Mr. Chairman.

Senator JORDAN. Thank you very much, Mr. Lanier.

Senator TALMADGE. Mr. Chairman, I have a few questions.

Senator JORDAN. Yes.

Senator TALMADGE. Mr. Lanier, I believe you stated you represented the Georgia Farm Bureau Federation.

Mr. LANIER. Yes, sir.

Senator TALMADGE. How many members do you have?

Mr. LANIER. Approximately 45,000.

Senator TALMADGE. How many of them produce tobacco?

Mr. LANIER. Oh, about a third.

Senator TALMADGE. How do you know you speak the sentiments of the Georgia tobacco producers?

Mr. LANIER. Well, in the Georgia Farm Bureau Federation we have a tobacco commodity committee. I have spoken to those people. I have called many people on the telephone. There are few days I have not had speaking engagements. And when the field force leaves our office, going into any tobacco producing county, I ask them to inquire at the meetings and of individuals that they come in contact with to sound them out on whether or not they favor or oppose this poundage-acreage.

Senator TALMADGE. What did your inquiry reveal as to the percentage of the tobacco farmers that oppose or that are in favor of the bill?

Mr. LANIER. I would say that 90 percent oppose. For my own personal knowledge, I have talked to only one producer, one farmer in Worth County, that favored this poundage-acreage proposal.

Senator TALMADGE. I believe you said the main thrust of your argument was that the tobacco produced in Georgia is of such quality that it finds a ready market for cash, and doesn't go into CCC; is that correct?

Mr. LANIER. That's right, sir.

Senator TALMADGE. What type tobacco is that?

Mr. LANIER. Type 14.

Senator TALMADGE. Is that type also produced in the other Flue-cured tobacco areas?

Mr. LANIER. No, sir. Type 14 is grown in Georgia, Florida, and Alabama.

Senator TALMADGE. Why is it produced there only and not in the other areas?

Mr. LANIER. This typing is older than I am, Senator, and what the reason for typing is at the outset was I don't know, other than the difference in soil and difference in climate. Therefore it has an effect on the quality of tobacco.

Senator TALMADGE. How much of that finds its way into CCC?

Mr. LANIER. About 2.6 percent of type 14.

Senator TALMADGE. That would mean, then, that 97.4 percent is sold for dollars on the auction floors.

Mr. LANIER. Yes, sir. And I might add this, Senator. My belief is that less than 2.6 percent of the tobacco grown goes into Stabilization. A lot of that is tobacco that is being transported from elsewhere, that is sold on our northern market, which the Stabilization take is greater than in the middle and southern markets.

Senator TALMADGE. Now, you made an argument, I believe, that if we are going to have a poundage bill, a combination of pounds and acres would not be necessary. Did I understand you?

Mr. LANIER. I think it would kill one of the intents, Senator, of this legislation.

As I understand it, this bill is presented primarily, in the words of the author and others, to increase quality. One of the arguments in quality is spacing. Now, I fail to see how you are going to obtain the quality that you seek in this piece of legislation when you are going to confine the producers to the same spot.

So if you are doing this right at all, my suggestion would be poundage and let him grow it on 1 acre, 5 acres, or 10 acres.

Senator TALMADGE. In other words, your contention is if he has a 2-acre allotment and his allotted 2 acres and, say, 3,000, or whatever his poundage may be—that that would not necessarily reduce the quality if the farmer decided to produce his 3,000 pounds on 5 acres or 6, if he wanted to.

Is that the thrust of your argument?

Mr. LANIER. Yes, sir.

Senator TALMADGE. In other words, if it works down to a poundage proposition, your view would be that there would be no acreage limitation required.

Mr. LANIER. That's right, sir.

Senator TALMADGE. Well, then, would there be any opportunity for a farmer, if he had a 2- or 3-acre allotment, say, to try to produce all of his tobacco on 1 acre or 1½ acres?

Mr. LANIER. Well, under the provisions of this bill he could do the same. He would not have to plant his maximum. He could still produce it under the provisions of this bill on a lesser quantity of acreage.

Senator TALMADGE. In other words, your theory then, is that you limit poundage.

The farmer could use his own best judgment in expanding his acreage to produce the same poundage and thereby increase the quality; is that correct?

Mr. LANIER. Yes, sir. And one of the provisions here, Senator, is that a man would have—he would have an allotment of poundage, say 3,000 pounds. He could exceed his acreage allotment by one-tenth of an acre. He would only produce, say, 10,000 pounds, which is half of his base, but he would not get price supports for the 10,000 pounds because he had exceeded his acreage allotment.

Senator TALMADGE. And not exceeded his poundage.

Mr. LANIER. Have not even approached his poundage.

Senator TALMADGE. He would make no contribution toward surplus, but at the same time he would forfeit his right to price support. Is that the thrust of your argument?

Mr. LANIER. Yes, sir.

Senator TALMADGE. You also made some reference in the statement to the fact that all of the previous tobacco referendums have been based on a two-thirds vote.

Mr. LANIER. Yes, sir.

Senator TALMADGE. Is that—has that been historically true of all of them?

Mr. LANIER. I have known of no referendum on tobacco or any other commodity that was less than two-thirds, sir.

Senator TALMADGE. Is that true of all other farm commodity groups?

Mr. LANIER. To the best of my knowledge; yes.

Senator TALMADGE. You think the reason therefor is to get a broad consensus of opinion of all the producing areas affected?

Mr. LANIER. Yes, sir.

Senator TALMADGE. Is that the thrust of your argument?

Mr. LANIER. Yes, sir.

Senator TALMADGE. You also suggested, I believe, that some farm hearings be held in the field where the farmers that produce the tobacco could come in and have their say.

Mr. LANIER. Yes, sir. Senator, as you well know, the tobacco allotments in Georgia are relatively small.

Senator TALMADGE. What is the average allotment there?

Mr. LANIER. About  $2\frac{1}{4}$ ,  $2\frac{1}{2}$  acres.

Senator TALMADGE. Is that prior to the  $19\frac{1}{2}$ -percent reduction or before?

Mr. LANIER. Yes, sir.

Senator TALMADGE. So it is approximately 2 now?

Mr. LANIER. Approximately 2 acres. This is not being said to embarrass or humiliate anyone, but I am sure that there are persons in this room that have an allotment big enough that they can come and testify for themselves to our Nation's Capital, whereas the size of the allotments in Georgia are such that very few could afford to come here. And I think it would be well if we had these hearings in the field where they could commute and let their wishes be known.

Senator TALMADGE. You think that is also true of little tobacco farmers throughout the Flue-cured tobacco area? Do you think many of them can afford to pay their way to Washington to testify about a farm bill?

Mr. LANIER. No, sir.

Senator TALMADGE. Your argument is, in order to find the true sentiment of the farmer himself, we need to go where farmers are.

Mr. LANIER. Yes, sir.

Senator TALMADGE. Thank you. I have no further questions.

Senator JORDAN. Senator Cooper?

Senator COOPER. I would say first, Mr. Chairman, and Senator Talmadge, that the witness has asked very searching questions, and I would hope that the committee would ask the Department of Agriculture to respond to those issues that he has raised.

Senator TALMADGE. Mr. Chairman, if it is in order, I would request that the Department of Agriculture be requested to give us information about the particular questions that Mr. Lanier asked, about how the bill would operate. That is what you suggested, wasn't it?

Senator COOPER. Yes.

Senator TALMADGE. I concur.

Senator COOPER. I have one more question.

You have stated, Mr. Lanier, that as far as Georgia is concerned, a small percentage of Flue-cured tobacco has gone under Government loan, compared to other States; is that correct?

Mr. LANIER. That is right, sir.

Senator COOPER. But if this trend continues in other States, and large amounts of tobacco are raised to go into loan stocks, your farmers in Georgia would have to take the cuts along with all the other Flue-cured?

Mr. LANIER. Not necessarily, sir. I would say this—

Senator COOPER. I mean under existing law.

Mr. LANIER. I think the reasonable approach to a question of this nature—and now I am speaking for Bill Lanier, and not the Georgia Farm Bureau Federation, I am speaking as a tobacco producer—that a bill relative to poundage-acreage be based on historical poundage as contained in Senate bill 821, so many points be given to that, and so many points be given to their contribution to stabilization, because we want to reward people who produce quality.

If in your orchard you had an excess of trees, you would not necessarily—if you wanted to destroy 10, you would not destroy 5 poor ones and 5 good ones. You would pluck from that orchard your less productive, the ones producing fruit that is not edible.

So I say we need a two-pronged approach to this—poundage history, and the contribution toward stabilization. Because our tobacco is a quality of such that it will go in the normal channels of trade. So our people do not understand why we should suffer in this reduction.

Senator COOPER. But you do at present?

Mr. LANIER. Sir?

Senator COOPER. You do at present, under existing law.

Mr. LANIER. Oh, yes, sir.

Mr. GREGORY. Mr. Chairman, may I ask a question?

Senator JORDAN. Very well.

Mr. GREGORY. You made a statement which you attributed to the Imperial Tobacco Co. at the beginning of your talk. Could you tell me when and who made that statement?

Mr. LANIER. I don't know—I cannot recall the gentleman's name offhand. But if you will check the *Blue Tag Tobacco* case, it was held in Georgia a few years ago—that was presided over by Judge Scarlett, Judge Jones, and Judge Simpson—you will read the statement from a very prominent official of your firm who stated that our type 14 was the superior tobacco grown in the world.

Mr. GREGORY. I am afraid you stretch out a little bit, or have been mistaken in the quotation. We do think the tobacco grown in Georgia is good tobacco, or was good tobacco up until the last few years, when the introduction of MH-30 which is heavily used in Georgia.

Mr. LANIER. Is Georgia the only State using MH-30?

Mr. GREGORY. It is used in all belts. But that combined with other agricultural practices has certainly caused the quality of Georgia

tobacco to deteriorate to a great extent. And I am afraid that there has been a slight misunderstanding on your part as to what our company thinks. We do not think that that Georgia tobacco is superior to any other tobacco. And I speak as head of the company.

Mr. LANIER. Sir, I still maintain that the comments that I made relative to a statement from Imperial Tobacco Co. is true, and a correct statement. And I would further say that the buying companies have told us time and time again that the varieties that is most acceptable to the buying companies is the Hicks variety, and 96 or 97 percent of the seed sold in Georgia over the last several year has been of the Hicks variety.

Senator TALMADGE. Mr. Chairman—Mr. Lanier, would you have access to the record of that hearing in the *Blue Tag* court decision?

Mr. LANIER. Yes, sir.

Senator TALMADGE. Could you get us a copy of the statement that you are referring to, and submit it as a part of your record in this testimony?

Mr. LANIER. I would be delighted to, sir.

Senator TALMADGE. Fine.

Now, Mr. Chairman, I am going to ask at this time that our staff of the committee be requested to obtain from the Department of Agriculture all the data pertaining to the acreage allotments, production, and stocks by types, and so forth, now in CCC, and those that find their sale in the ready market.

Senator JORDAN. Fine.

(The information is as follows:)

*Flue-cured tobacco, types 11 to 14: Domestic supplies, disappearance, season average price, and price-support operations for specified periods*

[Farm-sales weight]

Year	Production	Stocks, July 1	Supply	Disappearance <sup>1</sup>		
				Total	Domestic	Exports
	Millions of pounds	Millions of pounds	Millions of pounds	Millions of pounds	Millions of pounds	Millions of pounds
Average, 1947-49.....	1,174	1,458	2,632	1,108	715	393
1950.....	1,257	1,485	2,742	1,185	757	428
1951.....	1,453	1,557	3,010	1,279	777	502
1952.....	1,365	1,731	3,096	1,244	828	416
1953.....	1,272	1,852	3,124	1,209	778	431
1954.....	1,314	1,915	3,229	1,173	744	429
1955.....	1,483	2,056	3,539	1,281	728	553
1956.....	1,423	2,258	3,681	1,170	705	465
1957.....	975	2,511	3,486	1,178	737	441
1958.....	1,081	2,308	3,389	1,179	736	443
1959.....	1,081	2,210	3,291	1,185	766	419
1960.....	1,251	2,106	3,357	1,267	792	475
1961.....	1,258	2,090	3,348	1,267	782	485
1962.....	1,408	2,081	3,489	1,208	777	431
1963.....	1,371	2,282	3,653	1,274	776	498
1964 <sup>2</sup> .....	1,382	2,379	3,761	-----	-----	-----

Year	Average price per pound	Price- support level <sup>3</sup>	Placed under Government loan		Remaining in Government loan stocks on Nov. 30, 1964 <sup>4</sup>
			Quantity	Percentage of crop	
	Cents	Cents	Millions of pounds	Percent	Millions of pounds
1950.....	54.7	45.0	77.6	6.2	0
1951.....	52.4	50.7	142.2	9.8	0
1952.....	50.3	50.6	<sup>5</sup> 165.0	12.1	0
1953.....	52.8	47.9	151.4	11.9	0
1954.....	52.7	47.9	130.2	9.9	0
1955.....	52.7	48.3	298.9	20.2	0
1956.....	51.5	48.9	319.9	22.5	0
1957.....	55.4	50.8	107.8	11.1	27.0
1958.....	58.2	54.6	144.8	13.4	64.8
1959.....	58.3	55.5	55.3	5.1	18.6
1960.....	60.4	55.5	51.8	4.1	31.2
1961.....	64.3	55.5	70.5	5.6	53.9
1962.....	60.1	56.1	237.2	16.8	225.7
1963.....	58.0	56.6	277.2	20.2	254.3
1964.....	<sup>2</sup> 58.3	57.2	285.6	20.7	<sup>6</sup> 285.6
Total.....	-----	-----	2,515.4	-----	<sup>6</sup> 961.1

<sup>1</sup> Year beginning July 1.

<sup>2</sup> Subject to revision.

<sup>3</sup> Through 1959—90 percent of parity price; 1960 set at 1959 level; from 1961 on, adjusted to reflect relative change between 1959 parity index and average of parity index for 3 most recent calendar years.

<sup>4</sup> As reported by Flue-cured Tobacco Cooperative Stabilization Corp.; actual loan stocks on a packed-weight basis average about 11 percent less than these farm-sales weight figures.

<sup>5</sup> An additional 78,400,000 pounds under option to British manufacturers were pledged for CCC loans, but were purchased and shipped by mid-1953.

<sup>6</sup> Includes quantities received from marketings through Dec. 17, when season ended.

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Burley tobacco, type 31: Domestic supplies, disappearance, season average price, and price-support operations for specified periods

[Farm-sales weight]

Year	Production	Stocks, Oct. 1	Supply	Disappearance <sup>1</sup>		
				Total	Domestic	Exports
	Millions of pounds	Millions of pounds	Millions of pounds	Millions of pounds	Millions of pounds	Millions of pounds
Average, 1947-49	550	939	1,489	530	493	37
1950	499	1,000	1,499	518	488	30
1951	618	981	1,599	538	506	32
1952	650	1,061	1,711	548	519	29
1953	564	1,163	1,727	529	494	35
1954	668	1,198	1,866	519	486	33
1955	470	1,347	1,817	518	484	34
1956	506	1,299	1,805	510	482	28
1957	488	1,295	1,783	506	478	28
1958	465	1,277	1,742	518	483	35
1959	502	1,224	1,726	535	499	36
1960	485	1,191	1,676	549	508	41
1961	580	1,127	1,707	570	525	45
1962	675	1,137	1,812	584	531	53
1963	755	1,228	1,933	571	514	57
1964 <sup>2</sup>	631	1,412	2,043			

Year	Average price per pound	Price- support level <sup>3</sup>	Placed under Government loan		Remaining in Government loan stocks on Nov. 30, 1964 <sup>4</sup>
			Quantity	Percentage of crop	
	Cents	Cents	Millions of pounds	Percent	Millions of pounds
1950	49.0	45.7	44.2	8.9	0
1951	51.2	49.8	97.3	15.7	0
1952	50.3	49.5	103.9	16.0	0
1953	52.5	46.6	102.1	18.1	0
1954	49.8	46.4	221.4	33.2	0
1955	58.6	46.2	73.1	15.6	0
1956	63.6	48.1	6.0	1.2	0
1957	60.3	51.7	16.6	3.4	1.9
1958	66.1	55.4	11.2	2.4	1.2
1959	60.6	57.2	13.2	2.6	.8
1960	64.3	57.2	8.4	1.7	.5
1961	66.5	57.2	10.3	1.8	1.7
1962	58.6	57.8	63.5	9.4	60.2
1963	59.2	58.3	202.8	26.9	186.0
1964	<sup>5</sup> 61.0	58.9	(?)	(?)	(?)
Total			974.0		252.3

<sup>1</sup> Year beginning Oct. 1.

<sup>2</sup> Subject to revision.

<sup>3</sup> Through 1959—90 percent of parity price; 1960 set at 1959 level; from 1961 on, adjusted to reflect relative change between 1959 parity index and average of parity index for 3 most recent calendar years.

<sup>4</sup> Actual loan stocks on a packed-weight basis average about 11 percent less than these farm-sales weight figures.

<sup>5</sup> About 3,700,00 pounds of these holdings were sold recently.

<sup>6</sup> Auction average through Dec. 22.

<sup>7</sup> Through mid-December about 82,000,000 pounds, 16½ percent of deliveries, went under loan.

Maryland tobacco, type 32: Domestic supplies, disappearance, season average price and price-support operations for specified periods

[Farm-sales weight]

Year	Production	Stocks following Jan. 1 <sup>1</sup>	Supply	Disappearance <sup>2</sup>		
				Total	Domestic	Exports
	Millions of pounds	Millions of pounds	Millions of pounds	Millions of pounds	Millions of pounds	Millions of pounds
Average, 1947-49	38.0	45.8	83.8	35.6	27.6	8.0
1950	40.0	53.4	93.4	35.5	27.1	8.4
1951	41.6	59.3	100.9	33.3	26.7	6.6
1952	40.2	64.9	105.1	40.3	32.5	7.8
1953	40.5	65.4	105.9	36.4	28.4	8.0
1954	43.8	68.6	112.4	36.1	27.9	8.2
1955	31.5	77.5	109.0	38.6	25.7	12.9
1956	36.5	69.7	106.2	34.9	21.4	13.5
1957	38.5	69.4	107.9	37.0	25.0	12.0
1958	31.1	70.9	102.0	39.4	24.1	15.3
1959	31.2	64.2	95.4	32.3	20.4	11.9
1960	34.7	61.7	96.4	35.6	23.6	12.0
1961	38.8	60.6	99.4	32.6	20.7	11.2
1962	40.6	67.3	107.9	30.7	19.5	11.2
1963	34.0	76.5	110.5	30.5	1.80	12.5
1964 <sup>3</sup>	39.0	<sup>4</sup> 80.5	119.5			

Year	Average price per pound	Price-support level <sup>5</sup>	Placed under Government loan		Remaining in Government loan stocks on Nov. 30, 1964 <sup>6</sup>
			Quantity	Percentage of crop	
			Millions of pounds	Percent	
	Cents	Cents	Millions of pounds	Percent	Millions of pounds
1950	48.2	48.6	5.5	13.8	0
1951	44.8	(?)			
1952	48.8	(?)			
1953	54.5	50.4	6.7	16.5	0
1954	40.3	(?)			
1955	50.8	(?)			
1956	51.7	47.0	3.3	9.0	0
1957	44.9	48.0	5.9	15.3	1.7
1958	62.5	50.8	1.1	3.6	.2
1959	61.6	(?)			
1960	63.8	50.8	1.6	4.6	.5
1961	62.0	50.8	3.7	9.5	1.4
1962	55.8	51.3	6.0	14.8	2.9
1963	43.3	51.8	10.4	30.6	10.4
1964		<sup>8</sup> 52.3			
Total					17.1

<sup>1</sup> For marketing quota purposes, the carryover and total supply of Maryland tobacco are calculated as of Jan. 1, falling within the marketing year Oct. 1 through Sept. 30.

<sup>2</sup> Year beginning Oct. 1.

<sup>3</sup> Subject to revision.

<sup>4</sup> Estimated.

<sup>5</sup> Through 1959—90 percent of parity price; 1960 set at 1959 level; from 1961 on, adjusted to reflect relative change between 1959 parity index and average of parity index for 3 most recent calendar years.

<sup>6</sup> Actual loan stocks on a packed-weight basis average about 2 percent less than these farm-sales weight figures.

<sup>7</sup> No price support. Marketing quota not in effect since over 1/3 of growers voting disapproved.

<sup>8</sup> Auctions scheduled to start Apr. 21, 1965.

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Fire-cured tobacco, type 21: Domestic supplies, disappearance, season average price, and price-support operations for specified periods

[Farm-sales weight]

Year	Production	Stocks, Oct. 1	Supply	Disappearance <sup>1</sup>		
				Total	Domestic	Exports
	Millions of pounds	Millions of pounds	Millions of pounds	Millions of pounds	Millions of pounds	Millions of pounds
Average, 1947-49 .....	12.9	22.5	35.4	12.8	5.3	7.5
1950 .....	12.8	23.1	35.9	11.3	5.9	5.4
1951 .....	13.4	24.6	38.0	11.0	6.3	4.7
1952 .....	12.2	27.0	39.2	10.5	5.5	5.0
1953 .....	9.2	28.7	37.9	11.7	6.9	4.8
1954 .....	10.6	26.2	36.8	10.2	6.0	4.2
1955 .....	10.5	26.6	37.1	12.7	6.7	6.0
1956 .....	10.7	24.4	35.1	10.3	4.8	5.5
1957 .....	8.6	24.8	33.4	9.6	4.2	5.4
1958 .....	9.4	23.8	33.2	10.7	5.3	5.4
1959 .....	10.0	22.5	32.5	10.3	4.9	5.4
1960 .....	8.9	22.2	31.1	10.2	4.0	6.2
1961 .....	9.8	20.9	30.7	10.8	5.5	5.3
1962 .....	9.5	19.9	29.4	9.2	4.1	5.1
1963 .....	6.2	20.2	26.4	9.6	3.0	6.6
1964 <sup>2</sup> .....	10.0	16.8	26.8	-----	-----	-----

Year	Average price per pound	Price- support level <sup>3</sup>	Placed under Government loan		Remaining in Government loan stocks on Nov. 30, 1964 <sup>4</sup>
			Quantity	Percentage of crop	
	Cents	Cents	Millions of pounds	Percent	Millions of pounds
1950 .....	36.3	34.3	2.4	18.8	0
1951 .....	39.2	37.4	2.6	19.4	0
1952 .....	35.5	37.1	2.4	19.7	0
1953 .....	35.6	35.0	.7	7.6	0
1954 .....	34.4	34.8	2.1	19.8	0
1955 .....	31.3	34.6	1.8	17.1	0
1956 .....	39.5	36.1	1.7	15.9	.5
1957 .....	38.7	38.8	1.0	11.6	.7
1958 .....	36.9	38.8	2.2	23.4	1.2
1959 .....	37.6	38.8	.8	8.1	.4
1960 .....	39.4	38.8	.3	3.3	.1
1961 .....	38.8	38.8	.9	9.8	.5
1962 .....	38.8	39.2	1.2	12.6	.5
1963 .....	35.5	39.6	.4	6.5	.4
1964 .....	-----	40.0	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )
Total .....	-----	-----	20.5	-----	4.3

<sup>1</sup> Year beginning Oct. 1.

<sup>2</sup> Subject to revision.

<sup>3</sup> Through 1957—75 percent of burley support; 1958-60 legal basis changed; from 1961 on adjusted to reflect relative change between 1959 parity index and average of parity index for 3 most recent years.

<sup>4</sup> Actual loan stocks on a packed-weight basis are somewhat lower than these farm-sales weight figures.

<sup>5</sup> Through mid-December, about 2 percent of marketings were placed under loan.

Fire-cured tobacco, types 22 and 23: <sup>1</sup> Domestic supplies, disappearance, season average price, and price-support operations for specified periods

[Farm-sales weight]

Year	Production	Stocks, Oct. 1	Supply	Disappearance <sup>2</sup>		
				Total	Domestic	Exports
	<i>Million of pounds</i>	<i>Million of pounds</i>	<i>Million of pounds</i>	<i>Million of pounds</i>	<i>Million of pounds</i>	<i>Million of pounds</i>
Average, 1947-49.....	64.4	132.1	196.5	57.3	30.7	26.6
1950.....	45.4	141.8	187.2	64.6	30.7	33.9
1951.....	46.1	122.6	168.7	48.8	25.8	23.0
1952.....	46.0	119.9	165.9	48.3	24.2	24.1
1953.....	39.7	117.6	157.3	49.5	26.0	23.5
1954.....	51.6	107.8	159.4	48.9	23.9	25.0
1955.....	54.7	110.5	165.2	52.0	24.6	27.4
1956.....	59.9	113.2	173.1	52.3	27.5	24.8
1957.....	41.9	120.8	162.7	53.3	29.5	23.8
1958.....	33.9	109.4	142.3	44.1	24.6	19.5
1959.....	43.1	99.2	142.3	41.1	22.5	18.6
1960.....	36.5	101.2	137.7	44.9	23.9	21.0
1961.....	43.3	92.8	136.1	46.7	17.2	29.5
1962.....	44.6	89.4	134.0	40.8	21.1	19.7
1963.....	49.7	93.2	142.9	41.4	19.6	21.8
1964 <sup>3</sup> .....	43.7	101.5	145.2			

Year	Average price per pound	Price-support level <sup>4</sup>	Placed under Government loan		Remaining in Government loan stocks on Nov. 30, 1964 <sup>5</sup>
			Quantity	Percentage of crop	
	<i>Cents</i>	<i>Cents</i>	<i>Millions of pounds</i>	<i>Percent</i>	<i>Millions of pounds</i>
1950.....	29.7	34.3	9.8	21.6	0
1951.....	40.3	37.4	4.9	10.6	0
1952.....	38.1	37.1	8.5	18.4	0
1953.....	33.3	35.0	7.5	18.9	0
1954.....	38.5	34.8	4.8	9.3	0
1955.....	38.4	34.6	7.9	14.4	0
1956.....	36.1	36.1	18.6	31.1	1.2
1957.....	36.4	38.8	13.9	33.1	4.9
1958.....	38.1	38.8	4.4	12.0	2.0
1959.....	38.3	38.8	5.3	12.3	3.8
1960.....	43.3	38.8	3.2	8.7	2.7
1961.....	40.2	38.8	5.1	11.8	4.4
1962.....	38.7	39.2	8.6	19.3	8.0
1963.....	36.9	39.6	13.0	26.2	12.7
1964.....		40.4			
Total.....			115.5		39.7

<sup>1</sup> Type 24 included until early 1950's when it became practically nonexistent.

<sup>2</sup> Year beginning Oct. 1.

<sup>3</sup> Subject to revision.

<sup>4</sup> Through 1957—75 percent of burley support; 1958-60 legal basis changed; from 1961 on adjusted to reflect relative change between 1959 parity index and average of parity index for 3 most recent years.

<sup>5</sup> Actual loan stocks on a packed-weight basis are somewhat lower than these farm-sales weight figures.

98      ACREAGE-POUNDAGE MARKETING QUOTAS FOR TOBACCO

*Dark air-cured tobacco, types 35 and 36: Domestic supplies, disappearance, season average price, and price-support operations for specified periods*

[Farm-sales weight]

Year	Production	Stocks, Oct. 1	Supply	Disappearance <sup>1</sup>		
				Total	Domestic	Exports
	<i>Millions of pounds</i>	<i>Millions of pounds</i>	<i>Millions of pounds</i>	<i>Millions of pounds</i>	<i>Millions of pounds</i>	<i>Millions of pounds</i>
Average, 1947-49	33.0	71.2	104.2	30.4	21.3	9.1
1950	25.0	76.8	101.8	32.9	22.6	10.3
1951	27.7	68.9	96.6	26.4	18.5	7.9
1952	30.1	70.2	100.3	25.2	19.2	6.0
1953	23.6	75.2	98.8	26.7	20.1	6.6
1954	30.4	72.1	102.5	25.9	16.3	9.6
1955	27.8	76.6	104.4	23.6	18.4	5.2
1956	30.7	80.8	111.5	34.0	23.4	10.6
1957	19.8	77.5	97.3	24.8	18.5	6.3
1958	16.1	72.5	88.6	25.0	17.5	7.5
1959	19.3	63.6	82.9	21.9	16.4	5.5
1960	18.2	61.0	79.2	22.0	17.3	4.7
1961	20.6	57.2	77.8	22.6	17.9	4.7
1962	22.5	55.2	77.7	19.5	16.5	3.0
1963	24.2	58.2	82.4	21.2	18.1	3.1
1964 <sup>2</sup>	21.3	61.2	82.5			

Year	Average price per pound	Price- support level <sup>3</sup>	Placed under Government loan		Remaining in Government loan stocks on Nov. 30, 1964 <sup>4</sup>
			Quantity	Percentage of crop	
	<i>Cents</i>	<i>Cents</i>	<i>Millions of pounds</i>	<i>Percent</i>	<i>Millions of pounds</i>
1950	23.2	30.5	4.1	16.3	0
1951	34.3	33.2	7.3	26.4	0
1952	31.6	33.0	9.9	32.9	0
1953	25.2	31.1	7.5	31.8	0
1954	34.3	30.9	7.2	23.7	0
1955	31.8	30.8	6.3	22.7	0
1956	34.0	32.1	6.6	21.5	.5
1957	36.1	34.5	3.0	15.2	2.0
1958	38.4	34.5	.5	2.7	.3
1959	34.5	34.5	3.7	19.2	3.5
1960	37.4	34.5	2.2	12.2	2.0
1961	37.8	34.5	1.9	9.2	1.8
1962	36.2	34.8	4.1	18.2	3.8
1963	33.3	35.2	8.3	34.3	8.2
1964		35.5	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )
Total					22.1

<sup>1</sup> Year beginning Oct. 1.

<sup>2</sup> Subject to revision.

<sup>3</sup> Through 1957-66 $\frac{2}{3}$  percent of burley support; 1958-60 legal basis changed; from 1961 on adjusted to reflect relative change between 1959 parity index and average of parity index for 3 most recent years.

<sup>4</sup> Actual loan stocks on a packed-weight basis are somewhat lower than these farm-sales weight figures.

<sup>5</sup> An additional 200,000 pounds under option to British manufacturers were pledged for CCC loans but purchased and shipped by mid-1953.

<sup>6</sup> Through mid-December, about 15 percent of marketings were placed under loan.

*Sun-cured tobacco, type 37: Domestic supplies, disappearance, season average price, and price-support operations for specified periods*

[Farm-sales weight]

Year	Production	Stocks, Oct. 1	Supply	Disappearance <sup>1</sup>		
				Total	Domestic	Exports
	Millions of pounds	Millions of pounds	Millions of pounds	Millions of pounds	Millions of pounds	Millions of pounds
Average, 1947-49 .....	3.0	3.6	6.6	3.0		
1950 .....	3.6	4.0	7.6	3.5	3.0	0.5
1951 .....	4.0	4.1	8.1	3.8	3.1	.7
1952 .....	3.7	4.3	8.0	4.0	3.4	.6
1953 .....	2.9	4.0	6.9	3.2	2.7	.5
1954 .....	3.7	3.7	7.4	3.2	2.7	.5
1955 .....	3.3	4.2	7.5	2.9	2.1	.8
1956 .....	3.2	4.6	7.8	2.5	1.9	.6
1957 .....	2.7	5.3	8.0	2.5	1.9	.6
1958 .....	1.9	5.5	7.4	2.5	2.2	.3
1959 .....	2.2	4.9	7.1	1.9	1.6	.3
1960 .....	1.8	5.2	7.0	2.0	1.7	.3
1961 .....	2.2	5.0	7.2	2.1	1.8	.3
1962 .....	2.3	5.1	7.4	2.3	2.0	.3
1963 .....	1.1	5.1	6.2	2.0	1.7	.3
1964 <sup>2</sup> .....	1.7	4.2	5.9			

Year	Average price per pound	Price- support level <sup>3</sup>	Placed under Government loan		Remaining in Government loan stocks on Nov. 30, 1964
			Quantity	Percentage of crop	
	Cents	Cents	Thousands of pounds	Percent	Thousands of pounds
1950 .....	33.9	30.5	34	0.9	0
1951 .....	34.6	33.2	59	1.5	0
1952 .....	31.6	33.0	84	2.3	0
1953 .....	31.8	31.1	24	.8	0
1954 .....	32.2	30.9	123	3.3	0
1955 .....	25.3	30.8	72	2.2	0
1956 .....	35.7	32.1	103	3.2	0
1957 .....	34.0	34.5	11	.4	0
1958 .....	36.8	34.5	29	1.5	0
1959 .....	34.4	34.5	24	1.1	0
1960 .....	37.9	34.5	4	.2	0
1961 .....	39.8	34.5	7	.3	0
1962 .....	37.4	34.8	59	2.6	0
1963 .....	31.4	35.2	92	8.1	0
1964 .....		35.5	( <sup>4</sup> )	( <sup>4</sup> )	
Total .....			725		0

<sup>1</sup> Year beginning Oct. 1.

<sup>2</sup> Subject to revision.

<sup>3</sup> Through 1957—66½ percent of burley support; 1958-60 legal basis changed; from 1961 on adjusted to reflect relative change between 1959 parity index and average of parity index for 3 most recent years.

<sup>4</sup> Through mid-December, less than 1 percent of marketings were placed under loan.

# 100 ACREAGE-POUNDAGE MARKETING QUOTAS FOR TOBACCO

*Cigar-filter tobacco, types 41 to 46: Domestic supplies, disappearance, and season average prices, for specified periods*

## PENNSYLVANIA SEED LEAF (TYPE 41)

[Farm-sales weight]

Year	Production	Stocks, Oct. 1	Supply	Disappearance <sup>1</sup>			Average price per pound
				Total	Domestic	Exports	
	Millions of pounds	Millions of pounds	Millions of pounds	Millions of pounds	Millions of pounds	Millions of pounds	Cents
Average, 1947-49	54.6	101.4	156.0	48.8	47.8	1.0	27.7
1950	56.0	115.8	171.8	45.6	45.0	.6	26.4
1951	56.2	126.2	182.4	50.0	49.3	.7	19.0
1952	37.9	132.4	170.3	51.2	50.8	.4	25.2
1953	38.2	119.1	157.3	51.6	51.4	.2	27.5
1954	48.8	105.7	154.5	41.5	41.4	.1	27.4
1955	45.7	113.0	158.7	55.0	54.6	.4	24.5
1956	48.4	103.7	152.1	46.8	46.6	.2	24.0
1957	41.2	105.3	146.5	42.8	42.7	.1	20.5
1958	51.0	103.7	154.7	50.4	50.1	.3	28.0
1959	53.5	104.3	157.8	48.1	48.0	.1	31.5
1960	52.7	109.7	162.4	47.5	47.4	.1	28.0
1961	53.5	114.9	168.4	45.5	45.4	.1	27.0
1962	60.0	122.9	182.9	<sup>2</sup> 52.0	<sup>2</sup> 51.7	.3	23.5
1963	51.8	128.0	179.8	<sup>2</sup> 44.7	44.0	.7	21.0
1964 <sup>3</sup>	49.0	138.1	187.1				

## OHIO, MIAMI VALLEY (TYPES 42 TO 44)

Average, 1947-49	10.2	24.5	34.7	8.7	8.7		26.3
1950	10.5	28.0	38.5	7.3	7.3		18.6
1951	7.3	31.2	38.5	10.0	10.0		24.4
1952	8.8	28.5	37.3	10.0	10.0		25.0
1953	6.6	27.3	33.9	9.8	9.8		18.5
1954	8.0	24.1	32.1	9.2	9.2		22.5
1955	7.5	22.9	30.4	7.2	7.2		21.8
1956	6.3	23.2	29.5	6.4	6.4		22.0
1957	4.6	23.1	27.7	7.2	7.2		22.8
1958	2.5	20.5	23.0	5.9	5.9		24.2
1959	6.9	17.1	24.0	6.5	6.5		27.3
1960	6.6	17.5	24.1	6.5	6.5		28.1
1961	7.7	17.6	25.3	5.1	5.1		28.3
1962	7.5	20.2	27.7	6.6	6.6		28.2
1963	6.8	21.1	27.9	8.7	8.7		27.1
1964 <sup>3</sup>	5.9	19.2	25.1				

## PUERTO RICO (TYPE 46)

Average, 1947-49	26.4	65.0	91.4	34.0	29.8	4.2	24.8
1950	25.5	51.1	76.6	28.8	28.5	.3	28.0
1951	28.1	47.8	75.9	34.1	33.8	.3	30.0
1952	34.3	41.8	76.1	28.9	28.6	.3	32.0
1953	34.1	47.2	81.3	32.1	32.0	.1	30.0
1954	34.0	49.2	83.2	23.9	23.8	.1	30.5
1955	30.0	59.3	89.3	31.7	31.6	.1	25.2
1956	24.0	57.6	81.6	31.3	30.9	.4	30.8
1957	26.7	50.3	77.0	27.4	27.3	.1	27.5
1958	25.6	49.6	75.2	32.8	31.6	1.2	30.0
1959	27.6	42.4	70.0	26.2	25.8	.4	32.2
1960	27.1	43.8	70.9	27.6	27.5	.1	34.2
1961	30.4	43.3	73.7	32.1	32.1	(4)	37.2
1962	35.6	41.6	77.2	28.0	28.0		38.0
1963	32.0	49.2	81.2	29.8	29.8		40.6
1964 <sup>3</sup>	<sup>5</sup> 34.0	51.4	85.4				

<sup>1</sup> Year beginning Oct. 1.

<sup>2</sup> Adjusted to take into account 1962 tobacco still held at the farm level at end of 1962-63 marketing year.

<sup>3</sup> Subject to revision.

<sup>4</sup> Negligible.

<sup>5</sup> Production quota for crop to be planted in late 1964.

*Cigar-binder tobacco, types 51 and 52: Domestic supplies, disappearance, and season average prices, for specified periods*

CONNECTICUT VALLEY BROADLEAF (TYPE 51)

[Farm-sales weight]

Year	Production	Stocks, Oct. 1	Supply	Disappearance <sup>1</sup>			Average price per pound
				Total	Domestic	Exports	
	Millions of pounds	Millions of pounds	Millions of pounds	Millions of pounds	Millions of pounds	Millions of pounds	Cents
Average, 1947-49	14.4	28.5	42.9	14.7	12.4	2.3	54.7
1950	16.4	27.7	44.1	14.3	13.3	1.0	52.0
1951	14.5	29.8	44.3	14.1	13.2	.9	51.0
1952	14.8	30.2	45.0	14.5	13.8	.7	50.0
1953	14.7	30.5	45.2	13.4	12.7	.7	58.4
1954	13.3	31.8	45.1	11.7	11.5	.2	56.5
1955	12.1	33.4	45.5	14.7	14.3	.4	44.9
1956	7.5	30.8	38.3	12.8	11.3	1.5	59.0
1957	5.1	25.5	30.6	8.4	7.7	.7	50.0
1958	3.6	22.2	25.8	5.8	5.6	.2	54.0
1959	4.5	20.0	24.5	4.1	3.9	.2	45.0
1960	3.6	20.4	24.0	4.6	4.3	.3	44.0
1961	3.1	19.4	22.5	3.7	3.6	.1	43.3
1962	2.9	18.8	21.7	6.2	6.0	.2	53.5
1963	3.7	15.5	19.2	4.6	4.3	.3	51.0
1964 <sup>2</sup>	3.6	14.6	18.2				

CONNECTICUT VALLEY HAVANA SEED (TYPE 52)

Average, 1947-49	14.8	18.5	33.3	11.9	9.1	2.8	59.2
1950	15.2	25.0	40.2	12.9	11.2	1.7	39.8
1951	11.2	27.3	38.5	11.0	9.1	1.9	42.6
1952	9.6	27.5	37.1	12.9	11.5	1.4	48.9
1953	12.0	24.2	36.2	11.9	10.8	1.1	54.9
1954	11.9	24.3	36.2	12.9	12.2	.7	44.0
1955	9.9	23.3	33.2	11.6	10.1	1.5	35.0
1956	5.8	21.6	27.4	7.2	5.7	1.5	42.3
1957	3.2	20.2	23.4	7.5	6.3	1.2	44.9
1958	1.8	15.9	17.7	3.2	2.6	.6	49.4
1959	3.2	14.5	17.7	4.9	4.2	.7	41.2
1960	3.2	12.8	16.0	4.2	2.4	1.8	42.5
1961	2.4	11.8	14.2	3.2	2.1	1.1	40.6
1962	2.4	11.0	13.4	3.3	2.6	.7	42.5
1963	2.2	10.1	12.3	4.0	2.7	1.3	41.6
1964 <sup>2</sup>	2.1	8.3	10.4				

TOTAL CONNECTICUT VALLEY (TYPES 51 AND 52)

Average, 1947-49	29.2	47.0	76.2	26.6	21.5	5.1	56.9
1950	31.6	52.7	84.3	27.2	24.5	2.7	46.1
1951	25.7	57.1	82.8	25.1	22.3	2.8	47.3
1952	24.4	57.7	82.1	27.4	25.3	2.1	49.6
1953	26.7	54.7	81.4	25.3	23.5	1.8	56.8
1954	25.2	56.1	81.3	24.6	23.7	.9	50.6
1955	22.0	56.7	78.7	26.3	24.4	1.9	40.4
1956	13.3	52.4	65.7	20.0	17.0	3.0	51.7
1957	8.3	45.7	54.0	15.9	14.0	1.9	48.2
1958	5.4	38.1	43.5	9.0	8.2	.8	52.4
1959	7.7	34.5	42.2	9.0	8.1	.9	42.6
1960	6.8	33.2	40.0	8.8	6.5	2.3	43.3
1961	5.5	31.2	36.7	6.9	5.7	1.2	42.1
1962	5.3	29.8	35.1	9.5	8.6	.9	48.5
1963	5.9	25.6	31.5	8.6	7.0	1.6	47.5
1964 <sup>2</sup>	5.7	22.9	28.6				

<sup>1</sup> Year beginning Oct. 1.

<sup>2</sup> Subject to revision.

102 ACREAGE-POUNDAGE MARKETING QUOTAS FOR TOBACCO

*Cigar-binder tobacco, types 54 and 55: Domestic supplies, disappearance, and season average prices, for specified periods*

SOUTHERN WISCONSIN (TYPE 54)

[Farm-sales weight]

Year	Production	Stocks, Oct. 1	Supply	Disappearance <sup>1</sup>			Average price per pound
				Total	Domestic	Exports	
Average, 1947-49	13.4	38.3	51.7	12.7	12.5	0.2	22.5
1950	13.2	40.1	53.3	13.0	13.0		23.5
1951	10.4	40.3	50.7	16.0	16.0		25.3
1952	8.3	34.7	43.0	9.7	8.1	1.6	19.5
1953	7.2	33.3	40.5	10.0	10.0		24.3
1954	7.5	30.5	38.0	9.0	8.5	.5	24.3
1955	6.7	29.0	35.7	10.3	9.9	.4	22.9
1956	6.8	25.4	32.2	11.2	11.0	.2	26.1
1957	7.6	21.0	28.6	8.6	8.2	.4	31.1
1958	8.8	20.0	28.8	8.0	7.6	.4	34.6
1959	9.2	20.9	30.1	8.0	7.7	.3	29.3
1960	8.6	22.2	30.8	7.5	7.3	.2	28.0
1961	9.0	23.3	32.3	9.0	8.9	.1	28.7
1962	8.7	23.3	32.0	7.7	7.6	.1	29.3
1963	8.3	24.3	32.6	9.7	9.7	( <sup>2</sup> )	30.0
1964 <sup>3</sup>	8.3	22.9	31.2				

NORTHERN WISCONSIN (TYPE 55)

Average, 1947-49	19.6	36.3	55.9	18.5	17.5	1.0	28.8
1950	18.7	40.8	59.5	16.4	16.3	.1	28.1
1951	12.9	43.1	56.0	15.6	15.5	.1	31.3
1952	13.6	40.4	54.0	18.6	18.4	.2	31.4
1953	12.8	35.4	48.2	16.4	16.1	.3	31.9
1954	15.4	31.8	47.2	16.3	16.1	.2	32.7
1955	14.3	30.9	45.2	13.4	13.1	.3	24.6
1956	13.4	31.8	45.2	13.6	13.4	.2	30.9
1957	12.2	31.6	43.8	17.2	15.1	2.1	33.5
1958	13.0	26.6	39.6	14.4	12.1	2.3	35.2
1959	11.6	25.3	36.9	12.4	11.5	.9	37.1
1960	12.3	24.4	36.7	11.3	10.9	.4	30.6
1961	13.4	25.4	38.8	11.0	10.6	.4	29.6
1962	10.9	27.8	38.7	11.1	10.9	.2	29.1
1963	9.7	27.6	37.3	12.5	12.5	( <sup>2</sup> )	31.6
1964 <sup>3</sup>	10.4	24.8	35.2				

TOTAL WISCONSIN TYPES (54 AND 55)

Average, 1947-49	33.0	74.6	107.6	31.2	30.0	2.1	26.2
1950	31.9	80.9	112.8	29.4	29.3	.1	26.2
1951	23.3	93.4	106.7	31.6	31.5	.1	28.6
1952	21.9	75.1	97.0	28.3	26.5	1.8	26.9
1953	20.0	68.7	88.7	26.4	26.1	.3	25.8
1954	22.9	62.3	85.2	25.3	24.6	.7	30.0
1955	21.0	59.9	80.9	23.7	23.0	.7	24.1
1956	20.2	57.2	77.4	24.8	24.4	.4	29.3
1957	19.8	52.6	72.4	25.8	23.3	2.5	32.6
1958	21.8	46.6	68.4	22.4	19.7	2.7	35.0
1959	20.8	46.2	67.0	20.4	19.2	1.2	33.7
1960	20.9	46.6	67.5	18.8	18.2	.6	29.5
1961	22.4	48.7	71.1	18.0	19.5	.5	29.2
1962	19.6	51.1	70.7	18.9	18.6	.6	29.2
1963	18.0	51.9	69.9	22.2	22.2	( <sup>2</sup> )	30.9
1964 <sup>1 3</sup>	18.7	47.7	66.4				

<sup>1</sup> Year beginning Oct. 1.

<sup>2</sup> Negligible.

<sup>3</sup> Subject to revision.

ACREAGE-POUNDAGE MARKETING QUOTAS FOR TOBACCO 103

Cigar-wrapper tobacco, types 61 and 62: Domestic supplies, disappearance, and season average prices, for specified periods

CONNECTICUT VALLEY SHADE GROWN (TYPE 61)

[Farm-sales weight]

Year	Production	Stocks, July 1	Supply	Disappearance <sup>1</sup>			Average price per pound
				Total	Domestic	Exports	
	Millions of pounds	Millions of pounds	Millions of pounds	Millions of pounds	Millions of pounds	Millions of pounds	Cents
Average, 1947-49	10.2	11.0	21.0	8.9			238.3
1950	9.1	13.6	22.7	9.7			205.0
1951	8.2	13.0	21.2	8.3			205.0
1952	8.9	12.9	21.8	10.8			210.0
1953	10.3	11.0	21.3	9.9			205.0
1954	9.9	11.4	21.3	10.2			215.0
1955	8.8	11.1	19.9	9.3			215.0
1956	10.3	10.6	20.9	9.5			190.0
1957	11.8	11.4	23.2	10.1			205.0
1958	10.2	13.1	23.3	10.3	6.9	3.4	235.0
1959	10.7	13.0	23.7	8.6	6.1	2.5	210.0
1960	12.0	15.1	27.1	11.4	8.9	2.5	190.0
1961	10.3	15.7	26.0	12.2	8.9	3.3	235.0
1962	11.9	13.8	25.7	12.0	9.2	2.8	250.0
1963	12.0	13.7	25.7	14.2	10.1	4.1	260.0
1964 <sup>2</sup>	13.3	11.5	24.8				

GEORGIA-FLORIDA SHADE GROWN (TYPE 62)

Average, 1947-49	5.2	3.8	9.1	4.3			235.0
1950	6.4	5.9	12.3	5.4			200.0
1951	6.8	6.9	13.7	5.4			180.0
1952	5.8	8.3	14.1	5.8			180.0
1953	4.5	8.3	12.8	6.0			195.0
1954	6.6	6.8	13.4	6.5			195.0
1955	6.8	6.9	13.7	7.3			185.0
1956	6.8	6.4	13.2	6.1			180.0
1957	7.1	7.1	14.2	6.7			190.0
1958	6.3	7.5	13.8	6.5	4.6	1.9	185.0
1959	7.8	7.3	15.1	7.5	6.1	1.4	195.0
1960	9.3	7.6	16.9	6.5	5.5	1.0	200.0
1961	8.8	10.4	19.2	9.2	6.6	2.6	190.0
1962	7.4	10.0	17.4	8.5	6.4	2.1	205.0
1963	6.7	8.9	15.6	7.6	5.3	2.3	205.0
1964 <sup>2</sup>	7.6	8.0	15.6				

TOTAL SHADE GROWN (TYPES 61 AND 62)

Average, 1947-49	15.3	14.8	30.1	13.3	11.2	2.1	257.0
1950	15.5	19.4	34.9	14.9	11.3	3.6	203.0
1951	14.9	20.0	34.9	13.7	10.1	3.6	194.0
1952	14.7	21.2	35.9	16.6	12.2	4.4	198.0
1953	14.8	19.3	34.1	15.9	12.2	3.7	202.0
1954	16.4	18.2	34.6	16.6	12.4	4.2	207.0
1955	15.6	18.0	33.6	16.6	11.5	5.1	202.0
1956	17.2	17.0	34.2	15.7	11.2	4.5	186.0
1957	18.9	18.5	37.4	16.8	11.5	5.3	199.0
1958	16.5	20.6	37.1	16.8	11.5	5.3	216.0
1959	18.5	20.3	38.8	16.1	12.2	3.9	204.0
1960	21.3	22.7	44.0	17.9	14.4	3.5	194.0
1961	19.1	26.1	45.2	21.4	15.5	5.9	214.0
1962	19.3	23.8	43.1	20.5	15.6	4.9	233.0
1963	18.7	22.6	41.3	21.8	15.4	6.4	240.0
1964	20.9	19.5	40.4				

<sup>1</sup> Year beginning July 1.

<sup>2</sup> Subject to revision.

104 ACREAGE-POUNDRAGE MARKETING QUOTAS FOR TOBACCO

*Burley tobacco—Across-State-line movement, 1963 crop*

[In pounds]

State	Total <sup>1</sup>	Sold in—							
		Indiana	Kentucky	Missouri	North Carolina	Ohio	Tennessee	Virginia	West Virginia
Produced in—									
Alabama.....	41,496						41,496		
Arkansas.....	35,336			35,336					
Georgia.....	86,164				41,924		40,322	3,918	
Illinois.....	4,686		2,822				1,864		
Indiana.....	7,140,344	7,140,344							
Kansas.....	113,444			113,444					
Kentucky.....	10,442,797	3,046,903				209,392	6,588,836	14,118	583,548
Missouri.....	256,850	19,838	237,012						
North Carolina.....	5,642,924								
Ohio.....	10,232,838	3,646	7,954,121				5,640,894	2,030	2,275,071
South Carolina.....	768				768				
Tennessee.....	7,995,338		2,055,165		1,357,670			4,582,503	
Virginia.....	5,085,305				1,851,325		3,233,980		
West Virginia.....	229,102		160,478		34,396	1,082	3,460	29,686	
Total.....	47,307,392	3,070,387	17,549,942	148,780	3,286,083	210,474	15,550,852	4,632,255	2,858,619

<sup>1</sup> Does not include tobacco marketed in State where produced.

*Flue-cured tobacco—Across-State-line movement, 1963 crop*

[In pounds]

State	Total <sup>1</sup>	Sold in—				
		Florida	Georgia	North Carolina	South Carolina	Virginia
Produced in—						
Alabama.....	784,072	45,284	734,168	1,544	3,076	
Florida.....	3,116,630		3,116,630			
Georgia.....	341,838	341,838				
North Carolina.....	69,904,702	157,456	3,444,303		13,629,767	52,673,176
South Carolina.....	25,861,009	3,074	10,203,666	15,622,569		31,700
Virginia.....	9,715,010			9,555,702	159,308	
Total.....	109,723,261	547,652	17,498,767	25,179,815	13,792,151	52,704,876

<sup>1</sup> Does not include tobacco marketed in State where produced.

ACREAGE-POUNDAGE MARKETING QUOTAS FOR TOBACCO 105

U.S. Flue-cured tobacco: Average, yield per acre, production, price per pound, and crop value by types within States, 1956-64

ALABAMA, TYPE 14

Year	Acreage	Yield per acre	Production	Price per pound	Crop value
	<i>Acres</i>	<i>Pounds</i>	<i>1,000 pounds</i>	<i>Cents</i>	<i>1,000 dollars</i>
1956	550	1,165	641	48.8	313
1957	330	1,125	371	58.5	198
1958	260	1,485	386	57.5	222
1959	450	1,250	562	55.9	314
1960	460	1,530	704	53.8	379
1961	470	1,535	721	59.3	428
1962	500	1,720	860	51.0	439
1963 <sup>1</sup>	470	1,670	785	52.1	409
1964 <sup>1</sup>	480	1,530	735		

FLORIDA, TYPE 14

1956	17,700	1,225	21,682	48.5	10,516
1957	11,400	1,350	15,390	56.7	8,726
1958	11,100	1,485	16,484	57.3	9,445
1959	13,900	1,395	19,390	59.8	11,695
1960	13,800	1,595	22,011	57.2	12,590
1961	14,000	1,850	25,900	60.6	15,695
1962	14,800	1,960	29,008	56.3	16,332
1963 <sup>1</sup>	14,000	1,845	25,830	57.0	14,723
1964 <sup>1</sup>	12,600	1,765	22,239		

GEORGIA, TYPE 14

1956	88,000	1,455	128,040	48.5	62,099
1957	63,000	1,290	81,270	56.1	45,592
1958	58,000	1,545	89,610	57.5	51,526
1959	69,000	1,520	104,880	58.1	60,935
1960	70,000	1,845	129,150	56.8	73,357
1961	70,500	1,930	136,065	59.0	80,278
1962	74,000	1,975	146,150	57.0	83,306
1963 <sup>1</sup>	70,500	2,025	142,762	58.0	82,802
1964 <sup>1</sup>	63,500	1,930	122,500		

NORTH CAROLINA, TYPE 11

1956	227,000	1,525	346,175	50.2	173,780
1957	170,000	1,355	230,350	53.8	123,928
1958	163,000	1,570	255,910	57.6	147,404
1959	180,000	1,450	261,000	55.2	144,072
1960	179,000	1,630	291,770	60.4	176,229
1961	182,000	1,670	303,940	64.2	195,129
1962	191,000	1,860	355,260	60.3	214,222
1963 <sup>1</sup>	182,000	1,790	325,780	56.9	185,369
1964 <sup>1</sup>	164,000	2,150	352,600		

NORTH CAROLINA, TYPE 12

1956	282,000	1,760	496,320	51.8	257,094
1957	218,000	1,535	334,630	54.8	183,377
1958	213,000	1,825	388,725	57.7	224,294
1959	223,000	1,55	345,650	58.7	202,897
1960	223,000	1,980	441,540	61.2	270,222
1961	225,000	1,875	421,875	65.5	276,828
1962	234,000	1,825	427,050	59.8	255,376
1963 <sup>1</sup>	223,000	2,140	477,220	58.7	280,128
1964 <sup>1</sup>	202,000	2,375	479,750		

See footnotes at end of table, p. 106.

106 ACREAGE-POUNDAGE MARKETING QUOTAS FOR TOBACCO

U.S. Flue-cured tobacco: Average, yield per acre, production, price per pound, and crop value by types within States, 1956-64—Continued

NORTH CAROLINA, TYPE 13

Year	Acreage	Yield per acre	Production	Price per pound	Crop value
	Acres	Pounds	1,000 pounds	Cents	1,000 dollars
1956	70,000	1,700	119,000	55.0	65,450
1957	55,000	1,560	85,800	59.6	51,137
1958	53,000	1,740	92,220	60.3	55,609
1959	55,500	1,735	96,292	62.4	60,086
1960	55,500	1,920	106,560	62.2	66,280
1961	56,000	1,960	106,400	65.8	70,011
1962	58,000	2,250	130,500	61.3	79,996
1963 <sup>1</sup>	55,500	2,120	117,060	59.6	70,125
1964 <sup>1</sup>	50,000	2,350	117,500		

SOUTH CAROLINA, TYPE 13

1956	102,000	1,700	173,400	52.4	90,862
1957	78,000	1,650	128,700	59.7	76,834
1958	76,000	1,725	131,100	59.9	78,529
1959	81,000	1,765	142,665	63.0	90,068
1960	80,000	1,815	147,600	61.5	90,774
1961	80,000	1,895	151,600	65.7	99,601
1962	84,000	2,265	190,260	61.1	116,249
1963 <sup>1</sup>	80,000	2,030	162,400	60.0	97,440
1964 <sup>1</sup>	72,000	2,150	154,800		

VIRGINIA, TYPE 11

1956	88,000	1,560	137,280	52.8	72,484
1957	67,000	1,470	98,490	51.2	50,427
1958	65,000	1,640	106,600	57.9	61,721
1959	70,500	1,566	109,980	54.4	59,829
1960	70,000	1,590	111,300	59.4	66,112
1961	70,500	1,580	111,390	63.5	70,733
1962	73,700	1,760	129,360	62.0	80,203
1963 <sup>1</sup>	69,000	1,725	119,025	54.0	64,274
1964 <sup>1</sup>	63,000	2,100	132,300		

<sup>1</sup> Preliminary.

Source: Compiled from reports of the Agricultural Estimates Division, SRS.

*Distribution of 1962 Flue-cured tobacco allotments by size groups*

Size of allotments		North Carolina		Florida		Alabama		Georgie		South Carolina		Virginia		Total	
From—	Through—	Num-ber of farms	Acreege allotted	Num-ber of farms	Acreege allotted	Num-ber of farms	Acreege allotted	Num-ber of farms	Acreege allotted	Num-ber of farms	Acreege allotted	Num-ber of farms	Acreege allotted	Num-ber of farms	Acreege allotted
0.01	0.50	9,510	2,243.62	679	157.17	64	14.13	1,583	366.38	4,058	942.42	1,432	352.20	17,326	4,075.92
0.51	1.00	9,567	7,079.07	844	623.87	35	26.40	2,193	1,648.25	3,081	2,168.30	2,191	1,629.03	17,861	13,176.92
1.01	2.00	22,240	33,231.90	2,644	3,780.44	51	80.80	8,148	12,120.04	5,229	7,532.31	5,927	8,796.53	44,239	65,542.02
2.01	3.00	23,115	57,967.84	1,271	3,089.15	51	129.70	5,950	14,580.42	3,813	9,444.04	4,344	10,649.40	38,544	95,581.45
3.01	4.00	17,373	59,471.55	576	1,979.84	24	58.15	2,849	9,887.07	2,963	10,168.18	3,213	11,127.76	26,998	92,687.55
4.01	5.00	10,522	47,164.63	324	1,445.18	13	58.25	1,863	8,306.92	1,861	8,346.85	2,010	9,012.10	16,583	74,334.03
5.01	6.00	6,356	34,752.11	170	933.13	5	26.84	1,071	5,317.04	1,150	6,233.41	1,104	6,052.39	16,556	53,315.52
6.01	7.00	5,302	34,146.42	87	565.53	3	19.01	641	4,128.04	1,849	5,480.74	813	5,250.20	7,695	49,599.94
7.01	8.00	3,300	24,746.17	65	488.40	—	—	406	3,038.67	603	4,558.67	483	3,612.97	4,837	36,444.88
8.01	9.00	2,437	20,651.44	62	529.62	2	16.27	307	2,590.08	384	3,245.43	342	2,894.76	3,534	29,936.60
9.01	10.00	1,819	17,226.57	35	330.84	—	9.28	217	2,050.86	362	3,424.69	258	2,435.63	2,692	25,486.87
10.01	20.00	6,257	83,824.74	103	1,381.41	5	68.62	622	8,192.62	1,181	15,504.17	674	8,796.25	8,812	117,767.81
20.01	50.00	1,778	50,502.50	16	484.99	—	—	109	3,039.25	284	7,959.44	117	3,254.37	2,304	65,230.55
50.01	100.00	1,199	13,051.82	1	82.31	—	—	7	384.07	17	1,111.47	10	661.33	2,384	15,291.90
100.01	200.00	36	5,015.90	—	—	—	—	1	134.40	3	424.72	2	237.44	4	5,812.46
Over 200.00		4	967.65	—	—	—	—	—	—	—	—	—	—	4	967.65
Total		119,815	491,743.93	6,877	15,873.88	294	532.25	25,887	75,743.91	25,768	86,545.74	22,920	74,772.36	201,481	745,212.07

*Distribution of 1962 Fire-cured tobacco allotments by size groups*

Size of allotments		Kentucky		Tennessee		Virginia		Illinois		Total	
From—	Through—	Number of farms	Acreage allotted	Number of farms	Acreage allotted	Number of farms	Acreage allotted	Number of farms	Acreage allotted	Number of farms	Acreage allotted
0.1	0.10	425	25.27	215	13.32	357	92.24	1	0.15	997	60.83
0.11	0.20	320	50.33	203	32.05	273	43.53			979	126.16
0.21	0.30	261	65.89	198	50.76	323	81.35			782	198.00
0.31	0.40	360	132.35	369	137.35	648	244.02			1,377	513.72
0.41	0.50	246	115.90	284	124.62	370	174.58			886	419.90
0.51	0.60	253	143.28	266	150.72	483	273.58			1,004	659.88
0.61	0.70	254	166.65	239	156.70	368	240.22			859	563.47
0.71	0.80	311	230.06	335	248.28	448	331.37			1,094	809.71
0.81	0.90	376	321.02	430	365.39	449	350.90			1,255	1,007.01
0.91	1.00	394	322.02	323	311.76	327	319.27			1,048	983.13
1.01	2.00	3,166	4,648.85	2,691	3,804.89	2,048	2,917.54			7,905	11,461.08
2.01	3.00	1,658	3,986.08	1,685	4,073.69	737	1,607.76			4,080	9,832.93
3.01	4.00	551	1,890.62	1,721	2,494.62	250	1,097.06			1,531	5,274.74
4.01	5.00	232	1,027.03	365	1,613.99	165	467.15			702	3,106.17
5.01	6.00	121	663.34	173	933.73	165	889.20			349	1,899.29
6.01	7.00	70	452.59	98	633.39	84	297.22			202	1,304.77
7.01	8.00	36	297.28	61	453.12	17	89.74			109	810.14
8.01	9.00	19	162.81	44	369.67	7	98.77			70	591.25
9.01	10.00	16	152.49	35	322.70	6	57.72			57	533.00
10.01	20.00	37	482.11	50	715.91	14	174.65			107	1,372.67
20.01	50.00	5	140.90	11	318.49	3	74.09			19	533.48
50.01	100.00	1	64.78							1	64.78
Over 100.00											
Total		9,052	15,511.73	8,782	17,423.84	7,332	9,130.39	1	.15	25,167	42,066.11

ACREAGE-POUNDAGE MARKETING QUOTAS FOR TOBACCO 109

*Distribution of 1962 burley tobacco allotments by size groups*

Size of allotments		Kentucky		Tennessee		North Carolina		Virginia		Ohio		Indiana	
From—	Through—	Number of farms	Acres allotted	Number of farms	Acres allotted	Number of farms	Acres allotted	Number of farms	Acres allotted	Number of farms	Acres allotted	Number of farms	Acres allotted
0.01	0.10	1,669	94.09	1,836	112.26	305	22.43	169	9.89	101	5.86	135	8.61
0.11	0.20	5,765	775.23	5,858	813.69	1,406	210.07	1,098	152.55	553	69.47	523	69.15
0.21	0.30	4,923	1,148.00	5,023	1,314.29	1,643	385.42	1,123	264.61	459	106.25	469	108.18
0.31	0.40	5,079	1,794.33	6,187	2,136.89	1,678	681.24	1,217	420.00	488	166.87	404	188.86
0.41	0.50	4,638	2,069.17	5,855	2,640.63	1,975	758.64	1,078	488.57	442	199.34	438	197.70
0.51	0.60	9,839	5,502.02	9,880	5,553.03	2,941	1,264.67	2,109	1,181.37	1,040	580.87	1,002	559.93
0.61	0.70	30,541	20,735.48	29,726	20,198.00	5,779	3,553.70	5,610	3,813.16	3,347	2,284.91	3,140	2,133.12
0.71	0.80	7,585	5,724.68	6,194	4,662.70	4,023	369.12	1,097	776.51	441	332.47	492	370.12
0.81	0.90	4,955	4,211.87	3,166	2,684.20	423	362.01	394	338.30	366	310.41	333	282.13
0.91	1.00	4,273	3,979.08	1,923	1,807.74	304	247.07	304	366.87	250	231.13	209	193.63
1.01	2.00	33,633	47,229.32	13,261	17,013.26	1,924	2,507.97	2,415	3,153.77	2,231	3,036.14	1,816	2,454.76
2.01	3.00	14,338	34,491.21	2,381	5,637.66	278	646.12	335	787.36	723	1,698.03	429	1,022.81
3.01	4.00	6,582	22,646.94	723	2,478.95	61	206.72	28	94.91	227	769.40	143	483.62
4.01	5.00	3,631	16,129.34	127	691.78	19	84.47	8	124.77	107	473.83	53	232.40
5.01	6.00	2,081	11,363.99	8	347.95	8	33.13	3	15.91	55	301.21	26	143.14
6.01	7.00	1,277	8,281.09	127	442.81	19	7.87	9	38.71	26	169.80	10	64.58
7.01	8.00	842	6,325.39	45	538.61	6	8.09	9	8.09	14	102.87	8	61.73
8.01	9.00	498	4,216.48	23	195.96	0	0	2	18.89	6	34.63	8	66.61
9.01	10.00	394	3,733.29	13	121.97	0	0	1	6	4	84.42	3	28.12
10.01	20.00	1,240	16,620.69	49	642.43	1	10.53	3	33.90	14	171.36	8	103.66
20.01	50.00	257	7,372.96	7	178.48	0	0	0	0	0	0	0	0
50.01	100.00	20	1,283.61	1	17.45	0	0	0	0	0	0	0	0
Over 100.00		3	333.61	0	0	0	0	0	0	0	0	0	0
Total		144,123	226,051.87	93,222	71,480.34	18,172	11,549.37	17,332	12,480.33	10,900	11,216.73	9,649	8,722.95

*Distribution of 1962 burley tobacco allotments by size groups—Continued*

Size of allotments		West Virginia		Missouri		Georgia		Texas		Illinois		South Carolina	
From—	Through—	Number of farms	Acres allotted	Number of farms	Acres allotted	Number of farms	Acres allotted	Number of farms	Acres allotted	Number of farms	Acres allotted	Number of farms	Acres allotted
0.01	0.10	7	0.44	8	0.50	11	0.60	1	0.12	1	0.11		
0.11	0.20	982	83.87	86	4.93	45	5.64				.21		
0.21	0.30	586	61.17	23	3.22	21	4.83	1		1	.64		
0.31	0.40	292	98.61	29	9.89	15	5.08	1	.34	2	2.00	2	0.73
0.41	0.50	261	118.67	54	25.86	6	2.75			4	1.67	2	.86
0.51	0.60	267	316.85	165	92.11	26	14.47			3	2.75	1	.56
0.61	0.70	1,743	1,384.62	270	182.50	77	52.31				1.67	3	2.04
0.71	0.80	279	209.71	68	51.24	2	1.57			1	.84	1	.84
0.81	0.90	106	90.49	47	40.16	2	1.75						
0.91	1.00	78	72.02	47	44.56								
1.01	2.00	613	811.90	398	557.09	6	7.60						
2.01	3.00	64	146.32	173	416.01	1	2.86						
3.01	4.00	18	60.09	116	392.90								
4.01	5.00	4	17.83	73	394.52								
5.01	6.00			45	240.93								
6.01	7.00			34	221.65								
7.01	8.00	1	6.82	22	163.78								
8.01	9.00			6	51.00								
9.01	10.00			12	114.67								
10.01	20.00			26	352.23								
20.01	30.00			2	68.78								
30.01	100.00			1	52.25								
Over 100.00				1	133.73								
Total		4,581	3,231.91	1,656	3,557.51	212	99.26	2	.46	12	5.47	9	5.03

ACREAGE-POUNDAGE MARKETING QUOTAS FOR TOBACCO 111

Size of allotments		Alabama		Arkansas		Pennsylvania		Kansas		Total	
From—	Through—	Number of farms	Acres allotted	Number of farms	Acres allotted	Number of farms	Acres allotted	Number of farms	Acres allotted	Number of farms	Acres allotted
0.01	0.10	4	0.20	1	0.10					4	0.246
0.11	0.20	4	.47	3	.39					15	375
0.21	0.30	3	.64	1	.21					14	560
0.31	0.40	4	1.36	1	.34			1	0.38	15	700
0.41	0.50	2	.87	2	.95					14	441
0.51	0.60	6	3.40	17	9.50			4	.47	26	910
0.61	0.70	5	3.40	30	20.40			10	6.80	79	731
0.71	0.80	3	2.25	7	5.25			2	1.48	16	893
0.81	0.90	1	.85	3	2.76		0.74			10	937
0.91	1.00			3	2.76					7	441
1.01	2.00	3	4.05	9	13.05			20	26.94	56	380
2.01	3.00	4	9.89	1	2.02			6	12.74	18	742
3.01	4.00	2	6.90	1	3.20			3	9.94	7	954
4.01	5.00							1	4.89	4	193
5.01	6.00							4	22.02	2	349
6.01	7.00							2	13.82	1	439
7.01	8.00									1	935
8.01	9.00									540	540
9.01	10.00									433	433
10.01	20.00									1	341
20.01	50.00									7	984.80
50.01	100.00									7	709.13
Over 100.00										21	1,385.86
										4	467.34
Total		41	34.28	79	60.69	2	2.25	53	101.69	3,000.45	348,600.14

*Distribution of 1962 Dark Air-cured tobacco allotments by size groups*

Size of allotments		Indiana		Kentucky		Tennessee		Total	
From—	Through—	Number of farms	Acres allotted	Number of farms	Acres allotted	Number of farms	Acres allotted	Number of farms	Acres allotted
0.01	0.10	28	1.16	1,803	99.67	679	41.28	2,510	142.11
0.11	0.20	21	2.95	1,289	196.91	512	78.19	1,822	278.05
0.21	0.30	15	3.47	1,904	444.04	717	164.87	2,636	612.88
0.31	0.40	20	7.27	2,933	1,039.26	920	319.42	3,870	1,365.95
0.41	0.50	10	4.53	2,460	1,127.42	600	275.47	3,070	1,407.42
0.51	0.60	5	2.87	1,146	617.94	250	135.54	1,401	756.35
0.61	0.70	5	3.19	1,469	941.77	238	152.14	1,712	1,097.10
0.71	0.80	3	2.28	1,370	1,040.26	235	178.63	1,608	1,221.17
0.81	0.90	1	.82	619	1,523.17	76	64.09	696	1,588.08
0.91	1.00	2	1.84	8,02	8,02.17	116	110.31	920	874.77
1.01	2.00	2	8.17	29,04	762.62	116	110.31	920	874.77
2.01	3.00	6	2.06	29,04	3,915.08	387	520.00	3,920	4,443.25
3.01	4.00	1	3.28	541	1,310.34	63	148.85	605	1,461.25
4.01	5.00	1	1.89	189	641.42	12	39.51	203	684.21
5.01	6.00	70	3.28	70	310.01	7	31.03	77	341.04
6.01	7.00	30	2.06	30	163.54	2	10.85	32	174.39
7.01	8.00	17	2.06	17	109.37	2	10.85	19	120.24
8.01	9.00	13	2.06	13	96.25	1	8.66	14	104.91
9.01	10.00	4	2.06	4	33.84	1	8.66	5	42.50
10.01	20.00	2	2.06	2	18.69	1	8.66	3	27.35
20.01	50.00	7	2.06	7	88.24	1	8.66	8	96.90
50.01	100.00	1	2.06	1	39.59	1	8.66	2	48.25
Over 100.00								1	39.59
Total		118	43.89	19,573	13,519.43	4,815	2,278.84	24,506	15,842.16

*Distribution of 1962 Maryland tobacco allotments by size groups*

Size of allotments		Maryland		Virginia		Delaware		Total	
From—	Through—	Number of farms	Acreage allotted	Number of farms	Acreage allotted	Number of farms	Acreage allotted	Number of farms	Acreage allotted
0.01	0.50	363	111.55	76	16.51	1	0.13	440	128.19
0.51	1.00	454	357.69	11	6.30			465	363.99
1.01	2.00	716	100.79	5	5.82			721	106.61
2.01	3.00	631	1,588.40					631	1,588.40
3.01	4.00	591	1,086.87					592	1,089.94
4.01	5.00	474	1,157.16	1	3.07			474	1,157.16
5.01	6.00	405	2,294.75					405	2,294.75
6.01	7.00	371	2,435.38					371	2,435.38
7.01	8.00	345	2,686.06					345	2,686.06
8.01	9.00	280	2,419.50					280	2,419.50
9.01	10.00	273	2,555.79					273	2,555.73
10.01	20.00	1,308	18,429.19					1,308	18,429.12
20.01	50.00	347	9,437.60					347	9,437.80
50.01	100.00	21	1,301.65					21	1,301.65
100.01	200.00	2	277.09					2	277.09
Over 200.00									
Total		6,641	49,709.63	93	31.70	1	.13	6,735	49,741.46

*Distribution of 1962 Cigar filler and binder tobacco allotments by size groups*

Size of allotments	Types 54 and 55												Total				
	Types 42 to 44, Ohio		Types 44 to 53, Pennsylvania		Type 53, New York		Wisconsin		Indiana		Illinois			Iowa		Minnesota	
	From—	Through—	Num-ber of farms	Ac-creage allotted	Num-ber of farms	Ac-creage allotted	Num-ber of farms	Ac-creage allotted	Num-ber of farms	Ac-creage allotted	Num-ber of farms	Ac-creage allotted		Num-ber of farms	Ac-creage allotted	Num-ber of farms	Ac-creage allotted
0.01	0.50	136	36.75	50	11.43	39	9.93	773	187.08	1	0.12	1	0.79	36	9.48	1,034	254.67
0.51	1.00	125	93.71	23	16.76	12	9.16	769	580.21	1	1.15	1	0.79	19	15.94	950	795.69
1.01	2.00	245	372.10	13	18.40	14	20.48	2,438	86	1	1.15	2	4.68	26	39.15	1,913	2,800.14
2.01	3.00	402	1,023.83	8	19.15	4	3.47	1,379	3,440.92	1	1.15	2	4.68	18	43.39	1,813	4,542.03
3.01	4.00	298	1,046.76	9	32.01	1	3.47	836	2,899.26	1	1.15	2	4.68	11	38.06	1,155	4,019.59
4.01	5.00	179	792.19	6	27.14	1	4.45	496	2,211.23	1	1.15	2	4.68	5	21.95	1,687	3,058.96
5.01	6.00	97	598.23	5	27.03	1	4.45	311	1,687.11	1	1.15	2	4.68	1	5.63	414	2,248.03
6.01	7.00	48	309.90	4	26.21	1	4.45	133	798.51	1	1.15	2	4.68	1	6.03	176	1,140.67
7.01	8.00	17	125.45	2	14.40	1	4.45	51	380.13	1	1.15	2	4.68	1	7.24	72	534.97
8.01	9.00	13	109.58	1	8.52	1	4.45	37	314.65	1	1.15	2	4.68	1	7.66	57	432.74
9.01	10.00	6	58.57	1	8.52	1	4.45	32	302.15	1	1.15	2	4.68	1	7.66	38	338.73
10.01	20.00	13	151.73	1	8.52	1	4.45	42	554.61	1	1.15	2	4.68	1	10.72	58	717.09
20.01	50.00	1	25.58	1	8.52	1	4.45	1	20.40	1	1.15	2	4.68	1	10.72	2	45.98
50.01	100.00	1	25.58	1	8.52	1	4.45	1	20.40	1	1.15	2	4.68	1	10.72	2	45.98
100.01	200.00	1	25.58	1	8.52	1	4.45	1	20.40	1	1.15	2	4.68	1	10.72	2	45.98
Over 200.00		1,580	4,672.38	121	201.05	71	57.55	6,464	15,824.12	2	1.27	3	5.47	119	198.05	8,381	20,967.13
Total		1,580	4,672.38	121	201.05	71	57.55	6,464	15,824.12	2	1.27	3	5.47	119	198.05	8,381	20,967.13

*Distribution of 1962 Cigar-binder (types 51 and 52) tobacco allotments by size groups*

Size of allotments		Connecticut		Massachusetts		New York		Vermont		Total	
From	Through	Number of farms	Acreage allotted	Number of farms	Acreage allotted	Number of farms	Acreage allotted	Number of farms	Acreage allotted	Number of farms	Acreage allotted
0.01	0.50	63	21.22	47	15.97	1	0.08			111	37.27
0.51	1.00	193	92.66	100	79.21					293	171.27
1.01	2.00	280	419.57	275	400.41					555	819.98
2.01	3.00	226	585.70	200	400.15					426	985.85
3.01	4.00	182	652.19	120	414.14					302	1,066.33
4.01	5.00	100	404.19	63	284.52					173	778.71
5.01	6.00	80	452.14	55	290.33					135	757.93
6.01	7.00	42	277.00	27	178.04			1	5.76	69	446.04
7.01	8.00	48	324.32	17	112.70					60	467.02
8.01	9.00	38	323.21	11	103.11					49	414.82
9.01	10.00	25	238.33	7	69.79					32	305.12
10.01	20.00	37	1,226.29	28	317.21					112	1,543.41
20.01	50.00	14	434.30	8	228.11					22	682.66
50.01	100.00	2	106.39							2	106.39
100.01	200.00	2	248.32							2	248.32
Over 200.00											
Total		1,318	5,915.98	962	2,977.69	1	.08	1	5.76	2,282	8,899.51

*Distribution of 1962 Virginia Sun-cured tobacco allotments by size groups*

Size of allotments		Virginia		Size of allotments		Virginia	
From	Through	Number of farms	Acreage allotted	From	Through	Number of farms	Acreage allotted
0.01	0.10	115	6.19	5.00		95	431.87
0.11	0.20	91	14.35	6.00		50	278.31
0.21	0.30	91	24.78	7.00		28	180.53
0.31	0.40	60	22.25	8.00		12	89.20
0.41	0.50	97	46.00	9.00		8	67.74
0.51	0.60	90	56.94	10.00		4	38.13
0.61	0.70	42	32.91	20.00		7	91.01
0.71	0.80	78	60.37	50.00			
0.81	0.90	57	49.45	100.00			
0.91	1.00	177	174.37	Over 100.00			
1.01	2.00	690	1,057.98	Total		2,306	4,188.61
2.01	3.00	303	780.98				
3.01	4.00	192	685.23				

Tobacco acreage allotted by kinds and by States, 1940-64

Kind and State	1940	1941	1942	1943	1944	1945	1946	1947
<b>Flue cured (11 to 14):</b>								
Alabama.....	453	445	487	489	588	516	568	560
Florida.....	13,598	13,673	15,168	16,169	19,893	21,526	24,634	25,863
Georgia.....	73,224	73,659	81,053	85,860	106,907	110,115	124,153	124,111
North Carolina.....	508,557	511,224	564,378	602,230	733,836	747,578	839,121	828,121
South Carolina.....	85,003	85,054	94,244	96,027	122,463	125,095	141,341	142,068
Virginia.....	77,375	77,604	85,892	91,687	111,440	113,658	127,408	126,042
Total.....	758,210	761,659	841,222	895,462	1,095,127	1,118,488	1,257,225	1,246,765
<b>Burley (31):</b>								
Alabama.....	157	162	161	179	218	232	128	108
Arkansas.....	85	82	84	106	115	108	127	105
Georgia.....	121	138	135	113	139	113	119	101
Illinois.....	34	36	37	40	54	62	51	41
Indiana.....	10,436	9,732	10,233	12,923	16,509	16,435	14,467	12,114
Kansas.....	433	451	344	588	600	598	454	366
Kentucky.....	290,306	292,873	295,183	318,513	394,700	409,790	376,996	311,953
Missouri.....	5,458	5,155	5,499	6,771	8,083	8,231	7,402	5,945
North Carolina.....	7,850	7,139	8,022	11,425	15,132	15,578	14,198	12,833
Ohio.....	13,074	12,068	12,124	16,643	21,014	21,496	18,934	15,714
Oklahoma.....	7	5	8	10	10	11	8	5
Pennsylvania.....	97	98	91	106	91	15	12	6
South Carolina.....	62,180	61,791	63,723	83,605	108,014	111,649	102,062	89,984
Texas.....	10,429	10,535	9,016	14,380	18,092	18,615	17,015	15,005
Virginia.....	3,938	4,020	4,053	5,181	5,992	5,954	5,344	4,346
West Virginia.....								
Total.....	374,605	374,285	378,720	470,533	588,833	608,899	557,335	468,641
<b>Fire cured (21 to 23):</b>								
Illinois.....	(1)	14	15	10	(1)	(1)	11	11
Kentucky.....	(1)	33,151	33,415	36,081	(1)	(1)	46,877	46,333
Tennessee.....	(1)	35,176	33,775	36,400	(1)	(1)	47,290	47,799
Virginia.....	(1)	15,976	13,730	16,191	(1)	(1)	23,436	21,973
Total.....	(1)	84,317	80,935	88,682	(1)	(1)	117,614	116,116
<b>Dark air cured (35 to 36):</b>								
Indiana.....	(1)	379	382	391	(1)	(1)	444	361
Kentucky.....	(1)	30,777	30,890	33,763	(1)	(1)	41,198	37,627
Missouri.....	(1)	7	6	6	(1)	(1)	(1)	11
Tennessee.....	(1)	4,633	4,403	5,103	(1)	(1)	6,266	5,740
Total.....	(1)	35,796	35,781	39,263	(1)	(1)	47,908	43,739
Virginia sun cured (37): Virginia.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Grand total <sup>3</sup> .....	1,132,815	1,256,037	1,336,658	1,493,940	1,683,960	1,727,387	1,980,082	1,876,261

ACREAGE-POUNDAGE MARKETING QUOTAS FOR TOBACCO 117

Kind and State	1948	1949	1950	1951	1952	1953	1954	1955
<b>Fire cured (11 to 14):</b>								
Alabama.....	487	511	500	583	618	597	629	632
Florida.....	18,746	20,002	20,200	23,370	23,702	22,003	23,289	21,360
Georgia.....	90,995	96,460	98,228	113,559	114,405	105,922	106,830	102,094
North Carolina.....	602,235	635,885	641,222	740,747	745,534	690,683	665,995	665,204
South Carolina.....	103,886	109,873	111,168	128,850	129,940	120,942	121,797	116,835
Virginia.....	91,701	96,726	97,329	112,872	113,172	104,796	105,595	100,888
Total.....	908,000	959,463	968,595	1,119,481	1,127,371	1,044,543	1,053,135	1,007,023
<b>Burley (31):</b>								
Alabama.....	86	84	87	69	62	55	47	31
Arkansas.....	102	104	94	97	94	87	74	57
Georgia.....	103	116	127	153	152	137	121	98
Illinois.....	37	36	29	21	20	17	10	10
Indiana.....	11,804	11,957	10,616	12,046	12,031	10,961	10,079	7,825
Kansas.....	335	341	300	243	214	179	145	100
Kentucky.....	308,155	311,089	273,220	310,544	312,214	283,768	261,683	200,311
Missouri.....	5,711	5,694	4,840	3,380	3,310	4,730	4,308	3,232
North Carolina.....	12,872	13,057	12,472	13,916	14,004	13,119	12,129	10,126
Ohio.....	15,418	15,562	13,860	15,528	15,566	14,133	13,000	10,057
Oklahoma.....	5	5	4	6	9	4	4	4
Pennsylvania.....	5	3	2	2	7	4	4	5
South Carolina.....	14	12	10	9	7	6	7	7
Tennessee.....	89,369	90,413	84,035	94,298	94,786	86,992	80,355	63,588
Texas.....	14,920	15,115	14,078	15,881	15,937	14,699	13,691	10,980
Virginia.....	4,256	4,150	3,846	4,277	4,262	3,894	3,588	2,890
Total.....	463,192	468,338	418,250	472,176	474,747	432,746	399,451	309,326
<b>Fire cured (21 to 23):</b>								
Illinois.....	7	6	2	1	1			1
Kentucky.....	30,961	26,289	22,622	22,777	22,655	22,787	21,614	19,269
Tennessee.....	31,797	26,926	23,322	23,488	23,506	23,621	23,407	21,402
Virginia.....	14,577	12,336	10,614	10,633	10,611	10,688	10,766	9,832
Total.....	77,342	65,557	56,560	56,869	56,773	57,096	55,847	50,504
<b>Dark Air cured (35 to 36):</b>								
Indiana.....	252	243	162	137	124	108	89	74
Kentucky.....	28,886	26,230	22,948	22,985	23,007	22,814	19,902	17,937
Missouri.....	8	3,897	3,443	3,524	3,538	3,553	3,256	2,992
Tennessee.....	4,347	30,377	26,559	26,651	26,673	26,476	23,248	21,005
Total.....	33,443	52,735	43,500	43,349	43,766	43,935	36,111	30,746
Virginia Sun cured (37): Virginia.....	( <sup>1</sup> )	( <sup>1</sup> )	1,474,314	1,727,628	1,690,320	1,670,491	1,584,669	1,440,192
Grand total <sup>3</sup> .....	1,481,977	1,523,735	1,474,314	1,727,628	1,690,320	1,670,491	1,584,669	1,440,192

See footnotes at end of table, p. 119.

Tobacco acreage allotted by kinds and by States, 1940-64—Continued

Kind and State	1955	1957	1958	1959	1960	1961	1962	1963	1964
Flue cured (11 to 14):									
Alabama.....	556	500	501.13	502.53	503.03	509.84	532.25	504.43	501.80
Florida.....	18,859	15,112	15,142.12	15,108.32	15,188.51	15,215.39	15,872.88	15,091.00	13,599.77
Georgia.....	90,074	72,150	72,265.42	72,396.01	72,480.66	72,582.80	75,744.03	72,057.57	64,930.15
North Carolina.....	536,026	409,311	469,851.59	470,344.05	470,774.75	471,330.90	491,750.97	467,453.32	421,045.49
South Carolina.....	103,050	82,549	83,629.34	82,735.31	82,824.17	82,916.73	86,541.34	82,286.92	74,132.48
Virginia.....	89,010	71,291	71,381.53	71,442.11	71,541.43	71,647.66	74,796.87	71,097.95	64,030.94
Total.....	887,575	710,913	711,771.13	712,558.33	713,312.55	714,203.32	745,238.34	708,491.19	638,240.63
Burley (31): 4									
Alabama.....	29	30	30.35	30.35	30.78	32.67	34.28	32.95	30.42
Arkansas.....	52	53	52.78	52.83	53.33	56.63	60.69	59.45	54.13
Georgia.....	89	86	86.93	87.38	87.70	93.80	99.26	98.58	91.16
Illinois.....	5	6	5.93	5.93	5.93	6.30	5.47	5.47	5.23
Indiana.....	7,768	7,736	7,741.13	7,744.75	7,746.01	8,228.95	8,715.77	8,728.78	7,906.30
Kansas.....	96	91	91.70	91.70	92.69	100.26	101.69	100.76	85.08
Kentucky.....	200,236	200,275	200,406.09	200,578.20	200,680.18	213,056.50	226,062.37	226,265.37	204,256.46
Missouri.....	3,205	3,188	3,190.61	3,193.31	3,198.88	3,398.58	3,553.48	3,551.34	3,192.96
North Carolina.....	10,113	10,121	10,149.68	10,175.27	10,200.15	10,863.85	11,549.03	11,574.39	10,585.67
Ohio.....	9,988	9,960	9,962.86	9,971.32	9,973.72	10,591.24	11,205.50	11,192.67	10,110.37
Pennsylvania.....	2	2	2.00	2.00	2.00	2.12	2.25	2.25	1.63
South Carolina.....	4	4	3.75	4.12	4.12	4.74	5.03	5.03	4.39
Tennessee.....	63,274	63,244	63,291.26	63,328.58	63,384.58	67,363.84	71,466.16	71,561.69	65,062.83
Texas.....	1	1	40	40	40	43	46	46	46
Virginia.....	10,974	10,980	11,000.03	11,018.61	11,041.80	11,745.00	12,478.46	12,495.83	11,369.91
West Virginia.....	2,852	2,844	2,849.80	2,855.02	1,865.25	3,054.18	3,229.56	3,235.10	2,941.37
Total.....	308,688	308,621	308,865.30	300,139.77	309,376.02	328,599.69	348,572.46	348,910.15	315,698.37

	1	1	24	24	24	24	24	15	10	04
Fire cured (21 to 23): <sup>3</sup>										
Illinois.....	19,010	17,061	15,363.71	15,363.31	15,391.70	15,391.70	15,505.85	15,473.16	13,877.27	
Kentucky.....	21,349	19,221	17,278.05	17,310.84	17,327.41	17,327.41	17,425.23	17,370.50	15,616.84	
Tennessee.....	9,753	8,746	9,081.67	9,114.27	9,097.87	9,131.21	9,126.03	9,037.27	9,144.95	
Virginia.....										
Total.....	50,113	45,029	41,723.67	41,811.66	41,763.05	41,850.56	42,057.26	41,881.03	38,639.10	
Dark Air cured (35 to 36): <sup>4</sup>										
Indiana.....	64	51	46.19	45.73	46.19	45.73	43.47	40.73	34.89	
Kentucky.....	17,683	14,932	13,439.54	13,464.99	13,452.42	13,469.32	13,519.44	13,446.83	12,057.39	
Tennessee.....	2,980	2,518	2,264.05	2,267.01	2,265.12	2,268.03	2,278.86	2,273.00	2,040.06	
Total.....	20,727	17,501	15,749.78	15,777.73	15,763.73	15,783.08	15,841.77	15,761.16	14,132.34	
Virginia Sun cured (37): Virginia.....	5,521	5,383	4,186.07	4,183.62	4,189.18	4,349.71	4,190.19	3,756.84	3,471.64	
Grand total <sup>5</sup> .....	1,364,474	1,171,482	1,165,931.91	1,170,028.90	1,119,759.92	1,190,279.59	1,235,510.22	1,195,706.67	1,084,488.98	

<sup>1</sup> Marketing quotas not in effect.

<sup>2</sup> Quotas terminated prior to harvest.

<sup>3</sup> All kinds of tobacco for which marketing quotas were in effect (includes other kinds as listed on p. 3, beginning in 1951, 1st year these kinds of tobacco were subject to marketing quotas).

<sup>4</sup> Allotments of burley to Oklahoma and Dark Air cured to Missouri terminated with the 1955 crop.

<sup>5</sup> For 1958 and subsequent years, Virginia Fire cured (type 21) is a separate kind of tobacco.

Tobacco acreage allotted by kinds and by States, 1951-64

Kind and State	1951	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964
Maryland (32):													
Delaware	(1)	55, 212	(1)	(1)	53, 405	1	0. 13	(1)	0. 13	0. 13	0. 13	0. 13	0. 13
Maryland	(1)	27	(1)	(1)	39	47, 960	48, 135. 79	(1)	48, 692. 15	49, 438. 76	49, 715. 03	48, 193. 75	47, 275. 98
Virginia	(1)		(1)	(1)		33	33. 10	(1)	33. 23	33. 81	31. 31	25. 79	22. 13
Total	(1)	3 55, 312	(1)	(1)	53, 446	47, 994	48, 169. 02	(1)	48, 695. 51	49, 472. 70	49, 746. 47	48, 219. 67	47, 288. 24
Cigar filler and binder (42 to 44 and 53 to 55): <sup>3</sup>													
Illinois	9	3	9	8	7	7	7. 06	7. 06	7. 06	7. 06	5. 47	5. 30	4. 25
Indiana	2	3	2	2	1	1	1. 47	1. 47	1. 47	1. 47	1. 27	1. 27	1. 27
Iowa	9	10	10	10	8	8	8. 49	8. 49	8. 49	8. 49	7. 24	7. 24	7. 24
Kentucky	426	305	368	313	249	234	238. 69	240. 14	242. 75	254. 85	198. 05	182. 90	168. 70
Minnesota	486	425	345	283	188	96	96. 50	96. 50	94. 10	96. 86	57. 77	49. 76	35. 06
New York	7, 090	7, 184	6, 715	6, 382	4, 990	4, 911	5, 085. 80	5, 311. 02	5, 448. 78	5, 657. 18	4, 622. 13	4, 622. 13	4, 584. 95
Ohio	546	548	486	495	275	247	251. 89	260. 89	264. 72	268. 85	201. 05	192. 58	176. 04
Pennsylvania	22, 207	22, 924	21, 377	21, 522	17, 735	17, 394	18, 063. 57	18, 621. 61	19, 029. 85	19, 081. 63	15, 824. 08	15, 636. 80	15, 346. 63
Wisconsin													
Total	3 48, 072	3 49, 383	3 46, 877	3 46, 588	3 38, 404	22, 898	23, 753. 47	24, 547. 18	25, 097. 22	25, 375. 89	20, 962. 53	20, 698. 13	20, 324. 19
Cigar binder (51 and 52): <sup>3</sup>													
Connecticut	11, 540	11, 927	11, 698	11, 647	9, 910	8, 640	7, 712. 56	7, 744. 21	7, 714. 57	6, 998. 13	5, 918. 98	5, 299. 58	4, 492. 32
Massachusetts	5, 724	5, 897	5, 921	5, 981	5, 023	4, 495	4, 044. 06	4, 047. 60	4, 064. 08	3, 641. 12	2, 977. 69	2, 684. 40	2, 188. 76
New Hampshire	12	9	7	6	1	1	. 93	. 93	. 93	. 16	. 08	. 07	. 04
New York		1	1	1	1	1	1. 16	1. 16	1. 16	1. 16	1. 16	1. 16	1. 16
Vermont	12	11	8	8	7	6	5. 76	5. 70	5. 70	5. 23	4. 45	4. 45	3. 85
Total	(1)	(3)	(3)	(3)	(3)	13, 143	11, 763. 47	11, 798. 68	11, 774. 59	10, 644. 64	8, 901. 20	7, 988. 50	6, 684. 47

<sup>1</sup> Quotas disapproved by growers. Quotas for 1952 crops of Maryland and cigar filler and binder tobacco were also disapproved.

<sup>2</sup> Includes acreage allotments to Kentucky (47 acres), North Carolina (6 acres) and Tennessee (13 acres); allotments for these States not in effect in subsequent years.

<sup>3</sup> States shown under the Cigar binder (51 and 52) group were included with the Cigar filler and binder group as "kind" of tobacco through 1956 and totals for these years are combined, beginning in 1957 types 51 and 52 were separated from the original group as a kind of tobacco. (Quotas have not been in effect for cigar filler, type 41.)

*Stocks of leaf tobacco owned by dealers and manufacturers in the United States and Puerto Rico, 1958-64<sup>1</sup>*

[Millions of pounds—farm-sales weight]

Kind of tobacco	Type	Quarter	1958	1959	1960	1961	1962	1963	1964
Flue cured.....	11 to 14	July.....	2,308.1	2,210.4	2,106.1	2,090.1	2,081.1	2,281.6	2,386.4
Virginia Fire cured.....	21	October.....	23.8	22.5	22.2	20.9	19.9	20.2	16.8
Kentucky-Tennessee Fire cured.....	22	.....do.....	89.5	81.6	82.4	74.0	72.2	73.4	79.7
Do.....	23	.....do.....	19.9	17.6	18.8	18.8	17.2	19.8	21.8
Burley.....	31	.....do.....	1,276.5	1,224.3	1,191.4	1,127.3	1,137.4	1,227.9	1,412.2
Maryland.....	32	.....do.....	80.3	73.0	70.9	70.0	76.2	86.0	89.6
One sucker.....	35	.....do.....	47.5	42.8	41.0	37.9	35.2	37.3	39.3
Green River.....	36	.....do.....	25.0	20.8	19.9	19.3	20.0	20.8	21.8
Virginia sun cured.....	37	.....do.....	5.5	4.9	5.2	5.0	5.1	5.1	4.2
Pennsylvania filler.....	41	.....do.....	103.7	104.3	109.7	114.9	122.9	128.0	138.1
Ohio filler.....	44	.....do.....	20.5	17.1	17.5	17.6	20.2	21.1	19.2
Puerto Rican.....	46	.....do.....	49.6	42.4	43.8	43.3	41.6	49.2	51.4
Broadleaf.....	51	.....do.....	22.2	20.0	20.4	19.4	18.8	15.5	14.6
Havana seed.....	52	.....do.....	15.9	14.5	12.8	11.8	11.0	10.1	8.3
Southern Wisconsin.....	55	.....do.....	20.0	20.9	22.2	23.3	23.3	24.3	22.9
Northern Wisconsin.....	54	.....do.....	26.6	25.3	24.4	25.4	27.8	27.6	24.8
Connecticut shade grown.....	61	July.....	13.1	13.0	15.1	15.7	13.8	13.7	11.5
Georgia-Florida shade grown.....	62	.....do.....	7.5	7.3	7.6	10.4	10.0	8.9	8.0
Cuba.....	81	.....do.....	21.2	29.2	54.2	50.7	42.4	25.7	17.3
Indonesia.....	82	.....do.....	.2	.1	.2	1.1	1.9	2.4	3.4
Philippines.....	83	.....do.....	8.7	14.9	15.9	19.5	20.8	19.1	16.7
Brazil <sup>2</sup> .....	84	.....do.....	-----	-----	-----	-----	2.1	6.1	9.6
Colombia <sup>2</sup> .....	85	.....do.....	-----	-----	-----	-----	10.3	12.4	20.3
Dominican Republic <sup>2</sup> .....	86	.....do.....	-----	-----	-----	-----	6.0	11.1	15.3
Paraguay <sup>2</sup> .....	87	.....do.....	-----	-----	-----	-----	1.5	3.7	2.8
Other <sup>2</sup> .....	88	.....do.....	( <sup>3</sup> )	6.1	5.6	15.8	4.9	3.3	4.9
Total.....	81 to 88	July.....	30.1	50.3	75.9	87.1	89.8	83.9	90.5
Cigarette leaf (im- ported).....	90	.....do.....	260.6	259.1	265.6	279.6	331.8	327.3	286.3

<sup>1</sup> Includes loan stocks held by cooperatives.

<sup>2</sup> Prior to July 1, 1962, stocks from Brazil, Colombia, Dominican Republic, and Paraguay were not reported separately, but were included under "Other foreign-grown cigar leaf, type 84" (beginning July 1, 1962, other foreign-grown cigar leaf is designated as type 88).

<sup>3</sup> Less than 0.1.

*Percentage of sales by quality for Flue-cured tobacco, by types, 1946-62 crops.*

QUALITY 1 TO 3

[In percent]

Type	Crops				
	Average, 1946-50	Average, 1951-55	Average, 1956-60	1961	1962
11a.....	33.1	20.8	13.6	16.2	15.4
11b.....	33.5	19.9	12.2	13.9	8.5
12.....	30.9	22.8	12.4	17.6	7.9
13.....	32.2	23.4	23.2	26.2	12.3
14.....	21.0	16.0	10.3	13.7	6.3
Average, 11 to 14.....	31.1	21.0	14.4	17.9	10.3

QUALITY 4 AND BELOW

11a.....	66.9	79.2	86.4	83.8	84.6
11b.....	66.5	80.1	87.8	86.1	91.5
12.....	69.1	77.2	87.6	82.4	92.1
13.....	67.8	76.6	76.8	73.8	87.7
14.....	79.0	84.0	89.7	86.3	93.7
Average, 11 to 14.....	68.9	79.0	85.6	82.1	89.7

122 ACREAGE-POUNDAGE MARKETING QUOTAS FOR TOBACCO

Federal, State, and local tax revenues from tobacco products for specified periods

[In millions of dollars]

Fiscal year	Federal				State, all tobacco products	Total Federal and State	Local governments	Total Federal, State, and local governments
	Cigarettes <sup>1</sup>	Cigars <sup>2</sup>	Chewing, smoking, and snuff	Total <sup>3</sup>				
Average:								
1940-44.....	719	19	58	800	127	927		
1945-49.....	1,099	44	47	1,192	263	1,453		
1950.....	1,243	42	42	1,328	414	1,742		
1951.....	1,294	44	41	1,380	430	1,810		
1952.....	1,474	45	28	1,565	449	2,014		
1953.....	1,587	46	21	1,655	469	2,124		
1954.....	1,514	46	20	1,580	464	2,044		
1955.....	1,504	46	20	1,571	460	2,031	49	2,080
1956.....	1,549	45	19	1,613	516	2,129	42	2,171
1957.....	1,611	45	18	1,674	558	2,232	48	2,280
1958.....	1,668	47	18	1,734	619	2,353	50	2,403
1959.....	1,738	51	17	1,807	677	2,484	53	2,537
1960.....	1,864	50	17	1,932	923	2,855	65	2,920
1961.....	1,924	50	17	1,991	1,001	2,992	76	3,068
1962.....	1,957	50	17	2,026	1,075	3,101	72	3,173
1963.....	2,011	50	16	2,079	1,124	3,203	64	3,267
1964 <sup>4</sup> .....	1,977	56	17	2,050	1,180	3,230	( <sup>5</sup> )	( <sup>5</sup> )

<sup>1</sup> Includes large cigarettes.

<sup>2</sup> Includes small cigars and amounts on cigars from Puerto Rico covered into the treasury of Puerto Rico.

<sup>3</sup> Includes cigarette papers and tubes, floor taxes, penalties, etc.

<sup>4</sup> Preliminary, State tax revenues estimated.

<sup>5</sup> Local government collections for fiscal 1964 not yet available.

Source: Compiled from reports of the Internal Revenue Service and the Bureau of the Census.

Mr. GREGORY. Senator Jordan, I would also like to say that statement he referred to was made—if that was correct, by someone from our company—was made 5 years ago, and since that time there has been a great change in Georgia tobacco.

Mr. LANIER. Well, sir, 5 years ago we had 1.3 percent of our tobacco going into stabilization. The following year, 3.8. The next year, 2.4. And the next year, 2.8.

So my argument is that we still have a commodity that is acceptable to the buying companies; it is moving in the normal channels of trade.

Senator JORDAN. May I ask you one question?

Did the Georgia tobacco farmers vote for the acreage allotment price support the last referendum?

Mr. LANIER. Yes, sir. And the Georgia Farm Bureau Federation endorsed it. I had press releases and radio talks. Because I am a strong believer in a supply-management type of program. And, to my knowledge, the last time that Georgia voted against one of those referendums was possibly 1939.

You recall in 1938 that we voted out the program. Georgia voted about 62 percent, which was shy of the two-thirds. We stayed out of the program, all of us, for 1 year. And then Georgia the next year did not vote enough to get in, but North Carolina and other States brought her back in.

But beginning with 1939, I don't think you will find a year that Georgia hasn't supported these marketing quota referendums.

Senator JORDAN. Well, that prompts this question. Would you like to see price supports continue?

Mr. LANIER. Yes, sir.

Senator JORDAN. I think I can tell you without being contradicted that it could be years. But if we keep on at the rate it is going in the CCC now it won't be. And then Georgia would go down with it, just as certain as we are sitting at this table.

Mr. LANIER. I would not argue it at all, Senator. I think that you are eminently correct.

But I say this. The producers who are contributing very little to this tremendous surplus, it is hard for me to understand and to realize how we should eat out of the same spoon with those who are contributing the majority to this surplus.

Senator JORDAN. Well, I can't fall out with you about that.

But our trouble is the total pounds of tobacco. Wherever it is raised it is tobacco. And we are going to have to do something to adjust this program downward. There is no question about that.

Mr. LANIER. Well, I had interpreted—

Senator JORDAN. I might say I think this bill is designed to take care of the small tobacco farmer. If we keep on taking off 10 percent and 19½ percent, you take a man with acreage less than an acre, 2 acres—pretty soon he is not going to have one barn of tobacco. He just simply cannot stay in the tobacco business. It is not going to hurt the big farmer as much—it is going to hurt the little farmer to take these acreage reductions year after year.

Mr. LANIER. May I ask a question of you, sir?

Senator JORDAN. Certainly.

Mr. LANIER. The manner that this bill you have introduced is based primarily on quality, is that correct?

Senator JORDAN. That is certainly one of the strong features of this bill. It is the overproduction and the quality that goes with it.

Mr. LANIER. All right. Here is a people who are producing quality. But then to give them an across-the-board cut equal to those who are producing an inferior quality is a question that we have not yet resolved in the minds of our producers in Georgia.

Now, if you have a field that is infested with black shank disease—and certainly I am in sympathy with anyone who has that infestation in his field—it is not possible that he can grow a variety that will produce the quality of tobacco really that the trade wants. So I say that as long as we produce a quality that will go in the normal channels of trade, then we would ask for preferential treatment in a poundage or poundage-acreage program.

Senator JORDAN. Anybody else have any questions you want to ask?

Mr. LANIER. I stand corrected on a statement that I made at the outset of my testimony.

Mr. Homer Darden, a Georgian, and a tobacco producer, informs me it was Venable Tobacco Co. rather than Imperial. I apologize to the committee, and I apologize to you, sir.

Senator JORDAN. Thank you very much.

Mr. Fred Royster?

Mr. Royster will you give your full name and your address, and who you represent?

**STATEMENT OF F. S. ROYSTER, MANAGING DIRECTOR, BRIGHT BELT WAREHOUSE ASSOCIATION, HENDERSON, N.C.**

Mr. ROYSTER. Mr. Chairman, and gentlemen of the committee, I am F. S. Royster, managing director of the Bright Belt Warehouse Association, Inc., which is a voluntary trade association. The association represents warehousemen who sell approximately 92 percent of all Flue-cured tobacco produced in six States. The board of governors of this association has given careful consideration to needed changes in the present tobacco program and wholeheartedly endorses changing the program from acreage controls to a combination of acreage-poundage as provided for in S. 821.

I am also a member of the North Carolina State Senate and chairman of the committee on agriculture of that body. I am authorized by this committee to convey their support of the bill under consideration.

That vote was taken at a meeting last evening, and the vote was unanimous.

I am also authorized by the distinguished Lieutenant Governor of North Carolina, the Honorable Robert W. Scott, to express on his behalf support of this proposal. Lieutenant Governor Scott is recognized as one of the agricultural leaders in America and is the son of the late Senator W. Kerr Scott who was a member of this committee. Senator Scott realized the desirability of changing the tobacco program to acreage and poundage controls 7 years ago and made an effort in this direction.

For 25 years the tobacco program has operated on control of acreage only. For a long period of time this method proved to be a satisfactory means of controlling production. However, in recent years the introduction of high-yielding varieties and changes in cultivation practices, yields per acre have increased to the point that control of production which results in acceptable quality can no longer be accomplished. If the program is to survive we must have changes provided for in the bill under consideration at the very earliest possible moment.

I shall not repeat the very competent testimony which has already been given to the committee; however, there are a few specific points that I wish to emphasize. First, under the present act when quotas are proclaimed for the 1966 crop, it will be necessary because of having to use production figures for the 1964 crop which were at an alltime high to again proclaim a substantial acreage cut in 1966.

Mr. Chairman, and gentlemen of the committee, if in 1965 under the present program and legislation, if we did not add a single pound to the surplus—and may I at this point say that the surplus means total surplus, and actually, Mr. Chairman, and gentlemen, it doesn't make any difference where it is, whether it is in the stocks of the stabilization corporation, or the various companies. What you are dealing with is total supply.

If we didn't add a pound to that total supply in 1965, we still would be faced with another substantial reduction in 1966, if we stay on acreage alone, for the reason just given.

Now, in my opinion, under the present program 1965 production will substantially exceed disappearance and a large amount of the crop will be of very inferior quality.

It will not be in demand in the marketplace.

The second point that I want to emphasize is that the primary concern of growers is the net income which they receive. If we continue in 1965 under the present program, to produce a crop of 1,200 to 1,300 million pounds—as I just said, a great deal of it of inferior quality, we will be fortunate to average as much as 55 cents per pound for the crop. Whereas, if this legislation is enacted by the Congress, changing the program, as recommended to acreage poundage, then with a national quota of 1,125 to 1,150 million, I have no hesitancy in predicting an average of at least 60 cents per pound for the 1965 crop.

And so you have a substantial increase in your grower net income.

Now, Mr. Chairman, there is another thing I think needs to be brought out here.

Under this program, the growers will have an opportunity to market more tobacco of a better quality than they would under the 1965 program with the 19½ percent.

It hasn't been brought out here, as I recall, but this proposal provides for a restoration of the acreage cut in the amount of 14½ percent, or to say it another way, your acreage in 1965 would be 95 percent of what it was in 1964.

In other words, to use for illustrative purposes—if you have a grower with 5.25-acre allotment in 1965, under this program his acreage would be 6.2 acres. And if you translate that under the terms of the bill, if you translate that into pounds, then he would have to, if he stayed on his 5.25 acres, he would have to increase his acreage several hundred pounds an acre to be where he is under this program.

So that is something that I am afraid is not too well understood.

Now, Mr. Chairman, if I may be personal, I have been with this program a long time. I have been with it since its beginning. This program was conceived out of dire necessity. The growers of tobacco in all the areas and all the types lay distraught and distracted in bankruptcy when this program was first conceived and put into effect.

We have enjoyed the benefits all these years—25 years without interruption.

It came into being originally because of complete cooperation with all of the growers of all of the types of tobacco produced in this country.

Furthermore, it came into being with the support of the manufacturers and the exporting companies.

We have faced, Mr. Chairman, many crucial situations during the past 25 years. We have come through those crucial situations because of that spirit of cooperation. And I must say that it is disturbing and alarming to me now when we are in a situation where in my humble and considered opinion we will either change this program to get it on a sound basis or the days are numbered when we will have a tobacco program.

I do not believe, Mr. Chairman, and gentlemen of the committee, that the Government or the taxpayers of this country will long indulge a program as costly as this is about to be in connection with the tobacco industry.

And so, as has been so ably said by a previous witness, this program was not conceived in haste, this program has been considered in

minute detail. Represented on the committee that made a recommendation without dissenting vote where growers from all of the areas, and certainly a vast majority of the States, including the State of Georgia.

The procedure was followed of trying to get the best that we could.

Mr. Chairman, and gentlemen of the committee, I would not claim that this is a perfect program. But I say to you with all the sincerity that I command, that we will either start in this direction at the very earliest opportunity or we are going to lose this entire tobacco support price program. When that happens, I am fearful that we will not get it back. And it will happen, unless we stand united in our efforts for the protection of the program and the protection of the entire industry, both at home and abroad.

We have had that kind of an attitude down through the years.

And I sincerely hope, and I do not believe that we have now reached the point to where we will fall apart. And I am reminded, and I say it reverently, Mr. Chairman, and gentlemen—I am reminded of the very tragic but familiar passage of Scripture that says, "And they cast lots for His garments." Certainly we haven't come to the point that we do not realize the value of this program. And certainly when we are in what I consider to be the most serious situation in 25 years—certainly we can stand together, we can afford to do no other.

SENATOR JORDAN. Mr. Royster, am I correct in saying that the value of a farm today that produces tobacco is pretty well based on his tobacco allotment?

MR. ROYSTER. That is true, Mr. Chairman.

SENATOR JORDAN. Well, didn't we have to sell a tremendous tonnage of tobacco out of the 1955 and 1956 crop simply because the quality of that tobacco—we almost just dumped that tobacco.

MR. ROYSTER. That is true, Mr. Chairman. We did have to do that.

SENATOR JORDAN. Now, it has been referred to that this poundage tobacco bill has been up before. Senator Scott was on this committee. I know that. But I would like for you to tell me and other people here today if the tobacco program was in the trouble at that time as it is now, or whether the prospects were as serious for the tobacco program as they are now.

MR. ROYSTER. No, sir; the tobacco program was not in the difficult situation then that it is now. That was immediately after the 1955 and 1956 crops, which were unusually large crops, and with the coming into being of certain new varieties that were very undesirable and were later discounted by the support price program through the Department. But it was not in serious difficulty as it is now; no, sir.

SENATOR JORDAN. There is one other thing I would like for you to explain. It seems to be a little hard to understand. And I am sure it is for anyone who hasn't studied this bill.

This program will not only reduce our pounds of tobacco, but, at the same time, it will improve our quality—can you tell us how that comes about? I am referring to the acreage and pounds being involved in this bill.

MR. ROYSTER. Well, I think it is certainly well known, by qualified people in all areas of the tobacco industry—this is the opinion that the committees base their conclusions on—that an average per acre

yield of around 1,850 pounds per acre is in the range that you get the most desirable qualities of Flue-cured tobacco.

Now, the question has been raised on the acreage phase of it why acreage was continued. It was certainly my thinking, and I think shared by the committee, that certainly in the beginning of this change in the program, that if you didn't retain some acreage control, that you would have a large number of growers who would plant substantially more acres than they should plant to produce the poundage quotas, and we would wind up with a sizable amount of tobacco that could not be marketed, and that would create a very unsatisfactory situation.

The purpose in the restoration of the 14½ percent of the cut already proclaimed for 1965 was based on the fact that that is where the computation came out, making the calculation at that desired level of 1,854 pounds per acre.

Senator JORDAN. That is all.

Senator Talmadge?

Senator TALMADGE. I want to compliment the witness on a very fine statement.

Mr. ROYSTER. Thank you, Senator.

Senator JORDAN. Senator Ervin had a statement he wanted to make.

Senator ERVIN. I just want to clarify a statement I made this morning. I said that the tobacco program had cost the Government less than any other program, and the total cost to the Federal Government has been \$330 million since the Federal Government embarked on the program in 1933. I should have made it clear at that time that only \$38.9 million of that sum had been actually spent by the Government as price supports, and that the rest of that tobacco—instead of being \$330 million, which I put in round numbers—it was \$329.1 million—that that had been shipped under Public Law 480, or had been shipped abroad by the Government in what would affect foreign policy matters to other countries. And so far as the price supports themselves were concerned, the total cost to the Government since 1933 has been only \$38.9 million, which to me is miraculous.

I want to also commend Mr. Royster on his fine statement, and apologize for not being able to be here.

I am not a member of the committee, and I have had two other committee meetings since, and I have to go to another one right now.

Senator JORDAN. Well, Senator, I corrected a statement that was made by Mr. Palmer here this morning—it was a very flattering statement, of me. He referred to me as the senior Senator from North Carolina. And I corrected it, in that I was senior by about 15 days, but not in service.

Senator ERVIN. Well, I would add to what Mr. Palmer said, that I am sure no Member of the Senate since the Senate began back in George Washington's first administration has ever had a finer colleague to work with than I have had in the person of Senator Jordan.

Senator JORDAN. Keep on talking. [Laughter.]

Senator Cooper?

Senator Cooper. I haven't anything to say, except I have not only listened with great interest to your statement, but I have also enjoyed it. I think we need your type speaker in the Senate.

Mr. ROYSTER. Thank you.

Senator JORDAN. Thank you very much, Mr. Royster. You have made a very fine statement.

Mr. A. J. Hall, Virginia Farmers Union.

Mr. Hall, will you have a seat, please, sir, and give your name and who you represent.

**STATEMENT OF A. J. HALL, PRESIDENT, VIRGINIA FARMERS UNION, WINDSOR, VA., ALSO REPRESENTING THE NATIONAL FARMERS UNION**

Mr. HALL. Thank you, Mr. Chairman, and members of the committee. My name is Jack Hall. I live in Windsor, Va., and I am president of the Virginia Farmers Union. That is the Virginia division of National Farmers Union.

I am glad to be here today, and I want to thank you for the opportunity to express my views on the proposed legislation under consideration. I want to depart from the text of my statement, Mr. Chairman, briefly, because I have been authorized by the chairman of the agriculture committee of the Grange to say that they concur in the statement that I have to make here, and also I was informed this morning by the Washington legislative representative of National Farmers Union that my statement would also be the statement of National Farmers Union. I am on their board of directors.

Senator JORDAN. Thank you very much.

Mr. HALL. Virginia Flue-cured tobacco growers supported their support program by a 95.1-percent "yes" vote in the December 15, 1964, tobacco referendum. The growers supported the program in spite of a more than 19 percent cut in acreage which had been announced prior to the vote. This large vote indicated that tobacco growers, given the opportunity, will accept the responsibility of revising their program to protect the integrity of the tobacco program.

Mr. Chairman, no doubt you and your committee are aware that we now have some very serious problems in the operation of the tobacco program. These problems have developed through vastly increased yields per acre of tobacco; through our failure to develop new export markets; and because of the report of the Surgeon General of the U.S. Public Health Service on smoking and health.

Mr. Chairman, I am now of the opinion that acreage controls are not all that are needed to properly manage our production effectively. I am here today in support of the proposals to give the tobacco producer the opportunity to further strengthen the tobacco program by moving to an acreage-poundage control program as proposed in the legislation under consideration before this committee.

Mr. Chairman, I have heard from the Congress and the Department of Agriculture that farmers are divided; suggestions have come to us to get together and come to the Congress with a program that is generally acceptable to most growers and farm organizations.

I am pleased to report to you that the Virginia Farmers Union and the Virginia Farm Bureau Federation and also the Grange have joined in supporting this bill to give tobacco producers the opportunity to vote for or against the acreage-poundage concept. A meeting of the chairmen of the tobacco committees of both these organizations was held in South Hill, Va., on Friday of last week and we are in agreement in principle on this proposed bill.

I am aware that considerable sentiment exists in favor of the acreage-poundage approach as contained in the proposed legislation; however, I think that certain refinements can be made to make the proposal more equitable; resulting in more popular support than can now be counted on by growers.

I would like to suggest that in developing the formula for setting the acreage-poundage quotas, that 7 years instead of 5 years be used as a base period, using the years 1957-63. This would give a wider spread to averages figured. Whether conditions in some areas in 1963 were so severe that the Department of Agriculture declared disaster counties in some parts of the tobacco-growing States. These counties should be allowed to substitute 1964 yields for 1963 yields. Then, too, I would suggest that consideration be given to allow a direct adjustment for those counties which were declared disaster areas in 1963. Since this was a recognized disaster, many of our growers feel that relief should be given in such cases.

Mr. Chairman and members of the committee, on behalf of the farm family members of the Virginia Farmers Union, I want to again tell you how glad we are to be represented here and to have the privilege of appearing before you. We hope that we have been helpful.

We hear a great deal about the cost of farm programs, but how many people realize that since the effort to establish a parity position for our farm families during the first administration of President Franklin D. Roosevelt in 1933, the Federal Government has collected in taxes from just one crop—tobacco—more than twice the dollars spent on all price-support programs for all crops through the Commodity Credit Corporation since that time. It is my belief that tobacco farmers will make a wise decision. Let us give them the opportunity to vote "Yes" or "No" on the proposal of acreage-poundage control. Prompt action in the passage of this bill is needed and most urgent.

I extracted that statement from the Congressional Record, a statement by the House Agriculture Committee, Mr. Cooley. I was amazed. I did not realize that myself until I read it.

I thank you for your attention.

Senator JORDAN. Thank you very much, Mr. Hall. That is a very fine statement. We appreciate it. I think I can say to you that there will be provisions made in this bill to take care of those problems, those areas. Your suggestions will certainly be given consideration. The reason we are holding the hearings is to get information such as you brought and that which we have received from other witnesses. I do not say that this bill is perfect at all. It has been put together by a good many people. We want suggestions to make this bill as good as possible.

Mr. HALL. I am sure of that.

We thank you.

Senator JORDAN. Senator Talmadge, any questions?

Senator TALMADGE. No questions.

Senator JORDAN. Senator Cooper, any questions?

Senator COOPER. No questions.

Senator JORDAN. Thank you very much again.

The next is Mr. Wayne Corpening, representing the Governor of North Carolina.

Will you give your full name and address to the reporter? You have a prepared statement?

Mr. CORPENING. Yes.

Senator JORDAN. You may proceed.

**STATEMENT OF WAYNE CORPENING, SPECIAL ASSISTANT FOR FARM AFFAIRS TO THE GOVERNOR OF NORTH CAROLINA, RALEIGH, N.C.**

Mr. CORPENING. Mr. Chairman and members of the subcommittee, I am Wayne Corpening, special assistant for farm affairs to the Governor of North Carolina, Dan K. Moore. I am located at Raleigh, N.C.

I would like to read a statement for Governor Moore, if I may.

Senator JORDAN. You may.

Mr. CORPENING (reading):

In North Carolina tobacco is our major money crop, and we are intensely interested in anything that affects the future of this great industry. We want to maintain the tobacco program on a sound basis to protect our farm economy and to keep Government costs to a minimum.

We are deeply concerned about the overproduction of tobacco that has occurred under our present acreage allotment program. This overproduction has forced drastic cuts in acreage allotments. I am told that the emphasis on ever-increasing production per acre has seriously affected the usability of our tobacco on some markets.

The existing Federal acreage allotment program is apparently inadequate as a means of controlling production and maintaining high quality.

Last week I recommended the North Carolina General Assembly give immediate consideration to this problem of overproduction and support changes needed to get supply in line with demand and to improve the quality and usability of our tobacco.

The legislation proposed by Senator Ervin and Senator Jordan, which is now before this committee, would: (1) Increase the acceptability and usability of our tobacco in both domestic and foreign markets alike, and (2) develop price supports in line with market demands.

This proposed acreage-poundage program is basically sound and should be enacted. I urge that this acreage-poundage bill be passed at the earliest possible date so that our tobacco farmers may vote on this program for 1965. The urgency of the tobacco situation demands it.

Senator JORDAN. Thank you very much, Mr. Corpening.

Senator TALMADGE. Any question?

Senator TALMADGE. No questions.

Senator JORDAN. Senator Cooper, any questions?

Senator COOPER. No questions.

Senator JORDAN. Give my regards to the Governor and thank him for this statement, and for the action that he has taken. Thank you very much again for appearing before us.

Mr. CORPENING. Thank you.

Senator JORDAN. Mr. Strickland, past president of the South Carolina Warehouse Association, is next. Please state your name and address for the record.

**STATEMENT OF A. D. STRICKLAND, LORIS, S. C.**

Mr. STRICKLAND. I am A. D. Strickland, Route 3, Loris, S.C. I am appearing as an individual farmer, not representing any group or organization.

Senator JORDAN. You may proceed as you wish.

Mr. STRICKLAND. I live in about the center of Old Horry County, S.C. which is the largest tobacco growing county in that State.

I have followed this program very closely. In fact, I was born and raised on a tobacco farm. I still farm tobacco. I also operate a tobacco auction sale warehouse.

I would like to go on record as approving this proposal of an acreage-poundage cut in tobacco.

I have looked it over very carefully, and it is one of the most, the fairest both to the individual farmer that I could think of in changing from an acreage to a poundage control basis, to an acreage and poundage control.

I would like to thank you for allowing me to appear before your committee.

Senator JORDAN. We appreciate your being here, Mr. Strickland. Would you want to comment, for my benefit especially, on how this is going to affect the small farmer? What I had in mind is this, that under our present acreage control system, as we keep taking cuts in acreage, the small farmer will be out of the picture in the long run, if we keep on doing that; is that correct?

Mr. STRICKLAND. Well, what I would like to happen now is to take care of that. Now everybody is in the race for poundage on a tobacco farm. The man who has just 2 or 3 acres, he has to fertilize to excess to make all of the poundage that he can on his tobacco in order to exist.

Senator JORDAN. There are a lot who do a great deal of fertilizing.

Mr. STRICKLAND. That is what they are doing now. They have to have some income off of it. I do not think that it will work any worse or be any greater handicap to the small farmer, as bad as it is now. He cannot exist now the way it is going. A good many of them have already sold or have rented their farms. They have changed their occupation already and more are doing it every year.

Senator JORDAN. Thank you very much.

Senator Talmadge.

Senator TALMADGE. No questions.

Senator JORDAN. Senator Cooper.

Senator COOPER. No questions.

Senator JORDAN. Thank you very much for appearing, Mr. Strickland.

Mr. Seawell of the Leaf Tobacco Exporters Association. Will you please state you name and address for the record and whom you represent?

**STATEMENT OF MALCOLM B. SEAWELL, EXECUTIVE SECRETARY AND GENERAL COUNSEL, TOBACCO ASSOCIATION OF THE UNITED STATES & LEAF TOBACCO EXPORTERS ASSOCIATION, RALEIGH, N.C.**

Mr. SEAWELL. My name is Malcolm B. Seawell. My address is 406 Raleigh Savings & Loan Building, Raleigh, N.C.

I am general counsel and executive secretary for Tobacco Association of the United States & Leaf Tobacco Exporters Association. I make my statement on behalf of Leaf Tobacco Exporters Association, which is an association of 75 American leaf companies which buy tobacco on the warehouse floor throughout the marketing areas,

Flue-cured, burley, and other types, and sell those tobaccos both domestically and to foreign customers.

Leaf Tobacco Exporters Association favors a change in the present control system for Flue-cured tobacco. We favor this change because of the increased production over the past number of years, which has resulted not alone in placing in the neighborhood of 1 billion pounds in loan stocks but has resulted in a deterioration in the quality of our Flue-cured tobaccos. The existence of such a large quantity of tobacco in loan stocks is a threat not only to exports but to the entire tobacco program.

The continued emphasis on greater production, at the cost of quality, has jeopardized our foreign markets. We cannot, under the present price structure, compete with foreign growers of Flue-cured tobacco, pricewise. We must at the present time depend upon quality to maintain our position in the world market.

It is our feeling that the acreage-poundage program offers the best hope for limiting production and for insuring a better quality leaf.

I must say to you in all fairness that we fear the proposed bill will create a situation where not all of the leaf produced will find its way to the marketplace. We feel that a great many growers may sell only the higher price tobaccos which they produce and will destroy the lower grades which are also essential to a balanced trade. In other words, the trade needs the whole stalk, from the lowest leaves to the tips. We feel that the present bill would be far more acceptable to the buyers and to the manufacturers if provision could be made to insure the sale of all grades of tobacco.

While there may be numerous problems naturally arising in switching from an acreage basis of control to an acreage-poundage basis of control, we realize that we are faced with a crisis in the tobacco industry. We feel that this is the time to act, and that any delay in changing the program may result in irreparable harm to the whole industry. For this reason, we urge action by the Congress so that the acreage-poundage program may be put into effect for the 1965 crop.

We feel that the proposed legislation follows the desire of the President that support-price programs be so administered that the little farmer will be protected. Under the present acreage system, the small farmer (and they constitute the greater percentage of the Flue-cured growers) is finding himself squeezed from the farm picture in the tobacco areas. We feel that the acreage-poundage system is far more equitable for the small farmer.

In conclusion, and while this is not a part of the matter being considered by you today, we wish to add that the President's concern for making American tobaccos more competitive in the world market should be a second step in the overall plan with respect to tobacco. If our tobacco is made more competitive in the world market, the time will certainly come, under the acreage-poundage system, when our farmers will be given greater acreage-poundage allotments to fill the needs in the world market.

Senator JORDAN. Thank you very much, Mr. Seawell. That is a fine statement. You represent a great many people who know what is wrong. You ought to know because of your occupation. And you ought to know what would be beneficial. I am sure that your organization has given a lot of study to this. I have heard about it to that effect.

Any questions, Senator Talmadge?

Senator TALMADGE. No questions.

Senator JORDAN. Senator Cooper?

Senator COOPER. No questions.

Senator JORDAN. Thank you again very much.

Mr. SEAWELL. Thank you.

Senator JORDAN. I thank you for that fine statement and for appearing before us today.

Mr. Mangum, we will be glad to hear from you at this time, sir. We are delighted to have you with us, Mr. Mangum. Mr. Mangum represents the North Carolina Farm Bureau, which is the largest farm organization in North Carolina and one of the good farm organizations in this country.

Please give your full name and address and whom you represent for the record, and then we will be glad to hear your testimony.

**STATEMENT OF B. C. MANGUM, PRESIDENT, NORTH CAROLINA FARM BUREAU, ROUGEMONT, N.C.**

Mr. MANGUM. Mr. Chairman and members of the committee, I am B. C. Mangum, a tobacco grower and president of the North Carolina Farm Bureau, and by the way, I might say, Senator Jordan, that I produce type 14 and type 11 and type 11-B. I produce some of all kinds, because I sell on different markets.

I also might have a suggestion on the way to eliminate this problem of surplus tobacco going into the loan stocks and that would be for every other year to start the marketing season on the northern end of the production area and then going south. I think that then we would have a pretty clear understanding on what the different types of tobacco are.

Senator JORDAN. May I ask you a question there at that point?

Mr. Mangum. Yes.

Senator JORDAN. Do I understand from that statement that maybe the reason that some types of tobacco are less plentiful in our surpluses is because those types are sold first?

Mr. MANGUM. Well, certainly, this is the major reason, because when we are producing a tremendous surplus of tobacco, and have too much, you know the barrel gets full before we get up to the northern end of the marketing area.

Senator JORDAN. I think that it has some bearing on this problem that faces this whole area. They may not know about it. They may not believe it. Certainly we want to be fair to Georgia in every respect, because they are an important producing segment of the tobacco industry.

Mr. MANGUM. Yes. I appreciate very much this opportunity to pass on to the committee the position of the North Carolina Farm Bureau. A year ago last November the tobacco growers of North Carolina began to recognize or to realize that we were facing some problems in the tobacco industry, and as a result of that the voting delegates in annual meeting a year ago in November authorized us to set up some study committees to begin making a study of some of the problem areas in the tobacco industry. This they did. And these committees worked from last December, a year ago, until about last June, in several of the problem areas.

One of the main things it developed was a method of controlling the production of tobacco.

This committee then, as I say, worked 6 months on this problem and pointed to some areas that should have some work done in them.

Then following this, the tobacco situation began to look more serious all of the time. So we decided to go to the field—go out in all of the tobacco producing counties in the State and begin to hold some meetings, to try to get an understanding with the tobacco growers of the fact that we were facing some problems.

So this we did:

We held area meetings. We held meetings in each tobacco area producing Flue-cured tobacco. We even went so far as to hold meetings in townships—in some of the large tobacco-producing areas—trying to get an understanding that we did have some problems and that the No. 1 problem was surplus tobacco. So after holding these meetings—we held them in many other counties, too, at the county annual farm bureau meetings and, when we finished these meetings, we had a thorough understanding of the large percentage of the tobacco growers; just what the situation was. So, after that, we went into our State annual meeting last November. Of course the voting delegates attended this meeting representing the members from throughout the State—from all of the counties. They discussed thoroughly the problems that we were facing in the tobacco industry, recognizing that there were two things that had to be done:

No. 1 was that we had to deal with the present program; that is, the strictly poundage program. So we came up with a recommendation that acreage be reduced under the current program—at that time of 20 percent—to begin to try to deal with this surplus problem.

Also in the same meeting, recognizing that certainly this was not the total answer in solving the problem we were facing in the tobacco industry, we came up with a proposal in support of a poundage-acreage program. This poundage-acreage program that we recommended to the Secretary would proclaim under it a quota based on the pounds of tobacco that could be marketed for 1965. Then, after this quota was proclaimed, we recommended that some provisions be made in the law whereby the Secretary could allocate these pounds among the tobacco growers throughout the tobacco-growing area on an equitable basis.

So you can see that after these thorough studies were made, and after all these meetings, our people recognized that there were serious problems. And we were willing to face it by recommending a reduction in the allotment and, knowing that this reduction would not solve the problem, we went further to say that we recommend that we go in the direction of an acreage-poundage basis.

So this is the position of our organization. We recognize, and I think most of the folks that were involved in these discussions we had and these were, by the way, the tobacco growers—we recognized that if we went through this year—after the cut, and had a normal crop—that we would wind up the year in worse shape than we were in to begin with, and we recognized that this continued cut in the acreage certainly had to stop, because the small growers were getting put out of business.

So then, recognizing this, knowing that you could not keep cutting the acreage, we went to work and tried to make sure that we had a

further understanding that there had to be something done in 1965 in dealing with this problem.

So our position is for a poundage-acreage program for 1965 with distribution of the poundage among the tobacco growers on an equitable basis as much as possible. There may be some questions that come up, and I have heard them here today, and I have also heard the answers to some of those problems in that there would be provisions made in the bill that if there were inequities in the counties, among the townships and others, if there were inequities among the growers, that there would be some provisions to take care of this.

So this is the position of the North Carolina Farm Bureau, an organization of over 61,000 farm families.

Thank you.

Senator JORDAN. Mr. Mangum, I appreciate that fine statement you have made.

In your opinion, do you think that the farmers of North Carolina feel that way, where you held these meetings countywide?

Mr. MANGUM. Senator Jordan, that they pretty well understand this acreage-poundage law that is being proposed here? I think that they pretty well understand the acreage-poundage proposal; that is, that we are planning on making a change—hoping to make a change in the program going to the poundage-acreage basis. I doubt if a large percentage of them understand the specifics of the bill. Certainly that would be a responsibility that all of us have to make sure that they do understand what the proposals are before they vote in a special referendum.

Senator JORDAN. You did say, I believe, that you held these committee meetings all over the State—in all of the tobacco-producing counties—and that you found them largely in favor of the poundage-acreage control system?

Mr. MANGUM. That approach; yes.

Senator JORDAN. In some form or another.

Mr. MANGUM. That is right.

Senator JORDAN. Senator Talmadge was at the phone and I am sorry that he did not get to hear the early part of your statement. I wish you would say again, for Senator Talmadge's benefit, what you said about the market starting in the north instead of the south.

Mr. MANGUM. Senator Talmadge, I said this: That I was a producer of Flue-cured tobacco and I produced all kinds. However, I live in the Old Belt in North Carolina and, to prove what I said, I produce all types; that is, I sell tobacco on all of the different markets wherever I sell tobacco, and that is the type I have. I sell tobacco in Georgia and, when I do, it is type No. 14. And I also said that maybe one way to clear up this question of type 14 versus other types would be to do this; that is, it would be to open the markets on the northern end of the producing area first every other year and then start on the southern end every other year.

It is a question of too much tobacco. It is a tremendous surplus. And when this exists, then the barrel gets full before we get more than about two-thirds past the middle of the season.

Senator TALMADGE. Did I understand you to say that all of the tobacco that you sell is of the same type or of different varieties?

Mr. MANGUM. No; it is all the same kind. I grow it in the same fields but, when it is classified, it is classified according to where you sell it. If I sell tobacco in Georgia, it is type No. 14.

Senator TALMADGE. The same tobacco would be type No. 12 in North Carolina?

Mr. MANGUM. It would be type 11, starting at the northern end, and then type 11-B and then type 13 and then type 14. It is classified according to where you sell it.

Senator TALMADGE. Not by grade or quality?

Mr. MANGUM. No. H4F, C5L, regardless whether it is produced in the Old Belt, the Middle Belt, the Border Belt, or Georgia, Florida, or South Carolina.

Senator TALMADGE. The type is in accordance with the way you sell it—it is typed that way?

Mr. MANGUM. I do not remember exactly, but I am of the opinion that the reason that the typing was set up like it was was for the purpose of classifying the tobaccos in different areas. I do not know of any other reason that it should have been done different. They are the same varieties that we produce just the same as you do in Georgia. And if it is B-5F in Georgia, it is that as well in North Carolina. If I sell it at that in Georgia, it is type No. 14.

Senator Talmadge. I appreciate your making that statement again for my benefit.

Mr. MANGUM. Thank you, sir.

Senator JORDAN. Senator Cooper, any questions?

Senator COOPER. No questions.

Senator JORDAN. Thank you very much, Mr. Mangum. I appreciate your testimony.

Mr. Daniels of the Nash County Farm Bureau.

We are glad to have you with us today. I notice that Mr. Watson is with you, too. We are very glad to have you both here. You may proceed in your own way.

#### STATEMENT OF ELMER R. DANIELS, NASH COUNTY FARM BUREAU, SPRING HOPE, N.C.

Mr. DANIELS. Mr. Chairman, and members of the committee accompanying me here today are most of the members of our board of directors, all of whom are farmers from our county and with your permission I should like to have this body stand.

Senator JORDAN. Yes, indeed. We will be glad to have them stand and to recognize them.

Mr. DANIELS. Will the members from Nash County please stand? (The members arose.)

Mr. DANIELS. Mr. George B. Watson, to my right, is the chairman of our Farm Bureau Tobacco Advisory Committee, and Mr. Watson will present the statement to the committee.

Senator JORDAN. Mr. Daniels, first I would like to take this opportunity to say that we are delighted to have such a large delegation from Nash County with us today. I am sure that they are interested in the tobacco program as it affects the individuals because Nash County is one of our chief tobacco producing counties in the State. I would like very much for you to furnish a list of all of those so that I can include them in the record.

Mr. DANIELS. Yes, sir. They are attached to the statement.

Senator JORDAN. I am sure that you spent most of the night riding the train?

Mr. DANIELS. We are very delighted to be here, though.

Senator JORDAN. We are mighty glad to have you here. Do you have their names? If so, we will include them in this record.

Mr. DANIELS. Thank you. The list is attached to the statement. (The list of Nash County, N.C., delegation follows:)

LIST OF NASH COUNTY, N.C., DELEGATION TO SENATE SUBCOMMITTEE HEARING ON THE TOBACCO ACREAGE-POUNDAGE CONTROL BILL, FEBRUARY 9, 1965

1. Elmer R. Daniel, Route No. 1, Spring Hope.
2. Grady Pridden, R.F.D., Rocky Mount.
3. T. E. Ricks, R.F.D. No. 2, Whitakers.
4. George B. Watson, R.F.D. No. 2, Whitakers.
5. Edwin Daniel, Route No. 2, Elm City.
6. D. T. May, Red Oak.
7. W. M. Kingsberry, Route No. 2, Whitakers.
8. Kinchen Battle, Route No. 2, Whitakers.
9. Norman Vaughan, Route No. 2, Rocky Mount.
10. Hubbard Batchelor, Nashville.
11. Millard F. Morgan, Jr., Bailey.
12. D. L. Cooper, Jr., Route No. 2, Elm City.
13. R. W. Bone, Route No. 3, Nashville.
14. Nead Evans, R.F.D., Nashville.
15. Percy Strickland, Route No. 1, Spring Hope.
16. Bart Strickland, Route No. 1, Spring Hope.
17. W. T. Williams, Jr., Middlesex.
18. W. Bernard Faulkner, Red Oak.
19. J. E. Harper, Castalia.
20. John T. Jones, Red Oak.
21. J. A. Brown, Route No. 3, Rocky Mount.
22. Roy Hardee (T.V. station WNCT), Greenville.
23. William W. Shaw, president, Peoples Bank & Trust Co., Rocky Mount.
24. Randolph Colston, R.F.D. No. 2, Nashville.
25. Ben Harrison, Rocky Mount.

**STATEMENT OF GEORGE B. WATSON, NASH COUNTY FARM BUREAU, WHITAKERS, N.C.; ALSO REPRESENTING FARMERS WAREHOUSE AND THE NORTH CAROLINA SOCIETY OF FARM MANAGERS AND RURAL APPRAISERS**

Mr. WATSON. Senator Jordan and members of the subcommittee. I am George B. Watson, a farmer and a seed producer from Nash County, N.C.

I would like to impress upon the members of the subcommittee that neither I, nor any member of this group from Nash County, N.C., is here today by invitation. We are present as a result of our interest and deep concern for our tobacco program, and for no other reason.

With your permission, I shall offer testimonies from three separate organizations, of which I am a member in good standing. They are namely and in the following order:

1. The Nash County Farm Bureau board of directors;
2. The board of directors of the Farmers Warehouse of Rocky Mount, Inc.; and
3. The North Carolina Society of Farm Managers and Rural Appraisers.

I am testifying as chairman of the Tobacco Advisory Committee of the Nash County Farm Bureau board of directors.

For several years, our organization has recognized a possible need for a change in the present tobacco program and has been studying

to determine the best method of change. During the past 6 months, intense study has been made to this end.

We are convinced that the time has come when there is an immediate need for a different type program, one by which production can and would be controlled.

At the present time, Stabilization has some 954 million pounds of tobacco in inventory, of which 759 million has accumulated over a 3-year period. With this history, we can visualize an increase of 150 to 200 million pounds in inventory from the 1965 crop under the present program which encourages yields per acre with a corresponding quality that could be undesirable to both the domestic and export trade and a resulting higher Government cost for the program. Our goal is to bring supply in line with demand and at the same time offer a more desirable, usable tobacco to the trade.

We are in favor of the acreage-poundage bill in principle. We believe that if adopted, the farmer will attempt to produce a more acceptable type of tobacco that will ultimately bring him more money per pound at the market. It is our opinion that the farmers, individually, have for some time been giving serious thought to the tobacco program and see the need for a change. They have been waiting for leadership to this end. It is further our opinion that as soon as the farmer is advised of what his acreage and poundage would be under the new program that he will readily understand and favor the bill.

I would like to add that I have been in conference with representatives of several credit agencies and they have all told me individually that any financial arrangements they have made with farmers for the current crop year are flexible enough to engross any increased cost of production as the result of adoption of the tobacco bill.

In closing, we would again like to urge the immediate adoption of this bill and its enactment to include the 1965 growing season.

I am now speaking in behalf of the Farmers Warehouse, Rocky Mount, N.C. Our warehouse is owned by tobacco farmers. We have 5,000 shares of stock outstanding, representing over 300 stockholders, who must have had at least 1 acre of tobacco allotment for each share of stock purchased at the time the warehouse was incorporated. At a recent meeting of our board of directors, of which I am president, and Mr. John T. Coley, of Nash County, is chairman, we went on record as unanimously endorsing a change in the present tobacco program and asking for an acreage-poundage type program. A letter was sent advising Congressman Cooley, chairman of the House Agriculture Committee, of this action, and a copy of such is attached hereto.

I would like to testify in behalf of the North Carolina Society of Farm Managers & Rural Appraisers and as a director of this organization, which embraces 168 members throughout North Carolina and is devoted to the management of farms and the appraisal of farm properties.

At the organization's annual winter meeting in Raleigh on February 3, 1965, its membership unanimously endorsed the tobacco acreage-poundage control bill per se. A letter indicating this action has been sent to each member of North Carolina's congressional delegation and a copy is attached hereto.

(The letter and resolution referred to above are as follows:)

ROCKY MOUNT, N.C., February 8, 1965.

Hon. HAROLD D. COOLEY,  
 Chairman, Agriculture Committee,  
 House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: The Board of Directors of Farmers Warehouse of Rocky Mount, Inc., being aware of the many problems facing the tobacco farmer and the whole structure of the tobacco industry, wishes to offer its endorsement to the recommendation of the Tobacco Advisory Committee that the tobacco program be put on an acreage-poundage basis for the year 1965.

The board has instructed me to inform you of its action and to urge you to lend your influence to the recommendation in formulating and facilitating the introduction and enactment of such necessary legislation.

Yours truly,

FARMERS WAREHOUSE OF ROCKY MOUNT, INC.,  
 JOHN T. COLEY, Chairman, Board of Directors.

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NORTH CAROLINA SOCIETY OF FARM MANAGERS & RURAL APPRAISERS,  
 RALEIGH, N.C.

The following resolution was unanimously passed at the annual meeting of the North Carolina Society of Farm Managers and Rural Appraisers held in Raleigh, N.C., on February 3, 1965:

"Resolved, That the North Carolina Society of Farm Managers & Rural Appraisers seeks the support of the North Carolina Congressional delegation in Washington for a referendum granting farmers in the Flue-cured tobacco area an opportunity to vote on an acreage-poundage tobacco control program for 1965."

The North Carolina Society of Farm Managers & Rural Appraisers is an organization composed of 168 leading farm managers and rural appraisers from throughout the State. Many of the members of this society have actively participated in policy formulation during past years, and they believe getting the acreage-poundage bill passed for the 1965 crop would greatly enhance the future of the tobacco industry in North Carolina.

Senator JORDAN. Thank you.

Mr. Daniel, did you have anything further?

Mr. DANIEL. That completes our report, sir.

Senator JORDAN. Did you get any indication from Mr. Cooley when he was starting hearings on the House side?

Mr. WATSON. Yes, sir. I believe he said that he had had correspondence with the Department and that the hearings would start Thursday.

Senator JORDAN. Here in Washington or in North Carolina?

Mr. WATSON. In Washington at 10 o'clock on Thursday, and then he proposed, I think he and Mr. Abbitt agreed that perhaps there would be three hearings out in the field; one in Raleigh, N.C., one in Florence, and perhaps one in Tifton, Ga., or some other town in Georgia.

Senator JORDAN. Thank you very much. I appreciate you and your delegation being here. Are you going to ride the train back tonight?

Mr. WATSON. Yes, sir.

Mr. DANIEL. Yes, sir.

Senator JORDAN. I appreciate all of your delegation being here, too. Are there any questions?

Senator TALMADGE. No questions.

Senator COOPER. I want to say that these farmers who came here are to be commended for showing their interest by doing so.

Senator JORDAN. Yes, sir.

Next on our list is Mr. E. Y. Floyd.

(No response.)

Senator JORDAN. Our next is Mr. Marion Fowler.

(No response.)

Senator JORDAN. Next is Mr. S. T. Moore, Jr.

You may proceed as you wish, sir.

**STATEMENT OF S. T. MOORE, JR., CHAIRMAN, FLUE-CURED TOBACCO COMMITTEE, VIRGINIA FARM BUREAU, SOUTH HILL, VA.**

Mr. MOORE. Mr. Chairman and members of the subcommittee, my name is S. T. Moore, Jr. I live at South Hill and I obtain a very substantial part of my livelihood from the production and sale of Flue-cured tobacco. As chairman of the Virginia Farm Bureau Flue-Cured Tobacco Committee, I am authorized to speak for that organization today.

The Virginia Farm Bureau Federation has for the past 7 or 8 years been on record as advocating an acreage-poundage adjustment program as a partial solution to the many problems in the production and marketing of Flue-cured tobacco.

Although we support an acreage-poundage system in general we would like to advocate serious consideration of other legislative changes which will also help to make U.S. Flue-cured tobacco more competitive in the export market. Of course we would reserve the right to study and give our support to any specific recommendations based on its individual merit; specifically, we feel that an acreage-poundage system of control will help to accomplish the following:

(1) It will take the pressure off the tobacco grower to strive for higher and higher yields and give him an economic incentive to produce more usable tobacco. The proposal makes provisions for allowing the farmer to spread his production over an additional amount of acreage so that his only real incentive would be to produce a higher quality (or a more usable) tobacco.

(2) Most market observers conclude, and it surely makes sense, that by improving the quality of tobacco placed on the auction floor we will tend to retain and regain a larger share of the world market.

(3) A producer will be able to maintain a more reasonable balance between supply and demand and thereby have a more stable market situation from year to year and throughout each marketing season.

(4) Provide the producer with something of a crop insurance feature in that his individual allotted production will be increased following a year of low yields or crop failure on his farm.

A close study of the proposed bill, S. 821, reveals that certain areas of the Flue-cured belts would be penalized by getting a lower share of annual production quota because of the 1963 drought, since these areas were officially declared drought areas by the USDA. It is felt that poundage quota adjustments should be made to bring about a more equitable distribution. This can be accomplished by either of the following:

(1) Base county production averages on a 7-year (1957-63) instead of the proposed 5-year (1959-63) production figures. The longer the base period, the less effect one extremely bad year (areawise) will have; or

(2) By allowing counties in disaster areas to use either 1963 or 1964 production figures along with 1959-62 as a basis for a 5-year average.

Since the affected counties would be permanently penalized under the proposed bill, it is considered most important that the bill be changed in some way to reflect a more equitable share of the annual poundage quota in these counties.

We are very much in sympathy with the idea that 1965 is the year to make the provisions of S. 821 effective. However, we feel that the following should be carefully scrutinized:

- (1) That the program can be effectively and efficiently administered.
- (2) That discretionary powers under this bill be very limited.
- (3) That each area and individual producer get an equitable share of the annual production quota based on realistic historical production figures.

Senator JORDAN. Thank you, Mr. Moore, for that fine statement. I would like to say that I think along the lines you have pointed out about the disaster years. I think that can be incorporated in this bill without doing damage to the bill.

Mr. MOORE. I would think so.

Senator JORDAN. And I think it should be. I think it would be the intent of this committee to try to do that. There are provisions, as you know, now in the bill where if we have a bad year, it can be put over to strike an average. I think that we can handle this. This bill is introduced, as you know, to try to work out a bill to give consideration to all of these suggestions that have been made. Certainly a county or a part of a county should not be penalized forever that suffers a disaster in that one year. And that could happen.

Mr. MOORE. As I understand this suggested bill, if you penalize them in the beginning you would be penalizing them throughout the life of the bill.

Senator JORDAN. That is possible, and we certainly do not want to do that. Your suggestion is a very fine one and will be taken into consideration.

Any questions?

Senator TALMADGE. No questions.

Senator COOPER. What is the total membership of the Virginia Farm Bureau Federation?

Mr. MOORE. Senator Cooper, our membership is 21,000.

Senator COOPER. I will ask you to look at page 3 of your statement, point No. 2, where you state that discretionary powers under this bill should be very limited. Can you comment on that?

Mr. MOORE. Well, our main concern, Senator Cooper, was that we did not want to put a whole lot of load on maybe our State or county committees, maybe, to distribute the pounds from here to yonder and so forth. We would rather for it to be spelled out in the bill as much as possible.

Senator COOPER. You are talking about the percentages that would be available?

Mr. MOORE. For equalization.

Senator COOPER. For equalization and all of that?

Mr. MOORE. Yes.

Senator COOPER. Thank you.

Senator JORDAN. Thank you very much again, Mr. Moore. I appreciate your being with us and for your fine statement.

Mr. Elvington.

We are glad to have you here, Mr. Elvington. I believe that you are just representing yourself, are you not?

Mr. ELVINGTON. Yes, sir. I am from down in the hills.

Senator JORDAN. Mr. Elvington is a farmer from Nichols, S.C. I know exactly where it is. I have been there a lot of times.

#### STATEMENT OF P. L. ELVINGTON, NICHOLS, S.C.

Mr. ELVINGTON. Mr. Chairman and members of this subcommittee, I live in Marion County; the other just happens to be my post office address. I am P. L. Elvington.

In order to justify my statement I would like to go back just a little bit into the history of this tobacco program.

I do not think that you gentlemen have ever had a more loyal bunch to appear before you than this bunch of tobacco farmers here today. We have always gotten together and have solved our problems when they got to be bad enough, you might say.

Back in 1939 we were overproducing that year. We voted the programs out. In 1940 we got together and voted acreage controls. We have had acreage controls ever since.

To begin with, they control the production. Well, we needed something to control the price at that time so we got together and formed, I have been told, one of the biggest cooperatives in the world, the Tobacco Stabilization Cooperative with something over 670,000 members. I believe that is right.

Well, that gave us a stable price, but it looked like our production had gotten out of control. So the best that I can figure for this farm bill is that this will come as near to stabilizing our quality and our acreage than any other program that we have had yet.

The small farmer in my county is fast getting out of the tobacco business because of the loss of acreage. He is getting such low acreage because of these programs and if he does make \$1,500 or \$2,000 he has but 1 acre or one-half acre; he cannot make a livelihood for himself and his family. So we are forcing the small grower out of the tobacco program.

I would like to urge this committee to give this piece of legislation full steam ahead so that we may be able to get it into operation in 1965.

Senator JORDAN. Thank you very much. I would like to say to you that we are delighted to have you here.

Senator Johnston, your very distinguished and able Senator from South Carolina, would have been here today presiding as the chairman of the subcommittee, because he is its chairman, but as you know, he is ill.

Mr. ELVINGTON. That is right.

Senator JORDAN. We have a report that he is getting along fine.

Mr. ELVINGTON. When I got to Washington this morning we were very disturbed about him as we have been in South Carolina in recent weeks.

Senator JORDAN. He is a very able and dedicated member of this committee. And I can assure you that he is interested in your welfare and the welfare of all of the tobacco farmers.

Mr. ELVINGTON. He always has been.

I presume that you gentlemen got a telegram from the Mullins Tobacco Marketers yesterday. I had those boys send it. If any of you did not get a copy of the telegram I am sure that it was an oversight by the people who sent it because each member of the committee was supposed to have gotten a telegram expressing their feelings; that is, those of the Mullins Tobacco Marketers, which we claim in South Carolina is the biggest and the world's best.

Senator JORDAN. Thank you.

Any questions, Senator Talmadge?

Senator TALMADGE. No questions.

Senator JORDAN. Senator Cooper?

Senator COOPER. No questions.

Senator JORDAN. We thank you very much again. Mr. Lanier, we welcome you here today. We are always glad to see you. We will be glad to hear from you.

#### STATEMENT OF J. C. LANIER, GREENVILLE, N.C.

Mr. LANIER. Mr. Chairman and members of the subcommittee, my name is J. C. Lanier, and my home is in Pitt County which produces more Flue-cured tobacco than any other county. I have been growing tobacco for 40 years and at the present time my only occupation is farming. I am retired.

I am a member of the Tobacco Committee of the North Carolina State Grange which at its annual meeting last November endorsed a change in the tobacco program which is generally outlined in the bill under consideration.

I am testifying today as a tobacco grower and as a member of the Tobacco Committee of the North Carolina Grange.

A tobacco program was first instituted in 1934 under the provisions of the Kerr-Smith Act, and operated successfully for about 30 years. Under this program the tobacco-producing areas were rescued from poverty and financial disaster, and "Tobacco Road" was no longer an avenue of poverty, but a street leading through a prosperous country and a contented people.

I might say that I was in Washington with the Department of Agriculture in 1933 when this original proposal to start a program was brought up. And it was one of my jobs to go into all of the areas from Valdosta, Ga., to northern Virginia to explain this sign-up that we had in 1933. I worked very closely with this program and have ever since. It has been my lifework.

During most of those years the program operated without cost to the taxpayers and paid dividends to growers. In addition it provided a sound economy for 700,000 farm families whose income depended wholly or in part upon the proceeds of their tobacco crop.

The primary objective of this program was to balance production with consumption and thereby prevent the accumulation of burdensome surpluses which would decrease tobacco prices at the marketplace. To accomplish this objective the number of planted acres was strictly limited.

But this method of balancing production with demand has failed, and no one can deny that statement, and unless changes are made immediately, the entire program is in jeopardy. The fact that there

is now under Government loan more than a billion pounds of tobacco is a red flag indicating the danger that now hangs over our head.

It cannot be denied that under the present system surpluses continue to mount and will continue to mount unless changes are made in the program.

Also, it cannot be denied that under the present acreage control program the objectives cannot be accomplished. There must be changes made if the program is to continue, and in my judgment the only way to correct this situation is to limit the number of pounds that may be offered for sale on the warehouse floors.

Under the provisions of the bill now before this committee, which has been endorsed by an overwhelming majority of farmer organizations in all of the tobacco-producing areas, it is proposed that each farm be allotted a specific number of pounds that can be produced and sold in any year. It also proposes that the total number of pounds so allotted shall be less than the anticipated demand until the surpluses have been reduced. By limiting the pounds to approximately 100 million pounds per year less than the demand, the program will be paying off the installments by reducing the surplus from year to year until a proper balance has been achieved.

It works this way, gentlemen. If I owe a mortgage and a payment is due and I cannot make the payment I am liable to lose my property, but if I can make a payment, I can see my way through and given a certain number of years we can pay off this mortgage of a billion pounds of tobacco and get back to where the consumption is balanced by the demands.

The passage of this bill by the Congress will not in itself change the present program. It provides the machinery by which the tobacco growers may vote and express their preference as to whether they wish to continue under the present program or whether they are in favor of combining a poundage allotment in addition to an acreage allotment. That is the democratic way and follows the democratic processes. If the growers fail to approve of the changes by a majority vote, 50 percent, or by a two-thirds vote, whichever is finally included in the bill, there will be no change for 1965. And so what we are asking is that the Congress give us the opportunity to vote in a referendum as to whether the change will be made in the program.

Unless this bill is enacted into law and approved in a growers' referendum, an additional \$200 million of Government funds will be needed for this year and be plowed into the program in 1965.

Also, it is certain that unless the changes are made the surplus will continue to grow and compound the troubles now facing the tobacco industry. As I said before, the bill does not make any change in the tobacco program unless approved by the growers. If the proposal is endorsed by the growers it could well mean a renaissance in the program. It will bring about a balance between production and demand, and it will also bring about a distinct improvement in the quality of tobacco that comes to market.

Under the present program the grower is compelled as an economic fact to grow as much tobacco per acre as he can grow in order to exist. If the poundage-acreage program is adopted, the improvement in quality will enable us to retain and expand foreign markets for our tobacco and thereby increase farm income.

For the past 10 years we have failed to capture any increased markets for our product in other countries because the quality of our tobacco has deteriorated, because the whole program as now constituted makes the pressure on quantity rather than on quality. Under the poundage-acreage basis the pressure would be on raising the quality more so than the poundage.

And so we plead with this committee to report favorably on the bill now under consideration and thus give the tobacco growers the opportunity to get their own house in order and thereby attain the primary objective of the tobacco program which is to bring production in line with disappearance, at prices that will give the grower a fair return for his labor.

Senator JORDAN. Thank you very much, Mr. Lanier, for a very fine statement. We appreciate your being here and delivering it.

Senator Talmadge?

Senator TALMADGE. No questions.

Senator JORDAN. Senator Cooper?

Senator COOPER. Mr. Lanier, you testified that you thought that this bill would result in the reduction of the surplus.

Mr. LANIER. By limiting the number of pounds that can be sold, and limiting that number, that is bound to cut into the surplus, and over a period of years, in my judgment, of from 5 to 6 years, we will be back to a normal carryover which we always have had.

Senator COOPER. And you feel there is a possibility that the poundage for the individual farmer could then be increased?

Mr. LANIER. Certainly. For the last 25 years I have been executive secretary and general counsel of the Tobacco Association of the United States and the Leaf Tobacco Exporters Association and in that position, which I do not hold now, I have retired, I have been to most of the countries in the world in the interests of Flue-cured tobacco and every time they say, "Your quality is deteriorating and your price is going up." But under this quality control I am convinced—I know—as a tobacco grower that I am going to raise a better quality of tobacco if I know how many pounds I can sell. I am not going to try to go to 3,000 pounds per acre, as I have done. I am going to try to stress quality, and if we do that we can regain and recapture some of the foreign markets that we once had and are now losing.

Senator COOPER. Can you make a comment about what effect it might have on the market price?

Mr. LANIER. On the actual market price?

Senator COOPER. Yes.

Mr. LANIER. For the coming year?

Senator COOPER. For the ensuing years.

Mr. LANIER. I would say that we would have no chance of getting any increased average price for tobacco until we get rid of at least a portion of this surplus tobacco and that cannot be done by acreage controls. You have got to go to the poundage basis. There is no other way.

Senator COOPER. I appreciate your testimony. I have had the opportunity of talking with you many times in the past.

Mr. LANIER. Yes, sir.

Senator JORDAN. Thank you very much, Mr. Lanier. We appreciate your fine testimony.

Mr. LANIER. Thank you.

Senator JORDAN. I can say without any hesitation that you certainly have had enough years' experience in the tobacco business, both domestic and foreign, to know what you are talking about.

Our next witness is Mr. Cozart. You are from the fine city of Wilson, N.C. We appreciate your being here.

#### STATEMENT OF RYDNOR M. COZART, WILSON, N.C.

Mr. COZART. Senator Jordan and members of the subcommittee, my name is Rydnor M. Cozart from Wilson, N.C.

I came to this hearing as an individual because of my vital concern for this tobacco program. I am a farmer and a tobacco warehouseman.

In 1933 when the first program was put into effect I went through our tobacco area making talks and contacting the farmers to help put the original program over. I have seen it grow and develop and it has served a most useful purpose for the tobacco farmers throughout these many years, but I have also seen in recent years this program reach the point that it no longer served in the same manner the purpose for which it was originated. As a farmer and warehouseman I am concerned with the failures of this program as we now have it almost constantly.

In the first place, we know that because of many recent developments in varieties and cultural practices that we no longer are able to keep supply and demand in line under the present rules of our tobacco acreage system. And as a result we all know the surplus which has been built up which has been a drug on the market.

I for one know that the average farmer is far smarter than most people think. He plays the game and he plays it according to the rules. And without question the rules are that it is to his individual advantage to make the maximum amount of poundage, to concentrate on poundage, and quality has become a very minor consideration.

We took a 10-percent cut in 1964 and what happened? We made more pounds in 1964 than we produced in 1963. In my opinion, if we follow the same program in 1965 instead of the 55-percent cut we would be exceedingly lucky to get a 10-percent reduction, and if this is true we would only add to an already heavy surplus. On the quality side, due primarily to new and high producing varieties, due to many cultural practices, of which we know the quality of American tobacco has fast deteriorated. The figures speak for themselves in the export of American tobacco into foreign markets. And we know, too, that it is not just a dollar reason.

We know, too, that the only way that the American tobacco can compete is on the basis of quality. It cannot compete on the basis of price.

So it is only natural, only logical and absolutely essential that we come up with a program based on quality and not quantity. And I feel that such a program is offered in this new bill. And here for the first time it will be to the farmer's interest to produce quality. And I am absolutely convinced that the tobacco farmer can make a quality tobacco today as good or better than he ever made in the past.

Under this bill I feel and am convinced that the individual farmer with the research that is available to our land-grant colleges and

private sources can produce the quality of tobacco if the incentive is such for the individual producer that he can not only stop the trend of a reduced percentage of American tobacco in world trade, but that we may well reverse this trend.

I am thoroughly familiar with the provisions of this bill. I have read it through several times and have discussed it at length. I have had some part at the county level through farm bureau meetings in trying to come up with a bill to put the emphasis on quality and acreage-poundage to accomplish the same purpose that this bill hopes to do. I have made it a point to try to find out how people in my area feel about acreage-poundage. And in my area I can say almost without exception, based on my experience there, that our farm people are in favor of a change in this program to an acreage-poundage basis.

We well know that such a program will not be perfect, but we well know that it will raise many problems both in the administration of it and at the various levels.

We know that at the farm level in some details it will be difficult but I believe that the average farmer knows—and I say almost regardless of what area he is from; what position he holds as a producer—that the position he holds as a producer it is absolutely necessary that a change in this present program be made. And up to now I know that no one has come up with a program that offers the possibility that an acreage-poundage program offers.

The rules have got to be changed. It has to be to each individual farmer's advantage to do what is best for himself and at the same time by so doing he will serve the common goal of the entire tobacco industry.

Up to now, up to this point, the rules have been a little different. What is good for me as an individual farmer has been bad for the total program. And to me I think it is just that simple.

I will say that almost the only criticism I have heard of this particular bill in our area is that the spread has been too great. This may or may not be a valid criticism but I do feel from my own experience that if the spread is closer it will have a broader base of support among the average farmers, but I do feel, and the people that I am in touch with feel that regardless of any detail or any slight objection to this bill that the principle of acreage-poundage is the only sound basis for ourselves as farmers and for our agricultural area as a whole.

And I would like to urge this committee and the subcommittee and the Congress to make every possible effort to put this bill into effect in the year 1965.

Time is running out. I do not feel that we can go through another year under the present program without risking our entire tobacco program.

I appreciate this opportunity to be a witness before this subcommittee, Mr. Chairman. I did not come with any prepared talk. I came without any intention of being a witness, but I am thankful to you. I have tried to express not only my own thinking, but I believe it is fairly representative of my area and the people with whom I have been in contact.

And working in the warehouse throughout the auction season I know that the buying interests that I have been in contact with, both foreign and domestic, realize that our program has to be changed.

I thank you, sir.

Senator JORDAN. Thank you very much. Whether you had a prepared statement or not, you certainly made a very fine statement from the grower standpoint and from the warehouseman's standpoint. You certainly know a lot about the tobacco problem. You have been with it long enough so that you would be what people would call an expert witness.

Senator Cooper, do you have any questions?

Senator COOPER. No.

Senator JORDAN. Off the record.

(Discussion off the record.)

Senator JORDAN. Gentlemen, if I have overlooked any witnesses here today who want to testify, please let me know. Have I overlooked anybody whose name is on the list? I know some were not here that I had on the list. They will be here tomorrow, I understand.

That will conclude our hearing for today. We will meet in room 324. It has been called to my attention that we will not have as many people here tomorrow as there were today and we will, therefore, meet in the regular committee room, which will provide ample room. The committee room is just around the corner. It is room 324.

Thank you very much, every one of you for being here. You have been fine witnesses. We appreciate this very much.

(Whereupon, at 4:45 p.m. the hearing adjourned to reconvene at 10 a.m., Wednesday, February 10, 1965.)

# ACREAGE-POUNDAGE MARKETING QUOTAS FOR TOBACCO

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WEDNESDAY, FEBRUARY 10, 1965

U.S. SENATE,  
SUBCOMMITTEE ON AGRICULTURAL PRODUCTION,  
MARKETING AND STABILIZATION OF PRICES OF THE  
COMMITTEE ON AGRICULTURE AND FORESTRY,  
*Washington, D.C.*

The Subcommittee met, pursuant to recess, at 10:15 a.m. in room 318, Old Senate Office Building, Senator B. Everett Jordan presiding.

Present: Senators Jordan (presiding), Talmadge, and Cooper.

Also present: Representative Gettys.

Senator JORDAN. The committee will come to order.

I am sorry to advise that three witnesses were not able to get here this morning. They were grounded in the Raleigh-Durham Airport, and I think if they got off down there, they would be grounded up here, too.

Mr. Jim Graham, the commissioner of agriculture of North Carolina, Mr. E. Y. Floyd of the Plant Food Institute, and Mr. A. C. Lawrence, who was going to represent the North Carolina Grange. We will keep the record open until certainly early next week in order that statements can be filed by anybody who wanted to testify but could not get here on account of the weather or for other reasons. We, of course, will be glad to have their statements for the record.

(The statements are as follows:)

STATEMENT OF JAMES A. GRAHAM, STATE COMMISSIONER OF AGRICULTURE,  
RALEIGH, N.C.

Mr. Chairman, and distinguished members of this committee, I am James A. Graham, commissioner of agriculture for North Carolina.

The North Carolina Department of Agriculture recognizes that the tobacco acreage control price support program is in trouble due to the 959 million pounds of tobacco held by the Flue-Cured Tobacco Cooperative Stabilization Corp.

When the 1964 season began it was evident that tobacco was being sold on a buyer's market. The Stabilization Corp. held 690 million pounds in storage, accumulated from seven previous crops.

As the season progressed the situation went from bad to worse and by the time sales were completed the Stabilization Corp. held on loan the 959 million pounds of surplus leaf.

Including the tobacco held by Stabilization, the total amount available from all sources for 1965 will amount to 3,743 million pounds or about 3 times yearly disappearance.

We in the North Carolina Department of Agriculture have made a study of the proposed legislation to change the tobacco program from an acreage to an acreage-poundage program for 1965. We feel this is a step in the right direction and that acreage-poundage control should be put into effect as soon as feasible and practical.

We support this bill—Senate bill No. 821.

Thank you.

STATEMENT OF E. Y. FLOYD, DIRECTOR, PLANT FOOD INSTITUTE OF NORTH CAROLINA AND VIRGINIA, RALEIGH, N.C.

Mr. Chairman, distinguished members of the Senate Agricultural Committee, and others, I am E. Y. Floyd, director of the Plant Food Institute of North Carolina and Virginia, Inc., Raleigh, N.C.

At our board of directors meeting on February 9, the directors voted unanimously in favor of Senate bill No. 821—the acreage-poundage proposal.

They realize this bill is a compromise of many thoughts and ideas to improve our critical tobacco situation, and when enacted into law, will give farmers an opportunity to vote on a program designed to help improve the status of the tobacco program in the interest of everyone concerned. This is what my directors want to see; that is, a bill that is as equitable as possible for all the growers and a bill that will direct the attention of all concerned, including growers, to place emphasis on usable tobacco that manufacturers want for domestic and export use. We believe it is wise to attract the attention of growers to usable tobacco, rather than on maximum yields per acre.

The directors of the Plant Food Institute fully realize that production must be kept in line with consumption, if price support continues, and without price support, in the opinion of the directors, the tobacco program will be doomed on any basis—whether on the present acreage program or on an acreage-poundage basis.

It is the sincere hope that when factual figures are determined for individual growers, county and States, that an acceptable program to the growers will be available, and one designed to bring production in line with consumption.

Even though at this particular time we are thinking in terms of an acreage-poundage program, we want to remind the Senate Agricultural Committee and Congress, that revisions are needed in the program which will make tobacco competitive on the world market. This was well said by the President of the United States in his farm message to Congress, and we certainly concur in his thinking.

I want to present a one-page fact sheet on tobacco, taken from the records of the Tobacco Division of AMS, U.S. Department of Agriculture. This shows the progress made in the production of tobacco since 1940, when the growers had a continuous program. If you will look back from 1940 to 1920 without a program, you will see the condition and plight of the tobacco farmers. We believe this one-page fact sheet gives as complete a history of tobacco, as can be given, from a statistical point of view.

I want to call particular attention to the disappearance and use of tobacco, both on the domestic and export markets. To me the story told on this fact sheet of records, concerning the history of the Flue-cured tobacco program as it now stands, is inadequate to keep production in line with consumption.

The directors of the Plant Food Institute stand ready to be as helpful as possible in bringing to the attention of farmers, who are their customers, a tobacco program that will assure stability and a continuing program for years to come.

Types 11-14, Flue-cured tobacco: Acreage, yield, price per pound, farm value, production, stocks, supply, and disappearance, 1919 to date

Year	Acreage harvested	Yield per acre	Price per pound	Farm value	Production	Carryover July 1	Total supply, July 1	Disappearance, year beginning July 1		
								Total	Exports	Domestic
	1,000 acres	Pounds	Cents	Million dollars	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
1919	811.5	588	44.4	211.8	476.9	379.6	856.5	594.0	---	---
1920	908.9	678	21.5	132.5	616.0	352.5	410.7	410.7	---	---
1921	611.5	587	78.7	358.8	358.8	557.8	916.6	403.3	---	---
1922	659.5	630	27.2	112.8	415.4	513.3	928.7	421.0	---	---
1923	804.8	722	20.8	120.7	590.7	507.7	1,088.4	542.8	---	---
1924	754.5	580	21.6	94.5	437.3	545.6	1,101.5	482.9	---	---
1925	835.1	20.0	115.0	338.7	575.1	526.4	1,083.8	387.3	---	---
1926	800.7	689	24.9	138.7	560.1	538.7	544.9	544.9	---	---
1927	958.3	750	20.5	147.3	718.8	657.9	1,397.0	476.5	---	---
1928	1,119.9	660	17.3	128.1	739.1	657.9	1,438.8	735.4	---	---
1929	1,085.7	691	18.0	134.9	750.0	703.4	1,568.6	774.1	---	---
1930	1,144.2	756	12.0	103.4	865.2	794.5	1,404.0	327.7	---	---
1931	979.5	684	8.4	56.4	373.7	867.0	1,240.7	379.2	---	---
1932	617.5	635	11.6	43.4	733.4	763.0	1,409.2	568.2	---	---
1933	678.7	822	15.3	112.1	557.8	763.0	1,320.8	280.7	---	---
1934	874.0	928	27.2	151.9	811.2	752.6	1,563.8	692.5	---	---
1935	864.5	790	20.0	162.2	852.9	871.3	1,554.2	671.0	---	---
1936	989.5	875	22.2	151.6	866.3	883.2	1,749.5	795.0	---	---
1937	909.1	866	23.0	199.1	1,170.9	954.5	1,741.3	416.2	---	---
1938	969.0	866	22.2	174.6	1,170.9	946.3	2,117.2	707.5	---	---
1939	969.0	922	14.9	174.0	1,170.9	1,409.7	2,109.6	576.7	---	---
1940	905	1,025	16.4	124.3	649.5	1,459.5	2,242.4	289.1	---	---
1941	797.6	905	28.1	182.4	811.7	1,378.8	2,271.2	892.4	---	---
1942	792.7	938	31.7	311.7	790.2	1,188.8	2,276.1	355.3	---	---
1943	845.3	938	40.2	461.5	1,087.3	1,188.8	2,290.8	453.9	---	---
1944	1,017.3	1,089	42.4	461.5	1,173.5	1,126.3	2,490.4	1,152.4	---	---
1945	1,078.7	1,088	43.6	653.4	1,352.0	1,147.4	2,604.3	1,212.6	---	---
1946	1,188.5	1,137	48.3	542.8	1,286.8	1,286.8	2,639.8	1,054.1	---	---
1947	1,161.9	1,135	41.2	542.8	1,351.5	1,550.2	2,639.8	1,101.6	---	---
1948	883.5	1,233	47.2	541.0	1,114.5	1,538.2	2,652.7	1,168.2	---	---
1949	983.4	1,191	47.2	525.5	1,257.3	1,484.5	2,741.8	1,184.3	---	---
1950	968.4	1,312	54.7	760.9	1,452.7	1,557.5	3,010.2	1,279.4	---	---
1951	1,110.3	1,309	52.4	888.3	1,257.3	1,484.5	3,241.8	1,279.4	---	---
1952	1,111.8	1,229	50.3	683.7	1,385.3	1,730.8	3,096.1	1,244.2	---	---
1953	1,021.8	1,261	52.8	671.7	1,272.2	1,851.9	3,124.1	1,209.0	---	---
1954	942.7	1,261	69.2	692.4	1,314.4	1,915.1	3,224.5	1,173.0	---	---
1955	990.7	1,497	52.7	782.0	1,483.0	2,056.6	3,560.7	1,281.0	---	---
1956	875.2	1,625	51.5	732.5	1,422.5	2,258.0	3,681.0	1,170.0	---	---

Types 11-14, Flue-cured tobacco: Acreage, yield, price per pound, farm value, production, stocks, supply, and disappearance, 1919 to date—  
Continued

Year	Acreage harvested 1,000 acres	Yield per acre Pounds	Price per pound Cents	Farm value Million dollars	Production Million pounds	Carryover July 1 Million pounds	Total supply, July 1 Million pounds	Disappearance, year beginning July 1		
								Total Million pounds	Exports Million pounds	Domestic Million pounds
1957	662.7	1,471	55.4	540.2	975.0	2,511.0	3,486.0	1,178.0	442.0	736.7
1958	630.4	1,691	58.2	628.7	1,081.0	2,308.0	3,389.0	1,179.0	442.0	736.0
1959	633.3	1,559	58.3	629.8	1,081.7	2,210.0	3,291.0	1,188.0	413.0	763.8
1960	691.8	1,808	60.4	755.9	1,250.6	2,106.0	3,356.7	1,266.5	471.6	791.9
1961	688.5	1,801	64.3	808.2	1,258.0	2,090.0	3,348.0	1,267.0	485.0	782.0
1962	720.8	1,930	60.1	846.1	1,408.0	2,081.0	3,489.0	1,208.0	432.0	776.0
1963	694.5	1,975	58.0	795.3	1,371.0	2,282.0	3,633.0	1,274.0	498.0	776.0
1964 <sup>1</sup>	627.6	2,203	58.1	807.2	1,382.0	2,379.0	3,761.0			

<sup>1</sup> Subject to revision.

STATEMENT OF A. C. LAWRENCE, CHAIRMAN, AGRICULTURAL POLICY COMMITTEE,  
NORTH CAROLINA STATE GRANGE, APEX, N.C.

My name is A. C. Lawrence, Apex, N.C. I am a Flue-cured tobacco farmer, a member of the tobacco committee and chairman of the agricultural policy committee of the North Carolina State Grange, and appear here today for our organization in support of acreage-poundage control for Flue-cured tobacco.

We are well aware of the urgency of the situation in tobacco. Problems of the tobacco industry continue to become more complex and acute. Loss of foreign markets and mounting surpluses threaten the tobacco industry unless solutions can be found.

It is generally conceded that the main problem causing a decline in tobacco exports is poor quality. Quality is in turn associated with efforts of farmers to produce maximum poundage on allotted acreage. A shift to quality incentive through acreage-poundage controls, rather than the present maximum poundage per acre incentive, would help to solve a major concern of the tobacco industry. The tobacco control program has served the farmer well in stabilizing prices and tobacco farmers realize the absolute necessity of adjusting the program to meet changing conditions arising out of increased yields per acre and mounting stocks.

The North Carolina Grange favors a control program for Flue-cured tobacco based on acreage and poundage allotments. Such a program will remove the incentive to maximize pounds at the expense of quality, provide an effective means of limiting output to market needs and at the same time enable each grower to maintain his share of the market without engaging in a race with other growers to produce more pounds per acre.

Favoring a poundage quota control program for tobacco is nothing new for Grange people. The North Carolina Grange advocated such a program as far back as 1954. The late W. Kerr Scott, former master of the Grange in North Carolina, who always said his program was the Grange program, proposed such legislation soon after coming to the U.S. Senate in 1955. The National Grange concurs in this proposal.

We believe that the administrative details for the recommended change in the tobacco program can be worked out in a fair and equitable manner. It is our present concern that the Congress will take the necessary procedure to give this proposed legislation for tobacco a chance to become effective for the 1965 crop.

Senator JORDAN. Mr. Frank Snodgrass. Mr. Snodgrass, we are glad to have you, sir. Will you please state your full name and who you represent for the record please, sir?

STATEMENT OF FRANK B. SNODGRASS, VICE PRESIDENT AND  
MANAGING DIRECTOR, BURLEY & DARK LEAF TOBACCO EX-  
PORT ASSOCIATION, AND EXECUTIVE DIRECTOR, NATIONAL  
CIGAR LEAF TOBACCO ASSOCIATION

Mr. SNODGRASS. I am Frank B. Snodgrass, vice president and managing director of the Burley & Dark Leaf Tobacco Export Association, Inc. My home address is Bowling Green, Ky. Our organization is a federated trade association composed of member tobacco grower associations representing the producers of burley, Kentucky-Tennessee dark Fire-cured, dark Air-cured, and Maryland types of tobacco. A representative of the Maryland Tobacco Co-operative will submit a statement to this committee, and therefore my statement will be presented on behalf of the following member associations:

Burley Tobacco Growers Cooperative Association, Lexington, Ky., which administers the price support on tobacco in the five-State burley producing area of Kentucky, Indiana, Ohio, West Virginia, and Missouri; the Burley Stabilization Corp. of Knoxville, Tenn., which administers the price supports for burley tobacco in Tennessee

and North Carolina; the Eastern Dark Fired Tobacco Growers Association of Springfield, Tenn.; and the Western Dark Fired Tobacco Growers Association of Murray, Ky.; the Stemming District Tobacco Association, Henderson, Ky.; the Virginia Burley Tobacco Growers Association of Abingdon, Va.

I also serve as executive director of the National Cigar Leaf Tobacco Association, Inc., whose membership include the following cigar tobacco grower associations representing all types of U.S.-produced cigar tobacco presently under the Government price-support and acreage control program:

Cigar Tobacco Cooperative, Miamisburg, Ohio; Conn-Mass Tobacco Cooperative, Holyoke, Mass.; Northern Wisconsin Co-Operative Tobacco Pool, Viroqua, Wis.; and the Wisconsin Cooperative Tobacco Growers Association, Edgerton, Wis.

This statement is presented on behalf of the aforementioned associations representing producers of burley tobacco from the eight-State tobacco producing belt of Kentucky, Tennessee, Virginia, North Carolina, Ohio, Indiana, Missouri, and West Virginia; dark Fire-cured and dark Air-cured types from Kentucky and Tennessee and cigar tobacco from Ohio, Wisconsin, Connecticut, and Massachusetts.

I wish to thank this committee for affording me the opportunity to appear here today. Those whom I represent are vitally interested in maintaining a sound and equitable tobacco program. They have ably represented and served the tobacco growers and have been the champions of the tobacco program since its inception. Over the years there have been needs for several changes in this program; however, the tobacco grower interests have always risen to meet the challenge and through a united effort they have approached the Congress to seek approval for such changes in the present program.

Sharp increases in the average yield per acre of tobacco have been recorded over the past 10 years, and there is little indication that this trend will not continue. The present acreage control program encourages the production of increased poundage per acre which in many cases has led to deterioration of quality of the leaf and has been responsible for building up burdensome surpluses which prevent us from keeping supply in balance with demand.

The producers of all kinds of tobacco presently under acreage control have through necessity been forced to reduce their acreage allotments over the years in an effort to keep their production in line with demand. With the increasing yields which have been experienced and the predictions of our research people as to the potential yields which have not yet been attained, it is evident that we are fighting a losing battle under our present program. It is most essential in these trying times, when tobacco and tobacco products are under constant attack from many quarters, that we attempt to place our house in order. I do not wish to mislead you by stating that the proposed legislations is the answer to all our problems and the only method by which we can attain this goal. However, it is definitely a step in the right direction.

I have been authorized to endorse in principle and urge the enactment of the proposed legislation, S. 821, presently under consideration by your committee. We wish to join with and support the tobacco leadership from the Flue-cured tobacco producing area who are

desperately in need of this legislation and favor the early passage of this bill.

We understand that the proposed legislation would apply only to Flue-cured tobacco, beginning with the 1965 crop. However, the language of the bill is sufficiently broad to include all other kinds of tobacco presently under acreage controls, when and if the Secretary of Agriculture in his discretion determines with respect to a particular kind of tobacco that acreage-poundage quotas, under the provisions of this bill, would result in a more effective marketing quota program for that kind of tobacco and same is approved by the growers voting in referendum.

In the event legislation is enacted to permit acreage-poundage controls for the 1965 crop of Flue-cured, the producers of the other kinds of tobacco will be given an opportunity to observe this type of control program before being faced with making the decision of whether such a program should be adopted by them. No doubt it will be necessary to make certain alterations in such a program in order to meet the needs peculiar to the various kinds of tobacco.

Not all kinds of tobacco are marketed in the same fashion or by the same method. Flue-cured tobacco is delivered for sale by the producer to an auction market as the leaves are ripened, harvested, cured, and prepared for market. This necessitates several deliveries to the auction place during the course of the Flue-cured marketing season. Unlike Flue-cured, burley tobacco is stalk harvested, air cured, stripped, and delivered to the auction place in crop lots, necessitating only a single trip to the market. In the case of cigar leaf, where auction sales are not used, most of the tobacco is either contracted for by the purchaser or bought at the barn door through negotiated sales.

When and if the need occurs for the other kinds of tobacco to consider a shift to an acreage-poundage control program, it will definitely be necessary for the growers to be fully informed of all provisions of such a program and the alternatives available at that time before they vote in referendum.

It is abundantly clear that we must eventually face up to our responsibilities of keeping a sound tobacco program which can be defended or risk the loss of the stabilizing effect of a price support and control program for tobacco which has meant so much to the economy of our tobacco producers.

Mr. Chairman, yesterday in Lexington, Ky., for the first time since 1940, burley tobacco was sold without price supports. The average sale that was received by the producers for the offering was \$42.54 against the season average of \$61.42. This dramatically and tragically demonstrates the economic value of price supports and controls to our growers.

We therefore endorse the enactment of this legislation with such amendments that become necessary.

I thank you, sir.

Senator JORDAN. Thank you very much, Mr. Snodgrass, for a fine report, and we appreciate your bringing it to us.

Senator Cooper?

Senator COOPER. I would just like to say that I welcome the testimony of Mr. Snodgrass as a man who knows tobacco problems, and also a fellow Kentuckian. I think all of us are aware of his fine work

as managing director of the Burley and Dark Leaf Tobacco Export Association. In that capacity, Mr. Snodgrass, your organization is interested primarily in promoting the export of burley and dark-leaf tobaccos.

Mr. SNODGRASS. Both the domestic and export; yes.

Senator COOPER. But in that capacity, I assume that you also see the problems connected with the export of Flue-cured tobacco.

Mr. SNODGRASS. Yes, sir.

Senator COOPER. Do you support the statements that have been made by other witnesses that the quality of Flue-cured, due to the different circumstances which they have detailed, has affected the export of Flue-cured tobacco?

Mr. SNODGRASS. I have so found that to be true, Senator Cooper. In my travels abroad, the foreign manufacturers have called that to my attention.

Senator COOPER. Referring now to what you have told the committee about the burley tobacco sold in Lexington yesterday without price supports, is that because of the failure to—

Mr. SNODGRASS. Failure to pass a supplemental agricultural appropriation for financing the Commodity Credit. They did not have funds.

I might add, Senator, that the dark Fire-cured sales in Tennessee have been suspended until such time as these funds are made available and this is causing a chaotic condition in that area because the tobacco is on the market and the farmers need the money.

Senator COOPER. Do you know how much tobacco sold without price supports?

Mr. SNODGRASS. Yesterday there was 288,884 pounds. It was a cleanup sale in Lexington, Ky.

Senator COOPER. Would you say that this reduction in price was affected also by the fact that it was a cleanup sale?

Mr. SNODGRASS. Yes. I have been so advised, that there was some inferior tobacco on the market. However, my informant told me that a grade T3F sold for \$20 below the loan support rate, which is a good grade of tips.

Senator COOPER. And the average price was \$42.54?

Mr. SNODGRASS. Against the season average of \$61.42.

Senator JORDAN. \$61.42, and what did the average sell at?

Mr. SNODGRASS. It averaged yesterday, Senator Jordan, \$42.54.

Senator JORDAN. \$42.54.

Senator COOPER. That does give some indication of what could happen without an effective price support program.

Mr. SNODGRASS. I think the leadership represented here today is well aware of that, sir. That is why we are coming before you, to ask that an opportunity be given to the growers to get their house in order.

Senator COOPER. Senator Talmadge, while you were out, Mr. Snodgrass testified that yesterday in Lexington, Ky., 288,000 pounds of burley tobacco was sold without price support, because of the failure so far to provide funds to the Commodity Credit Corporation. The average price was \$42.54 against the season's average of \$61.42.

Senator TALMADGE. Let me ask you this. I imagine that bill will be passed today or tomorrow at the latest. Why did they put it on the market yesterday? Why did they not wait and sell it when price support was in effect?

Mr. SNODGRASS. I went on to say, Senator Talmadge, that in the dark area sales were suspended—this was a cleanup sale for burley in Lexington, Ky.

Senator TALMADGE. Oh, yes.

Mr. SNODGRASS. And they were advised late the previous night that the funds would not be available. The farmers were at the marketplace, and they had to continue.

Senator TALMADGE. Was that nondescript varieties that had no price support?

Mr. SNODGRASS. No. There were some crop lots still there. People had been unable to sell it previously, but in the dark Fire-cured tobacco areas where the sales are about 50 percent completed, at this time they have suspended sales until such time as you act on—

Senator TALMADGE. Yes, but I think it is only a matter of hours away, and it is inconceivable to me that the farmer would sell his tobacco under those conditions when it is a certainty that the bill will be passed in a matter of hours.

Senator COOPER. I think it is sad, too. I think it is too bad they did not suspend the sale until Congress acted. But as it has happened, I think this differential in the price does give some indication of what could happen—

Senator TALMADGE. There is no doubt about that.

Senator COOPER (continuing). If the tobacco program broke down.

Senator TALMADGE. I think if the tobacco program broke down, it would be calamitous. I think everyone agrees to that.

Senator JORDAN. I presume you would recommend that your burley and dark tobacco people vote for the referendum coming up.

Mr. SNODGRASS. Very definitely. We are going to vote on February 25 in burley on the acreage controls alone. Of course we want to get a good vote on that. And then at such time—if this legislation is enacted and it is submitted to the growers—why I am sure that they will respond as they always have and vote favorably for a program that will be in their best interests.

Senator JORDAN. Senator Talmadge, did you have any questions to ask of Mr. Snodgrass?

Senator TALMADGE. No, sir.

Senator JORDAN. You have made a very fine witness and a very fine statement. We appreciate your being with us and bringing that statement, sir.

Mr. SNODGRASS. Thank you, sir.

Senator JORDAN. Mr. David Sloan, of the South Carolina Farm Bureau.

Mr. Sloan, we are glad to have you with us. Will you come right up here.

#### STATEMENT OF DAVID SLOAN, PRESIDENT, SOUTH CAROLINA FARM BUREAU, COLUMBIA, S.C.

Mr. SLOAN. I would like to bring some other gentlemen along to sit at the table.

Senator JORDAN. That will be perfectly all right. Mr. B. F. Williamson, of Darlington; Mr. E. J. Wiggins, of Marion, S.C.; and Mr. Frank Flowers, of Darlington.

I was just advised Congressman McMillan advised he was sorry he could not be here. He is tied up on something else, and I am not surprised that that happens at all. I am advised that Congressman Gettys from South Carolina is here. Will you come up and have a seat? We will be glad to hear from you, too, sir. I did not know you were here.

I said yesterday, and I would like to repeat it again this morning, that, for the benefit of you good South Carolinians, Senator Johnston is the chairman of this subcommittee. He would be presiding in my place were he here, but, as you know, he is sick and cannot be here, he is one of our valued members of Agriculture and doing a magnificent job, and he works at it all the time. I am delighted to hear that he is making progress very fast and will be back, I hope, very soon.

We are delighted to have all you gentlemen with us. I believe you are going to speak for your delegation.

Mr. SLOAN. Yes, sir.

Senator JORDAN. And you can call on them as you wish, sir.

Mr. SLOAN. Thank you, sir.

Senator Jordan and distinguished committee members, gentlemen, I apologize for this speaking voice this morning. We left South Carolina yesterday afternoon with a sunny 78°, and you see what is facing us outside, so I am just not used to this.

Senator JORDAN. You have not seen anything yet.

Mr. SLOAN. Gentlemen, I am president of the South Carolina Farm Bureau which is the largest farm organization in the State. We have more than 23,000 members, and in their behalf I appreciate this opportunity of presenting to you our position regarding Senate bill 821—this bill to amend, of course, the Agricultural Act of 1938. In other words, in our language we are talking about acreage-poundage quotas. As you see from the statement, I not only represent the South Carolina Farm Bureau but I represent Governor Russell of the great State of South Carolina, Clemson University, the South Carolina Department of Agriculture, and Mr. C. W. Goodman. Mr. Goodman is chairman of the Tobacco Committee of the South Carolina House of Representatives, and on the back of this statement you will see a concurrent resolution that is attached stating their position regarding the subject here this morning.

If I may, I would like to read some portions of this statement and with comments, perhaps, and then we will place the statement on file for the balance of it. I might say at the beginning that we have tried to the best of our ability to reach the rank and file of South Carolina tobacco farmers by all media, and we are attempting to speak for the grassroots feeling regarding this proposal within the State of South Carolina.

The present basic acreage control program for Flue-cured tobacco has been reasonably successful and its continuation in essentially its present form is strongly favored. A basic program of this type is necessary to maintain a tobacco industry that is economically strong in both the production and marketing aspects. We recognize that the present acreage control program for Flue-cured tobacco has had certain inadequacies in its historical operation. Among these inadequacies are the capitalization of the value of acreage allotments into land values, a loss of some export markets, some inefficient use of inputs in tobacco production as a result of restricting the use of only one input—

land, and some reduction in the quality of tobacco in certain areas and on some farms in the Flue-cured tobacco area as growers strive for highest production per acre.

Most important, however, are the troublesome high quantities of storage stocks that have been placed under Government loan under the present system of acreage controls. Some of the above adverse effects are the result of the failure on the part of the Secretary of Agriculture to carry out the specific provisions of the present law. We submit that any Flue-cured tobacco program must be predicated on relating production controls and support prices to market quality demands so as to discourage the production of tobacco less acceptable to the trade and to encourage the production of that tobacco more in demand by domestic and foreign manufacturers and buyers.

The quality of tobacco product desired by the consumer is reflected through the manufacturing and marketing system back to the tobacco producer. Differences in price-support levels between grades of Flue-cured tobacco should be continually studied and adjusted in order to reflect differences in demand for the various grades of tobacco. Price-support differentials between the less desirable and the more desirable tobacco should be great enough to encourage growers to continually adjust their production, harvesting, and marketing practices to meet changing market demands.

In order to continue to produce and successfully market Flue-cured tobacco, the American farmer must gear his production program to the demands of his customer. In this instance, we do not distinguish between the demands of the domestic and the export customer except to point out that their requirements can, and often, differ. The key to customer satisfaction is a combination of high quality and service on the one hand and a competitive selling price on the other.

We submit that the Flue-cured tobacco producers of the State of South Carolina have recognized this fact and we cite the following specific facts to illustrate the degree of success they have achieved.

We are attaching to this statement supporting documents, tables 1, 2, 3, and 4, relating to the production and sale of South Carolina Flue-cured tobacco during the 8-year period 1956 to 1963 inclusive. During this 8-year period, South Carolina farmers produced and sold 1,228 million pounds of Flue-cured tobacco at an average selling price of 60.57 cents per pound. The value at the farm level of this production amounted to \$743.8 million. The average selling price for South Carolina Flue-cured tobacco over this 8-year period averaged 5.92 cents per pound higher than the lowest average State price paid for tobacco produced and sold in the Flue-cured tobacco area of Florida, Georgia, South Carolina, North Carolina, and Virginia over the same period. This differential in average selling price between the lowest average State price and the average South Carolina price over the 8-year period, when applied to the 1,228 million pounds of South Carolina tobacco produced and sold, represents an added income of \$72.7 million for South Carolina farmers. It is our considered opinion that the higher price prevailed because of the high quality of our product and the fact that our customers were willing to buy it and pay accordingly.

We believe that the proposed acreage-poundage control program will be detrimental to the best long-run interests of the Flue-cured tobacco industry for the following reasons:

1. It allows for entirely too much discretion on the part of the Secretary of Agriculture in determining the amount of Flue-cured tobacco to be produced and marketed each year.

This is very dear to us.

2. It would disrupt the recently initiated loose-leaf sales of tobacco that have been so satisfactory in South Carolina.

3. It would discourage much of the current research and development program aimed at advancing knowledge and increasing efficiency in tobacco production.

4. It would discourage individual incentive—and we think this is a real important one—for the efficient combination of high-quality and high-yield production due to the proposed limitations on yields per acre based on a historical basis.

5. It would reward producers who have produced for high poundage—and let me emphasize high poundage—without regard to market acceptability; and penalize producers who have sacrificed high yields in order to produce tobacco acceptable to the trade.

In my particular case as a farmer this would hurt an awful lot. I have a lot of friends who farm who have tried to produce tobacco. They have not built up this high poundage, and this would hurt very much.

6. It would remove from the market a substantial poundage of certain grades of tobacco needed by manufacturers, thereby decreasing the utilization of domestic Flue-cured tobacco at home and abroad.

In my own particular instance certainly I will not market a lot of these grades. I would take them off the markets, and I would try to sell all the 70- and 75-cent tobacco I could.

7. It would disrupt orderly marketing.

I can cite you an example here. Normally as we market Flue-cured tobaccos, we take our lugs and primers and carry it off. Under this setup we would be afraid to set off anything except our best grade. We would have to leave it at home and wait until the end of the season to see if we could sell it.

8. It would increase the percentage of tobacco going under price-support loan by overloading the market with high price-supported grades.

Over the weekend I took my own sales for 1964, and I found out, Senator, that most of my tobacco that went under price support was in the 70-cent category. I had a very variegated grade that went in, but most all of my tobacco that went in under stabilization were these high priced tobaccos. Certainly I would be putting more of these on the market rather than less under this setup.

9. It would reduce the poundage of those tobaccos which appeal to the customer by the "across-the-board" restrictions. It would reduce this, and I would like to point that out.

Senator COOPER. May I ask what you mean by that?

Mr. SLOAN. No. 9, sir?

Senator COOPER. Yes.

Mr. SLOAN. We are told that there are many tobaccos which have appeal to the customer. I can use an example. Maybe it is not a good one. But our NIL's sold for about twice the price support this year so it would indicate to me, sir, that this tobacco had an appeal to the man who bought it if he would pay about twice the price support. There are other grades that I could mention.

We submit that the proposed legislation now pending before this committee should not be enacted into law until:

1. Such time as the Secretary shall have made a very careful analysis of the stabilization corporation inventories with a view to determining as accurately as possible the factors which caused certain types of tobacco produced over the past 4 years to move into stabilization corporation storage in such tremendous quantities.

2. Public hearings have been held in principal Flue-cured tobacco producing areas.

As evidence of the acceptability of certain types of Flue-cured tobacco in the marketplace, we invite your attention to the accumulation of Flue-cured tobacco inventories of the Flue-Cured Tobacco Cooperative Stabilization Corp. In the 4 years, 1961 to 1964, inclusive, approximately 5,395.4 million pounds of Flue-cured tobacco were produced and sold in areas growing types 11a and 11b, 12, 13, and 14. Of the total produced, approximately 869.5 million pounds or 16.12 percent of the total production ended up in stabilization corporation inventories.

An examination of the accumulation of these stocks by type provides some very interesting information. Data relating to the accumulation of stabilization corporation inventories of Flue-cured tobacco by type during this 4-year period are indicated in table 5, attached.

Of type 14 tobacco—that is the type that is grown mainly in Georgia—approximately 714.4 million pounds were produced. Of this total, only 20.6 million pounds or 2.9 percent moved into Stabilization Corporation stocks.

Senator TALMADGE. May I interrupt you there, Mr. Sloan?

Mr. SLOAN. Yes, sir.

Senator TALMADGE. You are making substantially the same argument to this committee that Mr. William Lanier did yesterday representing the Georgia Farm Bureau Federation, that the tobacco that we produce in Georgia finds its way readily into the marketplace, and very little of it goes into stabilization. The statistics for Georgia, I think, were in the neighborhood of 2 percent, and they were not only reported by Mr. Lanier but also verified by Under Secretary of Agriculture Mr. Murphy.

I believe it was the president of the North Carolina Farm Bureau or some farm organization in his testimony stated he grew only one type of tobacco, that he sold some on the Georgia market and perhaps some other markets also as it matured, and that when he sold in Georgia, it was indicated it was type 14, but when he sold somewhere else, it might be type 11.

Could I have your comment on that? I had always thought that type 14 was the type tobacco that we grew in Georgia, a particular category, a particular grade, a particular classification. But his testimony was to the contrary. He seems to think that this type indicates the sales point and not the quality or the grade. Would you comment on that?

Mr. SLOAN. Senator, we ourselves do not put the type on it, and we do sell some tobacco in Georgia, and after it crosses the line, it does lose some of the identity.

But to answer your question more or less in an indirect manner, I would say that the best judge of this is the tobacco companies that buy this tobacco.

Senator TALMADGE. In other words, you think if they buy it, that indicates the quality.

Mr. SLOAN. That is my thinking, sir.

Senator TALMADGE. Do you produce the same type in South Carolina? I think the testimony was yesterday in Georgia we produce primarily a hix variety.

Mr. SLOAN. We produce a lot of hix tobacco in South Carolina, not as much as we would like to, but we have tried to steer away from some of these high producing varieties the best we could where disease and other factors are involved.

I have heard—in defense of your statement, sir—that part of this 2.9 percent was North and South Carolina tobacco.

Senator TALMADGE. Of course that is what Mr. Lanier testified yesterday. Of course the first market is Florida, as you know, and then Georgia. It travels more or less with the weather and maturity season. It depends on when the tobacco markets are open. Of course if someone has an early variety in South Carolina and the Georgia markets are open and the South Carolina markets are not open, he would want some money in a hurry. I know that is what I like to do when I harvest a farm crop. I want to sell it as fast as I can and try to convert it to cash. So he would bring it across the border and sell it.

I presume that is a common occurrence throughout the tobacco areas, is it not?

Mr. SLOAN. Yes, sir.

Senator TALMADGE. There is no prohibition against a Virginia farmer selling it in North Carolina, or a North Carolina farmer selling it in South Carolina, or a South Carolina farmer selling it in Georgia, or a Georgia farmer selling it in Florida, is that correct?

Mr. SLOAN. That is right, and we hope we can keep it that way, sir.

Senator TALMADGE. Well, I think we would have to under the interstate commerce provisions of the Constitution. As I understand it, I do not think you could set up a barrier against the free flow of commerce from one State to the other, and I certainly would not favor setting up such a barrier. But do you think there is any merit in the argument of the gentleman from North Carolina that this particular type is all illusory and depends purely on where you sell the tobacco?

Mr. SLOAN. Well, sir, I am from South Carolina, and I am defending our position, and I guess if I were a North Carolinian I would be doing the same, and I am a native.

Senator JORDAN. May I interrupt you? Mr. Turner is here from the Department of Agriculture. Senator Talmadge, do you have any objection to letting Mr. Turner speak to this?

Claude, could you enlighten us a little bit on this thing. There seems to be a little bit of a difference on this thing.

Mr. CLAUDE G. TURNER (Agricultural Stabilization and Conservation Service, U.S. Department of Agriculture). Mr. Chairman, I have with me Howard Rooney an attorney with the Department of Agriculture. Part of this question involves a legal problem, and I would like Howard Rooney to respond to this question.

Senator JORDAN. Anybody who can give us some information on that.

Mr. HOWARD ROONEY (Office of the General Counsel, U.S. Department of Agriculture). You are talking about type?

Senator JORDAN. It was stated by one of the witnesses that he grew tobacco in North Carolina and he sold it in Georgia and he thought it was bought as type 14 down there.

Senator TALMADGE. He says if he sells it in North Carolina, as I recall his testimony, it would be one type, whereas if he sells it in Georgia, it would be a different type even though it is the same tobacco. I was of the opinion that the type referred to a particular grade or classification or kind. It determined something about the tobacco, not its sales point.

Senator JORDAN. Stand up and give your name.

Senator TALMADGE. First let me ask you this. What are your duties with the Department?

Mr. ROONEY. I am a lawyer with the Office of General Counsel.

Senator TALMADGE. Are you an expert in the field of classification types and marketing of tobacco?

Mr. ROONEY. Well, I was interested in the *Georgia* case, the *Type 14* case that is now pending in the Fifth Circuit.

Senator TALMADGE. You are acting as counsel for the Department of Agriculture?

Mr. ROONEY. Yes.

Senator TALMADGE. And contrary to the interests of the State of Georgia in that suit or whoever filed it.

Mr. ROONEY. No.

Senator TALMADGE. Your interest was adverse to the people who filed the litigation.

Mr. ROONEY. That is right. I was defending the Secretary of Agriculture.

Senator TALMADGE. You hope you win the case.

Mr. ROONEY. Yes, I do, Senator.

Senator TALMADGE. I can understand that viewpoint. I was once a lawyer also. I wanted to find out your qualifications to testify on classifications, grades, and types of tobacco. We will admit your qualifications as a lawyer.

Mr. ROONEY. Thank you, sir. Did you want me to give my name for the record now?

Senator JORDAN. Yes, give your name for the record.

Mr. ROONEY. My name is Howard Rooney. I am an attorney with the Department of Agriculture.

The act that first brought into being this question of types of tobacco was the act of 1929, I believe. At that time there were no regulatory controls on the production or marketing of tobacco, and the purpose of the legislation was merely to gather some statistics of the marketings of tobacco, and the warehousemen under that act were required to report their operations and their sales, and the act then provided that the tobacco be reported by type. After hearings that were held, the regulations were issued. Basically the types were defined as tobacco grown principally in certain areas which were well known to the trade, Senator. I do not remember just the name, but there was the old belt and the new belt and the Georgia-Florida belt, and eventually there were four belts that were well recognized in the trade at that time.

The regulations and the hearings bring out that the warehouseman, when he is operating in an area that is described in the definition as an area where a type of tobacco is principally grown—will report

tobacco having the same general characteristics and appearance as tobacco grown in the area as being the type grown generally in that area.

Senator TALMADGE. Your testimony is then that it relates to type and characteristics in the area where produced and not in the area where sold.

Mr. ROONEY. I am saying though that the definition is such that if you are selling in an area and it has the same characteristics, that then it is typed in that fashion, because that was the purpose, so the warehouseman would not have to try to run down and see where his tobacco came from in reporting by type. Then when the Agricultural Adjustment Act of 1938 was passed, which is involved in this case, in defining "tobacco" it said, "Flue-cured would be types 11, 12, 13, 14; burley would be type 31," and, you know there is a long list of them. So this is how this comes about.

We think it is perfectly proper to type tobacco grown in one area as different types if it bears the same characteristics as the tobacco generally grown in the area where it is sold.

Senator JORDAN. In other words, under that formula or whatever you want to call it, if North Carolina tobacco or South Carolina tobacco or Florida tobacco were moved to Georgia and sold on that warehouse floor and if it were generally the same type and appearance—

Mr. ROONEY. Same general characteristics.

Senator JORDAN. It would be typed as that tobacco.

Mr. ROONEY. That is right. And I might say in the *Blue Tag* case—as you know, Senator, that came up from Georgia—the Supreme Court sustained that interpretation of the act.

Senator TALMADGE. Where is that case now, Mr. Rooney?

Mr. ROONEY. The *Blue Tag* case is finished. That was several years ago.

Senator TALMADGE. There is another case, I believe.

Mr. ROONEY. A recent case is now pending. It has been argued and it is under consideration by the Fifth Circuit.

Senator TALMADGE. I believe the Georgia farmers won it in the lower court, and it is now in appeal before the Fifth Circuit.

Mr. ROONEY. That is correct.

Senator TALMADGE. The lawyer who handled that case will be before the committee to testify, Mr. Homer Durden.

Senator COOPER. Then would you say tobacco is classified really according to its physical characteristics?

Mr. ROONEY. I would say so, Senator. I might say that when you grade tobacco, type does not have anything to do with it. It is the same grade for all types of Flue-cured tobacco.

Senator JORDAN. I might ask you another question if you could answer this: Is the tobacco in the Commodity Credit Corporation stock now classified by type? It is classified by type?

Mr. L. T. WEEKS (Flue-Cured Tobacco Cooperative Stabilization Corp.). Yes, it is classified and stored by types, and as to determination of type, it depends where it is sold.

Senator JORDAN. Determination of the type depends on where it is sold?

Mr. WEEKS. Right, regardless of where it is grown.

Senator JORDAN. In other words, the testimony yesterday, if you have North Carolina tobacco and it is sold in Georgia, it is type 14.

Mr. WEEKS. That is right and it is packed as type 14.

Senator JORDAN. That point is right clear because you do loan the money on this tobacco.

Mr. WEEKS. Yes.

Senator JORDAN. Thank you.

Any further questions, Senator Talmadge?

Senator TALMADGE. No.

Senator JORDAN. You may proceed, sir.

Mr. SLOAN. Senator, I might add he answered my question real well because he said that the trade has learned to know this tobacco by areas from which it comes, so if they buy by areas, he has well answered my question, sir.

Senator JORDAN. To your satisfaction.

Mr. SLOAN. Yes, sir, very much so.

Of type 13 tobacco—

Senator JORDAN. I just want to ask you a question for information. Would you be willing to have the South Carolina market to be the last one open? You see, the old belt is the last one open. They get a lick at Georgia and then South Carolina and then it moves on up into North Carolina and into Virginia.

Mr. SLOAN. If I may, I have a gentleman here I would like to answer this for me.

Senator TALMADGE. It would be difficult to get the sun to change its transit in vernal equinox, would it not Mr. Sloan?

Mr. SLOAN. It would, sir.

I would like to get Mr. B. F. Williamson from Darlington to answer this if he would.

#### STATEMENT OF B. F. WILLIAMSON, DARLINGTON, S.C.

Mr. WILLIAMSON. I think Senator Talmadge has answered it, sir. Our tobacco is ready first, and it is logical that it sell first. Does that answer it?

Senator JORDAN. Yes, to some extent of course it does, but there has been some very strong indication that the buyers only want so many pounds of tobacco.

Mr. WILLIAMSON. Yes.

Senator JORDAN. They buy in Florida what is produced in Florida, which is a small amount of tobacco, very good tobacco. Then they come into Georgia and buy that. Of course your testimony here is a little bit vague about the authority the Secretary of Agriculture has got because he has the right that it all be sold loose leaf. He did give them 5 days over the entire market, as you know.

Mr. SLOAN. Did I testify to that, sir?

Senator JORDAN. You said he had too much authority and your tobacco is sold loose leaf in Georgia and South Carolina.

Mr. SLOAN. Yes, sir, but I said too much discretion as far as this acreage-poundage is concerned.

Senator JORDAN. He has much discretion now under the old bill. The thing that has been said is there are only so many pounds of tobacco that the customers are going to buy.

Mr. SLOAN. Yes, sir.

Senator JORDAN. There is right much evidence to the fact when they get all they want, the Commodity Credit takes the rest of it. They go and pick out what they want of it.

Mr. WILLIAMSON. I would like to comment on that if I may, sir.  
 Senator JORDAN. Sure you may.

Mr. WILLIAMSON. In the first place I have great admiration for the smartness of the tobacco companies. I think they are really keen operators. I believe that the tobacco companies buy where they can get the best bargains, where they can get the tobacco that suits them the best. I would expect people that smart to do it. I think that they have excellent tobacco in the old belt and in those areas where they have had heavy deliveries to Stabilization, but it just happens not to be the kind that they want, and the companies are buying the kind that they want, and they are buying it where there is the thinner tobacco in the warmer climates generally.

Then I think that the argument that "they get the barrel full" is a real nice phrase. It is cleverly said, but I do not believe that barrel holds water.

This year in eastern Carolina—which sells before the middle belt and old belt—a larger percentage went in, and there have been years that a larger percentage went in in South Carolina and in Georgia. There have been exceptional years, but if the right kind of tobacco is in there, why the companies do not buy it.

That is the answer that seems logical to me.

Senator JORDAN. All right.

Mr. SLOAN. Of type 13 tobacco—which we grow mainly in South Carolina—approximately 1,269.7 million pounds were produced. Of this total, 10.5 percent or 133.6 million pounds moved into Stabilization Corp. stocks.

Of type 12 tobacco, approximately 1,618.8 million pounds were produced and of this total, 17.6 percent or approximately 285.5 million pounds moved into Stabilization Corp. stocks.

Of type 11b tobacco, approximately 660.5 million pounds were produced, and of this total, 18 percent or 118.7 million pounds moved into Stabilization Corp. stocks.

Of type 11a tobacco, approximately 1,132 million pounds were produced, and of this total, 27.5 percent or 311.1 million pounds moved into Stabilization Corp. stocks.

It is significant to note that of the total Stabilization Corp. receipts during this 4-year period, 82 percent were from type 11a, 11b, and 12 areas that produced and sold 63 percent of the total Flue-cured tobacco while only 18 percent of the storage receipts came from type 13 and 14 areas that produced and sold 37 percent of the total production and sales.

We recognize that the tremendous and steadily rising accumulation of Flue-cured tobacco held in Stabilization Corp. stocks presents a very serious problem and that appropriate corrective action is clearly necessary. We submit, however, that the proposed acreage-poundage restriction will not correct this problem but, on the contrary, it may very well introduce some very serious new problems.

With a minimum of regimentation necessary to make the tobacco program workable, we propose keeping the present acreage control program basically as it now exists with certain minor changes.

The production of Flue-cured tobacco acceptable to the trade which possesses a maximum of grain must be made a profitable proposition for growers. It is recognized that production of ripe, mature, and grainy tobacco requires greater care and higher production

cost than that of unripe or "slick" tobacco. A greater percentage of ripe mature tobacco is purchased at the marketplace and more of the undesirable tobacco goes under price support loans. It is for the good of growers and the tobacco industry that there be a greater incentive to produce the desirable tobacco and more of a discouragement to produce the undesirable tobacco than exists under the present price support structure.

As an incentive for the production of high quality type tobacco, it is recommended that the price structure be changed to adjust the price of tobacco which possesses those certain quality characteristics desired by the market. The price structure must be changed to discourage the production of off-type undesirable quality tobacco with low usability.

Senator TALMADGE. Let me ask you a question there if I may, Mr. Sloan.

Mr. SLOAN. Yes, sir.

Senator TALMADGE. Many of us, of course, have urged the Department of Agriculture to try to discourage the production of the poor qualities of tobacco which have become inferior by a grading system that would drastically reduce the price supports and thereby discourage the type of production of this tobacco. The Department has made some effort in that direction. Mr. Murphy, the Under Secretary of Agriculture, was before the committee yesterday, and I asked him specifically why this problem could not be handled in that specific manner. He stated substantially that it would be impossible to do so. Now, I take it you produce tobacco, do you not?

Mr. SLOAN. Yes, sir; I do.

Senator TALMADGE. Do you think a system of grading could be devised whereby there would be no price support or very low price support for these tobaccos that are inferior with a step-up on the quality as you went to high price supports for the best quality tobacco? Do you think it is possible to devise that with all the wisdom possessed by the Department of Agriculture?

Mr. SLOAN. Sir, to start with, we have tried to refrain from using quality in this statement as much as possible, because I do not know what quality is anymore, and we have used largely market acceptability as the terminology to describe this type of tobacco.

Senator TALMADGE. That would amount to substantially the same thing, I presume.

Mr. SLOAN. Yes, sir. I think that the changes that I said earlier—

Senator TALMADGE. What you want to do is tie the supports then to the market acceptability and the prices these various grades bring.

Mr. SLOAN. That is correct, sir.

Senator TALMADGE. Do you know of any reason why that could not be done by some system of classification and grades? That has been my position. I think it is the position of a substantial segment of the farmers of Georgia who produce tobacco.

Mr. SLOAN. I believe these other gentlemen with me might answer that as they come along, too, but that is my feeling, sir.

Senator TALMADGE. That is the thrust of your testimony there, I take it.

Senator JORDAN. Have you all arrived at any method that could be used to do that equitably to the farmers?

Mr. SLOAN. As far as the grade basis, sir?

Senator JORDAN. Yes.

Mr. SLOAN. No, sir; but I commented earlier that the changes that were made in the grades a year or two back have certainly helped to a large degree. And we have recommended a constant revision.

Senator JORDAN. It has helped put a whole lot more in the Stabilization Corp.

Mr. SLOAN. It started making farmers do a better job in our area, and that is all I can speak for.

Senator JORDAN. With pounds.

Mr. SLOAN. No, sir.

Senator JORDAN. The market shows it is there. It might not come out of your territory——

Mr. SLOAN. No, sir.

Senator JORDAN. But they are there.

Mr. SLOAN. Yes, sir.

Senator JORDAN. Nearly 1 billion pounds of it, so it is——

Mr. SLOAN. Mr. Williamson.

Mr. WILLIAMSON. We agree, sir, that too much tobacco is the big thing, but we also feel that you can reduce production under the present system. It just has not been done. The law has not been applied as strictly as it is written. We feel that it can be reduced and we feel that in 1963, with the revision of grades, the revision of grades and price supports was a good step in the right direction and did a lot of good but somehow it sort of bogged down in 1964.

Bur further along in our statement we have something to put the kind of emphasis on the kind of tobacco they want.

Mr. SLOAN. On page 7 I believe we point that out.

Senator COOPER. I would like to ask this question. You are opposing this program, and you are submitting an alternative to the program. You have several objectives or several purposes in your alternatives, but you recommend that "the price structure be changed for certain characteristics desired by the market. Price structure must be changed to discourage the production of off-type undesirable type tobacco with low usability."

Is that the main point of the alternatives that you offer?

Mr. SLOAN. That is one point, sir.

Senator COOPER. That is one point, but it is a very important one.

Mr. SLOAN. Yes, sir; that is one as far as we are concerned.

Senator COOPER. How would you do it? That is what I would like to know. How would you accomplish this purpose? This is one of the main purposes of your alternatives. You should tell us how you propose to do it.

Mr. WILLIAMSON. It is to put the higher price support on the tobacco with the most market usability and the lower price support on the others. That is it rather oversimplified.

Now in 1963 they put on the "S" grades to discourage the production of slick tobacco, Senator, and I think it did discourage it, but somehow in 1964, I do not think the thing was applied. I think maybe too much pressure was put on the grading service to where it yielded some. I think grading service has done an excellent job, but I think that we need farmer help in this. We need an educational program in as well as some good study and basic economics in it.

Senator COOPER. The differing price support levels, though, would have to be announced in advance for each grade.

Mr. WILLIAMSON. Yes.

Senator COOPER. Would you not believe that from year to year, or at least over a period of years, there would have to be variations made in the various price levels?

Mr. SLOAN. That is the recommendation we have in here, sir.

Senator COOPER. I believe Under Secretary Murphy testified yesterday that even though they had lowered price supports for several grades, and increased it for others to maintain the average support level, the market price was higher in many instances than the price supports fixed for these lower grades and therefore the adjustment had no effect at all in discouraging production of these grades. What would you say to that?

Mr. SLOAN. Sir, I sold some tobacco earlier this year that brought prices above the Government support price. I sold other tobaccos that the Government had to take into loan. Let us say the bid was 72 cents, and the company bid 72 cents, and the price support was 72 cents. So we are getting down to a penny or two there to buy that when in other cases there is a tremendous spread between these.

So, as I say, I do not know what quality is anymore. All I can say is this is what the market demands.

We might say that we are growing tobacco now, old-type tobacco, for filter cigarettes. When I was a boy, the companies wanted one thing. I got a little older, they wanted something else. Now they want something else. So we have got to have a constant revision of what the market wants.

Senator JORDAN. In fact, there is one other thing that enters into this. You all know this. Our tobacco now is on the verge of pricing itself out of the world market. There is no question about that. It is 17½ cents a pound. It is a fixed price tariff on American tobacco in the European area. Well, now, that 17½ cents added on to the other Rhodesian tobaccos is making an awfully high priced tobacco. We are going to have to furnish them an awfully good tobacco if they are going to pay 17½ cents a pound above an awfully good tobacco raised in Rhodesia.

I think any tobacco exporter and buyer of foreign tobaccos will tell you that they have constantly improved the quality of their tobacco in those foreign countries. We have been smart enough to send our experts over there to show them how to do it, you see. We sent them to Canada and taught them how to plant and how to cure. Now they are slowly cutting our throats, and we are bleeding.

Senator TALMADGE. Not only that, Mr. Chairman, but in virtually all of our agricultural programs we have held a price umbrella over the rest of the world and made it attractive for them to get into production while we have been reducing our own production.

I saw some statistics a few years ago about the average tobacco farm in Rhodesia. I have forgotten, but it was something on the order of 40 to 60 acres—

Senator JORDAN. That is correct.

Senator TALMADGE. For each farm, whereas the average tobacco farm in Georgia has about a 2-acre allotment, and it is not far different from that for the entire Flue-cured Tobacco Belt. You take in the cotton situation. There was a time when we produced perhaps two-thirds of the world's cotton. It has not been many years ago. Now I think it is about a third.

We have held a price umbrella over the rest of the world and made it attractive for them to get into production while we ourselves were being plowed out of production.

Senator JORVEN. In addition to that, those foreign governments are subsidizing those people to get in and we are subsidizing them to get out.

Senator TALMADGE. We are subsidizing them to get in, too, and subsidizing our own farmers to get out.

Senator JORDAN. That is right.

Senator TALMADGE. We are working against our interests both ways really.

Mr. SLOAN. This concerns me very much because a lot of these tobaccos, if we remove them from the market, they will be bought elsewhere. They will use our tobacco for what is called flavoring, our higher priced tobaccos, and they will buy the lower priced tobaccos from Rhodesia and some of these other countries, so we are extending this umbrella, Senator, even more under such a program.

Mr. WILLIAMSON. May I comment on that?

Senator Cooper, I am sure your question was not answered satisfactorily. I do not believe there is a satisfactory answer to it, or a precise answer, as to how you are going to accomplish pricing the grades exactly in relationship to their value.

Senator COOPER. And to the demand, too.

Mr. WILLIAMSON. Yes, demand comes into it. It is not necessarily overall demand but it can be demand in a grade, Senator.

Now since we are opposing this acreage-poundage, the poundage proposition, and favoring what we have, I would like to comment on what would happen between those two. Under a poundage system, where you had only so many pounds of tobacco to sell—I am a grower, and I have so many pounds of tobacco to sell—I am going to sell those that bring the highest prices. I do not think I would be expected to do otherwise. If everybody else does that, we are going to leave at home the tobacco that Mr. Sloan is talking about, the low-grade tobacco for which there is a market, and we are going to put a tremendous amount of tobacco in those highest priced grades and overload them, and there is not any reason to anticipate that the buyers are going to increase their demand so greatly for those top grades.

So we are going to have more tobacco than ever, we contend, going under price support loan than if we put this thing into effect. We are going to bunch a lot of tobacco in a few grades, in those top grades.

That is one of our basic faults to find with this system.

#### STATEMENT OF E. J. WIGGINS, MARION, S.C.

Mr. WIGGINS. With the 44-cent penalty, if we had a good group, anything that looked like it would bring 55 cents you would not even want to harvest it. Your penalty plus your expense of harvesting and handling it, it will at least take 55 cents.

Now, if you had a weak crop, you might say harvest the primes, but with a good crop, you would hesitate to even harvest those primes for which there is a demand. If an export company wanted a million pounds of primings at the first of the market, they would

not be on the market, because you would have to hold those back in your packinghouse until you saw where you would have any pounds left to sell them or not because it would not even be feasible to sell them together.

Mr. SLOAN. In summary, we submit that the basic problem in the Flue-cured tobacco industry is the continued production—on some farms—of too much of the “wrong kind” of tobacco, that is, tobacco not acceptable to the trade. The foreign and domestic market demand for this tobacco with low acceptability is far less than the present supply; therefore, it ends up in Government storage loan stocks and continues to create most of the present problems. In order to maintain or improve our competitive position in the world market, serious consideration must be given to improved quality and lowered costs of production. Achievements in these areas will permit gradual adjustment in the Flue-cured tobacco industry, whereby this product will be more able to compete effectively in world trade, and at the same time meet the domestic market demand and maintain profitable production opportunities for producers.

Since the present farm allotments are based on historical acreage only, we believe that, effective for the 1966 crop, the percentage of prior crops on individual farms that went under Government price support loan should be made a major factor in determining future acreage allotments for individual farms.

In addition to and in general agreement with the foregoing statement, we have attached, as appendix B, copies of resolutions by the South Carolina General Assembly and the South Carolina Farm Bureau relating to tobacco programs.

(The documents attached to Mr. Sloan's statement are as follows.)

TABLE 1.—Average sales price of Flue-cured tobacco, by States, 1956-63<sup>1</sup>

[Cents per pound]

State	1956	1957	1958	1959	1960	1961	1962	1963
Florida.....	48.70	56.78	57.27	59.04	60.47	60.68	56.20	57.01
Georgia.....	48.46	56.23	57.57	58.27	56.80	59.10	56.91	57.78
South Carolina.....	<sup>2</sup> 52.36	59.78	59.98	63.15	61.98	66.20	<sup>3</sup> 61.38	60.67
North Carolina.....	51.81	55.38	58.15	58.29	61.18	65.16	60.58	58.44
Virginia.....	<sup>2</sup> 52.42	51.11	57.87	54.27	59.16	63.38	<sup>3</sup> 61.92	54.36

<sup>1</sup> Source: North Carolina Tobacco Reports, North Carolina Department of Agriculture, Raleigh, N.C.

<sup>2</sup> In 6 of the 8 years reflected in this table, the average price paid for South Carolina produced Flue-cured tobacco was higher than the average paid for Flue-cured tobacco produced in the 5-State area. In 1956, the average price paid in Virginia was 52.42; whereas the South Carolina average price was 52.36, a difference of 0.06 cents per pound.

<sup>3</sup> In 1962 the average price paid in Virginia was 61.92; whereas the South Carolina average price was 61.38, a difference of 0.54 cents per pound.

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TABLE 2.—*Production, sales, price, and farm value of South Carolina Flue-cured tobacco, 1956-63*<sup>1</sup>

Year	Production and sales (pounds)	Average selling price (cents per pound)	Farm value of production (dollars)
1956.....	173,400,000	52.36	90,792,240
1957.....	128,700,000	59.78	76,936,860
1958.....	131,100,000	59.98	78,633,780
1959.....	142,965,000	63.15	90,282,397
1960.....	147,600,000	61.98	91,482,480
1961.....	151,600,000	66.20	100,359,200
1962.....	190,260,000	61.38	116,781,588
1963.....	162,400,000	60.67	98,528,080
Total.....	1,228,025,000	60.57	743,796,625

<sup>1</sup> Computations from prices as shown in table 1.

TABLE 3.—*South Carolina Flue-cured tobacco production with computations to indicate farm value if lowest average State price for the Flue-cured tobacco area had prevailed for South Carolina-produced tobacco*<sup>1</sup>

Year	South Carolina production and sales (pounds)	Lowest State average selling price in the Flue-cured area (cents per pound)	Computed value at lowest selling price (dollars)
1956.....	173,400,000	48.46	84,029,640
1957.....	128,700,000	51.11	65,778,570
1958.....	131,100,000	57.27	75,080,970
1959.....	142,965,000	54.27	77,587,105
1960.....	147,600,000	56.80	83,836,800
1961.....	151,600,000	59.10	89,595,600
1962.....	190,260,000	56.20	106,926,120
1963.....	162,400,000	54.36	88,280,640
Total.....	1,228,025,000	54.65	671,115,445

<sup>1</sup> Computations from prices as shown in table 1.

TABLE 4.—*Increased value of South Carolina Flue-cured tobacco above the value computed at lowest average State price for the Flue-cured tobacco area*

Year	South Carolina production and sales (pounds)	Price differential (cents per pound) <sup>1</sup>	Value differential (sales times price differential) (dollars)
1956.....	173,400,000	3.90	6,762,600
1957.....	128,700,000	8.67	11,158,290
1958.....	131,100,000	2.71	3,552,810
1959.....	142,965,000	8.88	12,695,292
1960.....	147,600,000	5.18	7,645,680
1961.....	151,600,000	7.10	10,763,600
1962.....	190,260,000	5.18	9,855,468
1963.....	162,400,000	6.31	10,247,440
Total.....	1,228,025,000	5.92	72,681,180

<sup>1</sup> Price difference between South Carolina's average selling price as indicated in table 2 and the lowest State average selling price in the 5-State Flue-cured tobacco area as indicated in table 3.

TABLE 5.—Production and accumulations of Stabilization Corporation stocks of Flue-cured tobacco, by types, 1961-64<sup>1</sup>

	1961	1962	1963	1964	Total
Production (million pounds):					
Type 14.....	176.6	190.3	182.0	<sup>2</sup> 165.5	<sup>3</sup> 714.4
Type 13.....	293.3	346.8	313.7	<sup>2</sup> 315.9	<sup>3</sup> 1,269.7
Type 12.....	386.1	400.1	421.9	<sup>2</sup> 410.7	<sup>3</sup> 1,618.8
Type 11b.....	146.3	171.9	165.3	<sup>2</sup> 177.0	<sup>3</sup> 660.5
Type 11a.....	246.7	291.2	281.2	<sup>2</sup> 312.9	<sup>3</sup> 1,132.0
Total.....	1,249.0	1,400.3	1,364.1	<sup>2</sup> 1,382.0	<sup>3</sup> 5,395.4
Stabilization Corp. receipts (million pounds):					
Type 14.....	7.2	4.9	5.5	<sup>3</sup> 3.0	<sup>3</sup> 20.6
Type 13.....	8.2	37.5	41.4	<sup>3</sup> 46.5	<sup>3</sup> 133.6
Type 12.....	31.3	65.9	63.0	<sup>3</sup> 125.3	<sup>3</sup> 285.5
Type 11b.....	6.2	35.1	38.5	<sup>3</sup> 38.9	<sup>3</sup> 118.7
Type 11a.....	17.4	93.8	128.8	<sup>3</sup> 71.1	<sup>3</sup> 311.1
Total.....	70.3	237.2	277.2	<sup>3</sup> 284.8	<sup>3</sup> 869.5
Flue-cured stocks on hand, Jan. 1, 1965 (million pounds): All types.....					
	53.8	225.4	253.9	284.8	817.9
Proportion of production by type going into Stabilization Corp. storage (percent):					
Type 14.....	4.1	2.6	3.0	<sup>3</sup> 1.7	<sup>3</sup> 2.9
Type 13.....	2.8	10.8	13.2	<sup>3</sup> 13.8	<sup>3</sup> 10.5
Type 12.....	8.1	16.5	14.9	<sup>3</sup> 28.6	<sup>3</sup> 17.6
Type 11b.....	4.2	20.4	23.3	<sup>3</sup> 20.6	<sup>3</sup> 18.0
Type 11a.....	7.1	32.2	45.8	<sup>3</sup> 21.3	<sup>3</sup> 27.5
Total.....	5.6	16.9	20.3	<sup>3</sup> 19.3	<sup>3</sup> 16.1
Proportion of Stabilization Corp. receipts by types (percent):					
Type 14.....	10.2	2.1	2.0	<sup>3</sup> 1.0	<sup>3</sup> 2.4
Type 13.....	11.7	15.8	14.9	<sup>3</sup> 16.3	<sup>3</sup> 15.4
Type 12.....	44.5	27.8	22.7	<sup>3</sup> 44.0	<sup>3</sup> 32.8
Type 11b.....	8.8	14.8	13.9	<sup>3</sup> 13.7	<sup>3</sup> 13.6
Type 11a.....	24.8	39.5	46.5	<sup>3</sup> 25.0	<sup>3</sup> 35.8
Total.....	100.0	100.0	100.0	100.0	100.0

<sup>1</sup> Sources: "Flue-Cured Tobacco Market Review," TOB-FL-7, AMS, USDA, Washington, D.C., March 1964; "Flue-Cured Tobacco Market Review," TOB-FL-6, AMS, USDA, Washington, D.C., March 1963; "Tobacco Situation," TS-110, ERS, USDA, Washington, D.C., December 1964; and "News Letter," Flue-Cured Tobacco Stabilization Corp., Raleigh, N.C., Jan. 4, 1965.

<sup>2</sup> Estimated.

<sup>3</sup> Preliminary.

TABLE 6.—Estimated increased value of South Carolina Flue-cured tobacco production above a computed value if average North Carolina prices had prevailed, 1956-63

Year	South Carolina sales (pounds)	North Carolina average price per pound (cents)	Difference, South Carolina over North Carolina price per pound (cents)	Computed value of South Carolina production with North Carolina average price (dollars)
1956.....	173,400,000	51.81	0.55	89,838,540
1957.....	128,700,000	55.38	4.40	71,274,060
1958.....	131,100,000	58.15	1.83	76,234,650
1959.....	142,965,000	58.29	4.86	83,334,299
1960.....	147,600,000	61.18	.80	90,301,680
1961.....	151,600,000	65.16	1.04	98,782,560
1962.....	190,260,000	60.58	.80	115,259,508
1963.....	162,400,000	58.44	2.23	94,906,560
Total.....	<sup>1</sup> 1,228,025,000	58.63	<sup>1</sup> 1.94334	719,931,875
Value actually received.....				743,796,625
Total difference.....			1.94	<sup>1</sup> 23,864,768

<sup>1</sup> 23,864,768 divided by 1,228,025,000 equals 1.94334 (average).

[From South Carolina Farm Bureau policies and recommendations for 1965]

### TOBACCO RESOLUTIONS

(Adopted by voting delegates, November 14, 1964.)

No. 17. It is recognized that production of ripe, mature, and grainy tobacco requires greater care and higher cost than that of unripe "slick" tobacco. A greater percentage of ripe mature tobacco is purchased at the marketplace and more of the undesirable tobacco goes under price-support loans. It is for the good of growers and the tobacco industry that there be a greater incentive to produce the desirable and discouragement of the production of the undesirable. Farmers who produce the better tobacco create the demand for the U.S. Flue-cured. Since the present farm allotments are based on planted acres only, we believe that, effective for the 1966 crop, the percentage of prior crops of each crop going under price-support loan be a factor in determining individual farm allotments.

[From Journal No. 7, House of Representatives of the State of South Carolina, Thursday, Jan. 21, 1965]

### CONCURRENT RESOLUTION

The following was introduced:

H. 1095. Agriculture and conservation committee: A concurrent resolution memorializing Congress to enact certain legislation relating to the tobacco farmers' program.

"\* \* \* *Be it resolved by the house of representatives, the senate concurring:*

"That Congress be memorialized to enact legislation to provide the following:

"(a) That each farmer's future tobacco acreage cuts be based in proportion to the amount of tobacco placed in stabilization for him, taking the average of the individual farmer for the best 3 out of the last 5 years.

"(b) That for any future reduction in tobacco acreage the farmer will be paid a reasonable amount for the loss of his income from this part of his tobacco allotment and this to be set up on the basis of the feed grain program payments of various crops.

"(c) That loose leaf sale days for tobacco be extended to 10 days with full price support on all grades.

"*Be it further resolved* That copies of this resolution be forwarded to the President of the United States, to each U.S. Senator from South Carolina, each Member of the House of Representatives of Congress from South Carolina, the Senate of the United States, and the House of Representatives of the United States."

The concurrent resolution was agreed to and ordered sent to the senate.

[Excerpt from newsletter issued by Flue-Cured Tobacco Cooperatives Stabilization Corp., Raleigh, N.C. Feb. 1, 1965]

### WHAT WILL HAPPEN IN 1965?

Final figures were recently released by the Tobacco Division, Agricultural Marketing Service, USDA, giving the grade composition of the 1964 crop. An analysis of these figures reveals some outstanding trends which have a tremendous impact upon the entire tobacco industry.

A study of the grade composition of the 1964 crop shows only 49.7 percent of the crop graded into grade groups which are straight grades or technically classified as mature to ripe tobacco. A normal crop, computed by using the combined average of the previous 10 crop years, should contain 66 percent of tobaccos classified as mature to ripe.

Although the 1964 crop did show a deficit in the mature to ripe tobaccos, it also showed a large excess in another area. The variegated group (KL, KF, KM, KV) has progressively increased in recent years, reaching a peak in the 1964 crop when 29.7 percent of the crop graded into the variegated grades. Normal for the crop would have been 11 percent or less than one-half the amount actually graded into the group. Other grade groups, such as the green, nondescript, etc., showed only minor variations.

The trend of producing more unripe or variegated tobacco and less mature to ripe tobacco has been evident for several years. The 1963 crop and other previous crops have shown similar patterns, only in lesser amounts. The revision of grade

standards prior to the 1963 crop and increasing the margin between desirable and undesirable grades on the price support schedule to better reflect market value have not improved crop composition to the extent desired. This situation should be of concern to, and receive the attention of, all segments of the industry having responsibilities in this area.

A study of Stabilization's receipts from recent crops indicates that receipts are correlated to the composition of the crop. In 1964, 49.7 percent of the crop graded into mature to ripe grades; 47.5 percent of Stabilization's receipts were in mature to ripe grades. The total amount of variegated tobacco in the 1964 crop amounted to 29.7 percent of the total crop; Stabilization's receipts were 46 percent in this category. The remaining 20.6 percent of the entire 1964 crop was graded into grades of green, nondescript, etc. These grades made up only 6.5 percent of Stabilization's total receipts and reflect a deficit as compared to a normal crop. By analyzing the composition of previous groups and the receipts of Stabilization, it is reasonable to assume that Stabilization's receipts are equally as good in value as those afforded by the entire crop.

The gradual change in crop composition of Flue-cured tobacco has helped to create problems for Stabilization. Tobaccos which have been consistently produced in excess of market demand and in excess of a normal crop composition have been and will continue to be difficult for Stabilization to move into normal trade channels. Modifications are needed by the overall industry to insure that the production and supply of future crops will meet the demands for ripe, mature, usable tobacco.

Mr. SLOAN. Having heard some comments on some of the statements made yesterday we made some telephone calls this morning in certain areas of South Carolina, and we find that we still have the support of our people regarding our position in those areas.

I would like to if I may—Mr. Williamson, would you like to finish? I have completed.

Mr. WILLIAMSON. I believe all that I had—

Senator TALMADGE. Mr. Williamson, for the record, in what capacity do you appear? As a tobacco farmer, representing the South Carolina Farm Bureau, Clemson College?

Mr. WILLIAMSON. Sir, I am making a part of this statement as a farmer. I am a farmer living on a farm. I am chairman of the Tobacco Committee of the South Carolina Farm Bureau, and Mr. Sloan of the South Carolina Farm Bureau was authorized by these people—I was present at the meetings—to make this statement for them.

Senator TALMADGE. I wanted to know your own capacity in the matter.

Mr. WILLIAMSON. Yes, sir.

I believe we have covered about everything except maybe to sum up what we think can be done to improve the supply quality situation, because everybody I think agrees that that is the trouble. There is more work toward expanding foreign markets and consideration of an effective subsidy. And two, just what we have suggested here, a further study of the revision of grades and price support. A good effort begun in 1963 seems to have slowed down. Then we would add this. That we are to encourage the production of tobacco that sells to buyers on the market, to discourage the production of tobacco that does not sell to buyers on the market.

We would favor the allotments to the farms that sold a big part of its tobacco, and we would penalize the allotment of the farm that puts a big part of its crop under loan.

We think that a lot of study—we have not got a formula for putting it into effect, but we think that it is the right idea, and we think that the Department of Agriculture and anybody capable of adding knowledge to it should begin an immediate study on it.

Mr. SLOAN. If I may introduce Mr. E. J. Wiggins. Mr. Wiggins is from Marion, S.C. He is a 100-percent farmer. He makes his living raising tobacco.

Senator COOPER. May I ask one question first. Are you proposing that when acreage allotments are made, the allotment of the producer who has, say, put 20 percent of his crop into loan, should be reduced?

Mr. WILLIAMSON. He would say yes. We say it should be effective. Some people go so far as to say it should be controlled, but we think that that should be one of the factors in allotting the national quota out to individual farm allotments, how much of it is sold and how much of it did not sell.

Senator TALMADGE. Let me ask you this question in that connection. Would that discriminate against any area of Flue-cured tobacco of the Flue-cured tobacco belt in that it might be the contention of the farmers of Virginia and North Carolina that since they do not get the first crack at the market, that such a plan would be discriminatory to them? Would that be discriminatory against them? Of course we are all in this boat together you know. What is of benefit to one group would necessarily have to benefit all.

Mr. WILLIAMSON. If it were true, sir, that that is the reason, I am afraid it would, but I do not feel that that is the main reason that their tobacco does not sell as readily as tobacco from other areas.

Now there are individual farmers in my area who fertilize heavily, put on a lot of something on their tobacco, and a good deal of it goes under price support loan, and the buyers do not want it.

Senator TALMADGE. You are getting to the question I was about to ask. There has been evidence that these various types of tobacco, I think they produce primarily type 14 in my own State, and I think the statistics show something on the order of 2 percent on the average for the last 5 years, 2 percent-plus has gone into CCC. You grow what type in South Carolina?

Mr. WILLIAMSON. Thirteen.

Senator TALMADGE. Thirteen?

Mr. WILLIAMSON. Yes.

Senator TALMADGE. Do you have some farms where a large percent of that same type tobacco goes into CCC and other farms where none or virtually none goes into CCC?

Mr. WILLIAMSON. We do, sir.

Senator TALMADGE. And it depends on the quality of the tobacco that is produced in that individual type, is that correct?

Mr. WILLIAMSON. It depends on the tobacco that is produced on that individual farm it is our contention. That can be affected by a good many things. It can be affected by the land, it can be affected some by climate, but it can be affected greatly by the farmer's desire, what that farmer intends to produce. It costs more to produce tobacco that is sold. It costs more to produce open, ripe, fluffy tobacco than it does this type of tobacco that is undesirable. It does not weigh as heavy.

Senator JORDAN. Under your theory then, you would have to pretty nearly have a law for every individual farmer, would you not?

Mr. WILLIAMSON. No, sir. You would just simply allot the national quota to farms, and one factor in allotting would be the amount that that farm—put it in a percentage. It would be simpler to put it in terms of pounds per acre. I just pick this figure out.

Say it is all right, stabilization was set up to take 150 pounds per acre. That is about 7½ percent of the crop. So if anybody puts in more than 150 pounds per acre, they would get a slight reduction. I do not mean it would be any drastic reduction. It would be enough to discourage the tobacco from going under loan.

The thing has not been refined or thought through so far, but I would think that that would just apply only to the next year. You make an allotment every year.

Senator JORDAN. Do you think the farmers would vote for that? You know they have to vote on a referendum, and we would have to get something the farmers would vote on.

Mr. WILLIAMSON. I think they would. I think there are a lot of farmers in North Carolina and Virginia that would vote for it.

Senator JORDAN. Oh, I see. You South Carolina boys would not vote for that?

Mr. WILLIAMSON. I think in South Carolina they would vote real heavy, and I think in Georgia. I think it would be entirely on an individual basis. I think you would get a lot of votes for this thing on just the merit of what it would accomplish.

Senator JORDAN. There is an interesting fact that enters into this thing in talking about your early sales—

Mr. WILLIAMSON. Yes, sir?

Senator JORDAN (continuing). Following your market through. In 1964 the estimate of the pounds came out early as you well know; it came out on July 1 last year.

Mr. WILLIAMSON. Yes.

Senator JORDAN. That estimate was 1,221,513,000 pounds; that is what the buyers figured as the amount of tobacco they were going to have to buy.

Mr. WILLIAMSON. Yes.

Senator JORDAN. They moved in, picking up what they are going to use or what they think they are going to use. The final estimate was 1,382,478,000 pounds, and that is 161 million pounds different from the first estimate compared with what they actually raised and sold.

That can have an awful lot to do with it. It is the same as the cotton market, Senator. As you well know, when the prediction comes out there is going to be a short crop, they run in and start buying their cotton.

Mr. WILLIAMSON. When was that, sir?

Senator JORDAN. That is in 1964.

Mr. WILLIAMSON. But in spite of that, sir, your belt that opened earlier did not have as much tobacco to go under price support as after it opened later, but it bore the brunt of that. I grant that that is really bad on the whole belt. But I think with the Government making an estimate, if they have a good estimating service, they will underestimate as many times as they overestimate. I think that thing should even out.

Senator JORDAN. Of course, if you started doing this on tobacco, you would have to do it on cotton and peanuts and all other commodities.

Senator TALMADGE. They do that.

Senator JORDAN. We have got a surplus of all those now.

Senator TALMADGE. Support price based on quality.

Senator JORDAN. Well, it might and might not. But they do have an acreage on tobacco, I mean cotton.

Senator TALMADGE. But the support price is based on the quality produced.

Senator JORDAN. That is right. That is quite true. But they go pretty far down the lot in that support. It has not discouraged too many pounds of cotton, either.

The fact remains, regardless of what the solution to this problem is, we have got too much tobacco, and if South Carolina and North Carolina and Virginia and everybody else under the price support want to keep the price support, we are going to have to reduce this poundage. It has got to be done drastically and quickly or you are going to find there is not going to be any price support in my opinion.

Mr. WILLIAMSON. As a grower may I comment on that?

Senator JORDAN. Sure, you certainly may.

Mr. WILLIAMSON. After all, what we are faced with is a reduction in the number of pounds we produce.

Senator JORDAN. Right.

Mr. WILLIAMSON. Now, whether you do that by cutting acres or whether you do that by limiting pounds, you come out with the same result. You cut the farmer's income.

Now, I grant that this acreage-poundage thing is real fascinating and it has some real plausible sounding things in it, and that you can limit production under it. You can limit what tobacco goes to market. I do not know what is going to happen if it does not go, but you can limit how much is sold. You can take care of that. But when it comes under that system—to reduce or restrict—after the farmers once get used to it, why are they going to be any more willing to have their income restricted under that than they would by acres?

We think it can be done by acres. The thing that has deterred its being done by acres is pressure from us ourselves, that we do not want to face the medicine and restrict our income. It seems to me that you would be faced with the same thing whether it be by pounds or by acres. I may be all wrong.

Senator JORDAN. We are trying to find a solution to this thing. The only thing that I know is—and I think you know this, and I think everybody here knows it—that the acreage has not controlled the production of tobacco. We know that. We have got nearly 1 billion pounds, and most of it has gone in there in the last 4 years. That is correct, too, is it not? So we have got to find a solution to this thing because the acreage as it is now—and support prices by grade, yes, it is by grade—has not restricted the production of tobacco.

You had a 10-percent cut last year. You got a 19½-percent cut this year, and the Department and everybody I have talked to says with a 19½-percent reduction in this year's crop that they will more than likely raise more tobacco than the market will consume this year.

We have got to devise some method of producing less tobacco than can be sold in that year in order to remove these billion pounds out of surplus. That has got to be sold.

If the Commodity Credit Corporation ever takes a notion to dump that tobacco at about 25 cents, you will see how much tobacco buyers are going to be in the market for a long time for anybody's tobacco. You just heard the statement made a while ago that 280,000 pounds or something was sold in Kentucky for about 20 cents a pound under the support price in 1 day. That is what would happen to it.

We are trying to find a solution to it. I am not saying this bill is perfect by any means. We want all the help we can get in trying to arrive at a bill that will accomplish what has got to be done for the tobacco farmer and everybody else concerned with it.

Mr. SLOAN. What we are saying, Senator, we all have the same end results in mind, but the directions or the ways of getting there are a little bit different.

Senator JORDAN. I grant that. I certainly do.

Senator COOPER. Mr. Williamson, is this your argument: that under a poundage program a farmer, in order to maintain his income, would tend to produce the grades bringing the highest price, and the result would eventually be a surplus of that type of tobacco?

Mr. WILLIAMSON. Yes, sir.

Senator COOPER. And that the Government would end up holding stocks of that type of tobacco, while at the same time the farmer would not be producing the broad variety of types that are needed.

Mr. WILLIAMSON. If he were producing them, he would not be selling them, but he would try.

Senator COOPER. Would he adjust his production to the market?

Mr. WILLIAMSON. Yes, sir.

Senator COOPER. You think it would be adjusted to the highest price.

Mr. WILLIAMSON. Yes, sir.

Senator JORDAN. One of the things that you point out there that looks like to me is part of our problem right now, you say it would discourage much of the current research and development program aimed at advancing knowledge and increasing efficiency in tobacco production. I think they have done a good job. I think that is part of our problem. They have done a good job in learning how to grow more per acre.

Mr. WILLIAMSON. Yes.

Senator JORDAN. With the types you have got and planting them closer together and with the weed killers and all of the other stuff combined, it is simple to grow tobacco. It is doing the same thing for every other crop that we produce. There is no question about it.

Mr. SLOAN. Are we going to put the brakes on that, Senator? Are we going to completely stop research?

Senator JORDAN. Absolutely not. We have got money in this year, and Senator Talmadge and I both supported the research program.

Mr. SLOAN. But that other would do that partially, sir.

Senator JORDAN. But one of the things in that research program—I know Senator Talmadge and Senator Cooper know this—is to produce a better tobacco that is more acceptable, because some of the things that they were growing on these new types, new seeds, and so forth, are not acceptable for anything. Nobody wants that. It was to find a new variety that was acceptable to grow. You cannot grow certain types on some of the lands that have nematodes and other diseases in the land.

Mr. SLOAN. Some of the prices of reduced tobacco got awfully much in demand, that 139 we were talking about.

Senator JORDAN. I know in the 1956 crop they just paid the freight on it to get it off the market. There is no question you will find a market for it if you sell it cheap enough.

But whenever a tobacco company—domestic or abroad, I do not care where he is—if he needs a million pounds of tobacco a year and he gets that 1 million pounds, he does not want 2 million. If it is 10 cents a pound, he does not want any more tobacco. That is all he wants. If he develops a cigarette or whatever he is making out of a cheap tobacco, and he can sell that and market it, he is not going to pay 70 cents for it or some other price. He will use good tobacco with a high quality flavor and aroma and so forth to blend with the cheaper grades of tobacco.

Of course the filter cigarette has had something do do with it. It has increased the consumption of your burley. As you well know, a lot of burley tobacco going into cigarettes did not used to go into them at all.

It is no easy problem to solve, and we all know that.

Mr. SLOAN. We agree.

May I ask Mr. Wiggins if he has any comment, sir?

Senator JORDAN. Mr. Wiggins, we will be very glad to hear from you, sir.

Mr. WIGGINS. I will make it very short. Most of what I have to say has been covered.

I am a farmer. That is where I get my income from. I am on the Tobacco Associate Board with headquarters in Raleigh, N.C. I think yesterday we had some men testify from that board. I am also a member from South Carolina. I grow around 53 acres of tobacco. That is what my allotment will be for this year. I did not inherit this tobacco. I bought it. I inherited practically 2 acres of it. The rest of it I bought and rented.

Under this new program which you are offering, it will really affect me very much. It will affect a lot of other farmers in my community very much. We have geared our setup this coming year to participate in the program that was offered us in December. We voted very strongly for it in our community. I got out and I did a lot of work in order to get the acreage control program passed. But I would not feel right to go back and ask the people of my community to change and go for a program of this type. We offered them one thing, or you offered them one thing, and they went for it. They are willing to take a cut. They are willing to adjust. But they are not willing to come under poundage.

A lot of the farms in our community, or in our county, have had poor management, and they are run down, and those are the farms that can be purchased and those are the farms that have been purchased by younger fellows.

If you put this type program on, a lot of those boys will lose those farms because they will have 1,400 and 1,500 pounds per acre to sell instead of what they can produce with their knowledge. This program would really jeopardize them.

I have sold tobacco in four States—Florida, Georgia, South Carolina, and North Carolina. This past year I sold in three States. I sold 35,000 in Georgia. Not one pound of that 35,000 went under Government loan. I sold 75,000 pounds in South Carolina of which approximately 13 percent went under loan. I sold 10,000 pounds on the Wilson market in North Carolina, and I think I am making a correct statement that not a pound of that went under supports.

The highest priced tobacco I have ever sold was in 1963 on the Wilson market. That was after the market was closed in South Carolina. I had several thousand pounds. I carried it to Wilson and 2-B4F brought \$83. That is the highest tobacco I ever sold.

This year I realized it was not old belt that was in trouble, it was the eastern belt. They were selling at the same time we were selling. I do not wish to say anything against my friends in North Carolina, but, sir, these are the facts. At the same time we were selling, they were selling. We were putting in 12 to 15 percent, and they were putting in a figure somewhat larger than that.

The time of sale may affect some, but it is not our overall answer.

Senator JORDAN. I know that. Does the average farmer in your territory have 53 acres of tobacco?

Mr. WIGGINS. No, sir. The average farmer is not willing to work the hours I am willing to work.

Senator JORDAN. He cannot get hold of the acreage anyhow, can he?

Mr. WIGGINS. If he has the greenbacks he can, or if he has the credit established. I feel sorry for production credit if this goes in because they are going to own some of my farms.

Senator JORDAN. Let me ask you another question. I think this is a pretty well established fact. The price of a farm in your area, the tobacco-growing area, is largely based on how many acres of tobacco are allotted to it, is it not?

Mr. WIGGINS. First they ask how many acres of tobacco do you have. That is the first question.

Senator JORDAN. That is right. And every time you cut this acreage, does that not reduce the value of that farm?

Mr. WIGGINS. No, sir.

Senator JORDAN. It does not?

Mr. WIGGINS. It increases the—farmland is higher now than it has ever been since 1955.

Senator JORDAN. What do you think would happen to the value of your farmland if the price support was withdrawn from tobacco?

Mr. WIGGINS. It would drastically hurt it. Any commodity now that you do not have support for is in trouble. We realize that—in cotton, tobacco, or anything else—because you would dump it all on the market at one time, and you are at the mercy of the buyer.

Senator JORDAN. That is the very thing that is worrying us, that if price supports—if we keep it, we have got to do something to get this poundage down.

Mr. WIGGINS. I realize we are in trouble. I realize that. But under bill 821 I do not feel like it will correct it because we do not have a monopoly on tobacco over the world, and you cannot force these other countries—Japan, England, and all those—to buy our tobacco. These boys at home, we might force it down their throats, but we cannot force it down the throats of these other boys at a high price. Just like has been said before, they will go somewhere else to get the cheap tobacco which we are now selling them, a lot of these P-4L's, stuff of that type. Under this program which you are offering, P-4L probably will not even go to the market any more.

Senator JORDAN. Any questions, Senator Cooper?

Senator COOPER. No.

Mr. WIGGINS. I do not want to lose any of the pounds we are selling now. We sold what?—501 million pounds abroad this year, I believe it was.

Senator JORDAN. Something over 450.

Mr. WIGGINS. No; 501 I believe it was in 1963. I believe it came out to 501 million pounds we sold. These customers will go somewhere to get the cheaper tobacco. They may buy the higher priced to blend to get the flavor.

Senator JORDAN. All right, sir.

Mr. SLOAN. I have one other gentleman, Mr. Frank Flowers from Darlington.

Senator JORDAN. We will be glad to hear from you, sir.

#### STATEMENT OF FRANK FLOWERS, DARLINGTON, S.C.

Mr. FLOWERS. Mr. Chairman, distinguished members of the committee, and ladies and gentlemen, I would like to say before getting into my statement that even though the weather is rather bad up here in Washington, I enjoy one improvement over home conditions. While I am around the farm, I have to cut this hearing aid down. If I do not, I get a lot of interference from my wife, you know. But being this far departed from home, I can turn it wide open and I do not have to worry about that static.

Senator TALMADGE. Sometimes the static around here is much worse than the wife's static.

Mr. FLOWERS. Senator Cooper, I would like to say, sir, that my wife is a very fine girl, and I had to go all the way to Kentucky to find her—up in Morganfield.

Senator COOPER. I am glad to know it.

Mr. FLOWERS. Yes, sir. Thank you.

As Mr. Sloan told you, I am Frank Flowers from Darlington, and I am a producer of tobacco as well as a dairyman. I appreciate the opportunity to be here this morning and discuss with you some of the aspects from maybe a smaller grower's standpoint in my area, particularly in my county and in the local community there.

I find it difficult to stand by and not raise my voice against a proposal that would adversely affect the tobacco farmers of the area that I come from. I, along with the other farmers in my community and in my county—this is generally speaking now—we recognize the fact that tobacco has been going into Stabilization at a large rate in recent years and something has to be done to correct the situation as regards the oversupply in the Stabilization stock.

Our farmers have indicated a willingness to make adjustments within the present program in order to try to help the situation.

Through personal initiative and also with the strong encouragement of USDA officials, the Extension Department officials, the buying interests, stabilization officials, and so forth, the majority of the farmers in my county and in the particular community in which I live have sought to implement and follow through on cultural practices that would enable them to produce tobacco acceptable to the trade. This is what we have been talking about here this morning. Now this has been done and is reflected in the relatively low percentage that these farmers have placed in the Stabilization.

I would like to give you a personal illustration of this. Over the years I have tried in my own operation to go along with the recommendations, and, over the past 5 years, I have put less than 2 percent of my own tobacco into Stabilization stock. However, in producing

the tobacco that would meet the demands of the buying interests, the farmers have subsequently had a lower yield per acre in areas which have not been so conscientious in following through on these recommended agricultural practices.

I think you will agree that here we have a rather strange paradox. If this acreage-poundage proposal goes through, the farmers who have conscientiously sought to produce tobacco acceptable to the trade would be penalized, while those who have gone overboard in the production of pounds without regard to market acceptability would, in effect, be rewarded.

We submit that the farmers who consistently employ the agricultural practices which result in a high percentage of their tobacco going into Stabilization are responsible to a large extent for our present over-supply of Stabilization stock.

I have had the opportunity and have gone around in the community and in the area in which I live and taken my time to personally talk with many of the farmers about this subject. I want to emphasize this point, that I have yet to talk with a single farmer who is favorable to this acreage-poundage approach. The feeling is that our present program, with some revisions, can get the job done.

Among the other unfavorable aspects of the acreage-poundage program—I think most of these have been covered, but I would certainly like to reiterate them at this time and reemphasize them because I think that they particularly represent the feelings of the particular farmers where I come from—that this proposal would have a disruptive effect upon the very favorable loose leaf program that we have had in effect down there in the last 3 years. Now this has aided the farmers of our area immeasurably in several ways. Of course we have a labor problem there, and this gives them an opportunity to get this tobacco on the floor early in the season when it has been pointed out here very forcefully this morning that the farmers need that early money. But under this program, he would have to hang on to that tobacco, which I think most of you know is very hard to keep in the packhouse. He would have to hang on to this tobacco, taking a chance on its ruining before the end of the season, the buying season. He would have to hang on to it, not knowing whether he wants to sell it or not.

Now, another way that we feel it would adversely affect us is that it would affect the orderly marketing of tobacco, as has also been pointed out here this morning.

Senator JORDAN. There is nothing in this bill that would have anything to do with the looseleaf sales as it is now drawn.

Mr. FLOWERS. What is that, sir?

Senator JORDAN. There is nothing in this bill to change the loose-leaf sales—

Mr. FLOWERS. I know, sir.

Senator JORDAN (continuing). As they are doing right now.

Mr. FLOWERS. We think that with the ramifications of the bill, though, that a farmer would be hesitant in marketing these primings that he normally markets at the very outset of the season. He would be hesitant in marketing those because they normally do not bring the price for tobacco that the higher tobacco on the stalk brings.

But under this poundage program he would have so many pounds he could sell. Consequently he would not know whether to market

this then or wait until the end of the season. He would not know whether he would need those pounds or not, and naturally he is going to market the tobacco that he feels he can get the highest dollar for. Does that answer your question, sir?

It has also been pointed out, and we are very keen on this one, it would make for an overproduction of grades for higher price supported tobacco and thereby cause a shortage of the lower grades of tobacco that are so desirable in the marketing trade today or in the tobacco trade, and, of course, if this were the case, and if there was a shortage of these tobaccos, then obviously they would have to go somewhere to find them. We think that possibly that would affect our domestic markets as well as our foreign markets.

Senator JORDAN. He will not have to go far for a good long while, just over to here. It is in stock now.

Mr. FLOWERS. Well, I would like to conclude my remarks at this time by submitting that the farmers in our area would like to be heard on this. In fact I had several of them—when they knew I was coming to Washington—they said, "Say a word for us, but we would certainly like to be heard on it ourselves. We cannot come up here to Washington," but if this program is imminent or if you are trying to promote it, they certainly want to be heard on the local level concerning their opinions and so forth.

We think that with a revision of the grades and standards to give incentive to the production of tobacco acceptable to the trade—and, Senator Talmadge, I concur with this; I believe that that can be worked out. You asked a question earlier this morning, if the Department officials could probably work out a program to place this incentive there, and I certainly think they could.

That concludes my statement, sir.

Senator JORDAN. How many acres of tobacco do you have?

Mr. FLOWERS. I have 12 now, sir, after the cut in allotment.

Senator JORDAN. You do know that, before this bill could take effect, there would have to be a referendum.

Mr. FLOWERS. Yes, sir.

Senator JORDAN. Let the farmers vote on it. In other words, nothing is going to be pushed down his throat. It is going to be up to him to decide whether he wants it or does not want it.

Mr. FLOWERS. That brings up another point, Senator.

Senator JORDAN. Let me finish here. If he does not vote for it, he has still got the same law he has got right now, you see.

Mr. FLOWERS. Yes, sir.

Senator JORDAN. This would be a choice of the two.

Mr. FLOWERS. Yes, sir.

Senator JORDAN. It will not nullify the act. It would just be a choice. That is what this amounts to.

Mr. FLOWERS. We definitely feel that if there is a referendum, that it should be by a two-thirds majority rather than a simple majority. Also we have to face this reality. That time is certainly of the essence now, not in our particular area but in some areas down Senator Talmadge's way and down toward Florida. They will be transplanting tobacco within a very short time, relatively speaking. We have already seeded our beds. We are making preparations for this year's crop. As Mr. Wiggins brought out, this certainly will pose many problems for the farmers there, along that line.

Senator JORDAN. Senator Talmadge?

Senator TALMADGE. No questions.

Senator JORDAN. Senator Cooper?

Senator COOPER. None. I think it is a good statement.

Senator JORDAN. Thank you, sir.

The other thing I would like for you to keep in mind on this, this bill should be, and it is designed to be, more help to a small farmer than it is a large farmer. In other words, I think this bill would be more help to you than it would the 53 acres down here.

Mr. WIGGINS. I have got that tobacco in my name, but the other man has the paper on it. I have got to meet those obligations, and a lot of those farms are set up on 7 years payments. You pay \$9,000 per acre in 7 years, and it pushes you pretty tight.

Senator JORDAN. I am not arguing that point at all, but what I am talking about is this: A man has got 4, 5, 3, or 2 acres and you keep cutting his acreage like the 19½ percent this year, pretty soon he is not going to have one barn. He is going to be forced out of the tobacco business entirely and a 19½-percent cut on your 12 acres, if that is what you have got now and you are going to take a cut of 19½ or 20 percent, is going to be a lot worse than it is for his 53 acres. He is going to still make a living. I do not know how much he owes on that. But that is the facts of life. And a great many farmers do not have an acre. You know that, too.

Mr. FLOWERS. That is true, sir, but we submit that under this acreage-poundage proposal that the little man would be more adversely affected than the big man, or as much so anyway.

Mr. SLOAN. Senator, one last statement. I do not think it is wrong to present it to the people. We would like the people to hear it before it is enacted into law. If we carry it to them and they want it, fine. If they do not want it, fine. I would like to leave it to them, sir.

Senator JORDAN. That is what happens exactly. I understand Congressman Cooley is already arranging some field hearings, and it certainly will be that whatever they find out will be available to this committee. Certainly the Senators, if they want to go to those field hearings, can go. We will not have one bill and they another. If we do, they will certainly be brought together. The farmers will be heard on this.

Senator COOPER. Would each of you who grow tobacco tell us what your average poundage per acre was last year?

Mr. SLOAN. Mine runs about 2,200.

Senator COOPER. 2,200.

What is yours?

Mr. WILLIAMSON. About 2,000.

Mr. WIGGINS. 2,650.

Mr. FLOWERS. Mine would be roughly 2,000, sir.

Senator JORDAN. The whole object of introducing this bill was to give the farmers a choice or a chance to do something for themselves, and they originated this. We did not originate this bill. In order to give them a chance to try to do something for themselves before the American people—getting right down to facts—say, “You are not going to vote any more money for price supports on tobacco.” That is when the tobacco producer is in real trouble. That is no beautiful picture, but that is the fact. It is getting harder and harder and harder to vote money for these support programs and for the terrific losses that are accumulating.

Am I right on that, any of you?

Mr. SLOAN. We are in total agreement with you, Senator, on that.

Senator JORDAN. Do you all have any objection to submitting this to the farmer and letting him vote on it?

Mr. SLOAN. No, sir.

Mr. WIGGINS. We would recommend to have hearings in each State before you submit it to Congress.

Senator JORDAN. The House is going to do that.

Mr. SLOAN. That is just what we want.

Mr. WILLIAMSON. We had hoped—of course that is past now—that it would go the route that it went in 1957, I believe, when you had acreage-poundage before, and I think they took it out in the area before it was enacted. Of course, that was the end of it.

Senator JORDAN. You well know, or I presume you do and I think you do, that the market today is in a much worse condition than it was in 1957. The poundage that is in the warehouse today under Government control and support makes this situation entirely different from what it was in 1957. It got in bad shape in 1955 and 1956. That tobacco has been dumped at a terrific loss to the taxpayer, but it is going right back up there again. We do not want that to keep on happening, because that is our problem.

Thank you very much for your testimony and for being with us.

Mr. SLOAN. Thank you, sir. You have been real kind.

Senator JORDAN. Mr. Holliday? Mr. Holliday, we appreciate your being here. Have a seat and state your name for the record, please, sir, and who you represent.

#### STATEMENT OF JOSEPH W. HOLLIDAY, GALIVANTS FERRY, S.C.

Mr. HOLLIDAY. I am Joseph Holliday, and I live at Galivants Ferry, S.C., in Horry County. I am a farmer first, and I am interested in the warehouse business, tobacco warehouse business, and operate a country store.

I would like to say that I thoroughly endorse this program that is proposed, in general. There might be some specifics that the Department might want to improve on, but in general I endorse it. I would certainly fight for the right of my neighbors to take the position which they have. But I certainly disagree with them. I say my neighbors because I live in Horry County and that is adjoining Marion County, and then there is Florence County and then Darlington County, so it is my opinion that the people who I have tried to find out and feel the pulse of would generally be in favor of such a bill that would control poundage.

Senator JORDAN. In other words, are you convinced that the acreage program has failed?

Mr. HOLLIDAY. Yes, sir.

Senator JORDAN. And there has got to be some other approach?

Mr. HOLLIDAY. That is right.

Senator JORDAN. And the combination of the two, so far as I know right now, is the best method that has been advanced. Now, nobody has given us another one to come along with it except a lot of suggestions, but I do not think anybody knows how to put that into effect.

Mr. HOLLIDAY. There are four things that come to my mind. I came up on the train last night, and I did not know exactly what you

were going to do, and then I found out you expected us to make a statement. I am speaking as a farmer and an individual, and I am very definitely interested in the economic condition of my area of the State.

First, I say that this program will make a farmer think of quality instead of yield. He is going to try and grow tobacco that will sell per pound higher than he will think of the total farm yield, what it brings. He is going to try to make a profit per pound, in my opinion. That will be a production control that would automatically make a farmer think of quality.

Second, it would stabilize the income of what we call the family farm, and it would stop acreage cuts which we all, I am sure, agree is going to come if we continue on just an acreage basis. If it stays like it is this year, I feel sure that next year the acreage allotment is going to be cut again. That would be worse on the real small farmer in stopping the acreage cuts.

It would seem to me that this would stabilize the value of a man's farm. Take, for example, a man that, say, has 2 acres of tobacco, and he has been cut already, and he is facing additional cuts. Well, if we can keep the acreage in line with about what it is, the value is thought of in acres. Like my friends stated, the first thing they ask, "How many acres of tobacco has he got?" Well, that is a general feeling. But I would say this: that a farm with a half acre of tobacco now would be valued differently, that is under this cut, than if you said a farm that had three-quarters of an acre of tobacco.

If we can keep acres on the farm so that the man that is farming it can have enough to run a barn—I mean it finally gets down to where he has not got enough to even plant. He will not bother with it. It could be that way.

Third, this plan would stop the increase of the stabilization stocks that we have got stored under this stabilization program, in my opinion, and it would then cut the cost of this whole tobacco program. What have we got? We have got pounds, as I understand it, almost a billion pounds. Now we have not got acres stored somewhere. We have got pounds stored. So if we can stop putting this tobacco in Stabilization, we are going to save money in this program it looks to me like, and, therefore, save the taxpayer money.

It seems, as I understand the proposal, to be as fair as I could imagine anybody coming up with, because you are not going to please everybody. But you have got a national yield factor you use in this proposal. It is tied to a county factor which is tied to an individual's deal factor, the first used on a 5-year basis, and the individual is used on a 3-year highest yield, which gives the individual certainly a representative figure in there as to his own production on his own farm.

They were speaking of how the feeling is. Of course, in my area the feeling that I get is that they will support some type of poundage control program. That is mainly in South Carolina, but the only objections that I have heard—and this is in a general way—have been in North Carolina where they say, "We would rather for it to be tied to a township factor than to a county factor." That is a matter that the Department would have to deal with. I mean it is the mechanics of it, what is fairest for everybody.

I know in Horry County we have got some townships that would vary from one end of the township to the other as much as the whole county would, because it is a large county and we have large townships.

On this bill I know of some of the background of the work that has gone into it and some of the people who have worked on it, and I do have confidence in these people and feel that they would try to work for what is equitable for the farmers and for the tobacco industry, and that is a good feeling to have confidence, in general, in the proposed plan.

The best thing about it all—as I heard you mention just now, Senator JORDAN—is that after the farmers are informed on how it works and they are told how many acres they have got and how many pounds they can sell, then it is left squarely on the farmer's shoulders to decide himself. As I understand it, it would be a two-thirds vote either for the new program, poundage control, or he could keep the acres that he has got. I mean it is left up to him to decide.

If we do not control pounds further, as I mentioned just now, we are going to certainly have acres cut, and I repeat this because the real small farmer is the one that is going to suffer on the acreage alone program as I see it. If he has got pounds, if he does not plant his acreage allotment one year, as I understand the proposal, the following year he could plant double that. If he had an acre of tobacco, and he said, "That is too little for me to plant," the next year this proposal provides he could plant 2 acres of tobacco and have a better chance to make something out of it and more to work with.

Senator JORDAN. It provides also a disaster factor in there, a crop failure or a virtual failure, or at least in the nature of things that do happen to crops, he could make it up the next year and vice versa.

Mr. HOLLIDAY. Well, I have a note on that. It is almost like an insurance plan on his crop because if he has a failure, for example, hail could destroy his crop, he can carry all those pounds to the next year. I know I lost a packhouse with a whole crop of tobacco in it and did not have insurance. Well, if that happened, as I understand it, we could plant and produce additionally that many pounds for the next year, as I understand the proposal.

Senator JORDAN. I am not so certain about a fire.

Senator TALMADGE. If we do not have that in the bill, it ought to be included.

Senator JORDAN. I think it does. If he does not market it, I do not care how you lost it. I think you could produce those poundages the next year even if it was in the packhouse.

Mr. HOLLIDAY. That is the way I interpret it.

Senator JORDAN. I think that is right, but I do not think it is spelled out about fire. It has a factor to take care of that. I did not mean to interrupt.

Mr. HOLLIDAY. That is all right; yes, sir. But this fact of insurance, in my opinion, is certainly good and protects everybody across the board. As I stated, the problem is pounds. I mean we cannot get around it. What is the problem? We have got almost 1 billion pounds to deal with, and somewhere something has got to be done about pounds.

This bill, as I understand it, would restore 95 percent of the 1964 allotment and certainly would give a man on a farm—whether he is an individual farmer or whether he is a tenant farmer—a better chance to work quality with expanding acreage.

As I am told and read, the Stabilization Corp. thinks that under this plan they might move about 100 million pounds of tobacco a year.

I think Mr. Weeks could verify that, but I have read that in the paper. If that is the case—and it sounds reasonable—not only would we move, say, the 100 million pounds but additionally to that it would generate, I think, export trade along with it because a lot of the buying companies have held back on export trade with this problem facing us. They know there is plenty of tobacco in stabilization, and somewhere down the line somebody is going to buy it, I believe, and we could generate additional trade that you cannot put your finger on now.

Speaking of the 100 million pounds, they say that it would disappear or be sold. In my opinion it would be like a mortgage. It is a 10-year plan. They would get rid of 100 million a year. It would be just like paying off a mortgage, in very simple terms, to reduce the problem, or you might say the debt.

I think in general that sums it up as I see it, Senator.

Senator JORDAN. We appreciate your testimony. We appreciate it very much. We appreciate your coming. It is very good testimony.

Mr. HOLLIDAY. I would like to give you a copy of yesterday's NEWS and Courier, and ask that it be put in the record. I have marked No. 1 on here. The headlines are: "Pee Dee Tobacco Growers Face Stacked Deck." It gives you some idea of the news in certain areas down there. It says:

Representative of the Pee Dee tobacco industry apparently will be competing against a stacked deck during a round of hearings on flue-cured leaf in Washington today and tomorrow.

It goes on, and I think you will enjoy this:

Officially, the hearings were called by the leaf subcommittee of the Senate Agriculture Committee at the request of North Carolina's poker-faced U.S. Senator Everett Jordan.

Senator TALMADGE. We know him up here as a great Methodist rather than a great poker player.

Senator JORDAN. I will tell you my hole card has been mighty small lately. I know something about the game, but I haven't played it in a long time.

Mr. HOLLIDAY. Another paragraph in here. The Associated Press has carried it that Mr. Weeks of Stabilization endorsed this program, and I think it was certainly fine that the public found out about that down home.

Unofficially, they promise to furnish the final countdown for launching a move in Congress to scrap present acreage controls for a complicated system of "acreage-poundage" controls to bring tobacco supply back in line with demand.

Jordan and U.S. Representative Harold D. Cooley, also of North Carolina, are making it no secret they back switching from acreage to acreage-poundage. Cooley, the chairman of the House Agriculture Committee, only has doubts about how soon the change can be made.

South Carolina opposition to the swap, topped by official protest from the State farm bureau, is expected to have little chance in countering the North Carolina backed drive for acreage-poundage.

An official of the Pee Dee leaf industry late yesterday said "odds in favor of acreage being dropped jumped sky high during the past few days."

He was referring to rapid-fire endorsement of the new system by "L. T. (Tubby) Weeks, manager of the Flue-Cured Tobacco Cooperative Stabilization Corp."; second, "Tobacco Associates Chief John Palmer," and third, and this is the way they think of it, maybe not

least, President Johnson endorsed it. That is in the record here. Anyhow I hand you this.

Senator JORDAN. I will be glad to put that in the record.  
(The newspaper article referred to follows:)

[From News and Courier, Charleston, S.C., Feb. 9, 1965]

#### PEE DEE TOBACCO GROWERS FACE STACKED DECK

(By Laverne M. Prosser)

FLORENCE.—Representatives of the Pee Dee tobacco industry apparently will be competing against a stacked deck during a round of hearings on Flue-cured leaf in Washington today and tomorrow.

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An official of the Pee Dee leaf industry late yesterday said "odds in favor of acreage being dropped jumped sky high during the past few days."

He was referring to rapid-fire endorsement of the new system by L. T. (Tubby) Weeks, manager of the Flue-Cured Tobacco Cooperative Stabilization Corp., Tobacco Associates Chief John Palmer and President Johnson in his agriculture message to Congress.

South Carolina's Sixth District Congressman John L. McMillan, of Florence, has expressed reservation on dropping acreage for acreage-poumdage but reports from Washington indicates his vote in the negative as a member of the House Agriculture Committee would be in the minority.

There has been no answer from Washington to a request by the State Warehouse Association that hearings on tobacco be held in the Flue-cured area including the Pee Dee before any changes are made in the program.

One source yesterday said unidentified North Carolina leaf spokesmen are set to recommend that Congress improve chances of getting a favorable vote in favor of acreage-poumdage by lowering the percentage of yes ballots to carry the measure.

Previously, tobacco farmers have had to approve crop controls by a two-thirds majority in order to qualify for price supports. The North Carolina move to lower the percentage would be aimed at keeping a strong no vote in South Carolina, Georgia, Florida, and Virginia from killing acreage-poumdage controls in the required referendum.

North Carolina growers produce five times the amount planted in this State.

Senator TALMADGE. Mr. Holliday, how many acres of tobacco do you raise?

Mr. HOLLIDAY. I raise several hundred.

Senator TALMADGE. How many is several hundred?

Mr. HOLLIDAY. Well, I don't know, sir.

Senator TALMADGE. You don't know how many acres of tobacco you raise?

Mr. HOLLIDAY. I don't know on purpose, sir.

Senator TALMADGE. Farmers in Georgia know within fractions of an acre.

Mr. HOLLIDAY. We farm with families who are partners of ours, and they are the little man. He is the forgotten man.

Senator JORDAN. Thank you very much. Did you have any further questions?

Senator TALMADGE. No further questions.

Senator JORDAN. Senator Cooper?

Senator COOPER. Come back and testify on some other commodity some time.

Senator JORDAN. Thank you very much. Mr. Durden, will you come forward, please? Mr. Durden is from Swainsboro, Ga., and we are glad to have you.

Senator TALMADGE. Mr. Chairman, may I say it is a privilege to welcome an old friend of mine to the committee. Mr. Durden is well known in Georgia, an outstanding lawyer, and represents the Georgia Tobacco Commodity Association. I believe that is correct, Mr. Durden?

Senator JORDAN. Go right ahead, sir.

**STATEMENT OF HOMER S. DURDEN, JR., ATTORNEY FOR THE  
GEORGIA COMMODITY COMMISSION FOR TOBACCO, SWAINS-  
BORO, GA.**

MR. DURDEN. My name is Homer S. Durden, Jr., of Swainsboro, Ga. I am the attorney for the Georgia Commodity Commission for Tobacco and I am speaking for Mr. Otis G. Turner, chairman, who is unable to attend this meeting because of illness.

The Georgia Commodity Commission for Tobacco is opposed to this proposed legislation on the grounds that first, the law already provides for quotas on tobacco on the basis of poundage in that the national marketing quota is determined by the Secretary of Agriculture and he proclaims the number of pounds of tobacco for the succeeding year on the basis of poundage which, under current law, he may convert to acreage basis when making the allocation of tobacco to the various States. This conversion from poundage as based on the national marketing quota to acreage to the individual State quotas is permissive and is not mandatory and it is our contention and belief that no additional legislation is necessary to establish a poundage quota basis.

Further, we oppose the proposed legislation in that no consideration is given to the farmers whose crops do not go into Stabilization. In the type 14 belt, less than 2 percent of the Flue-cured tobacco goes into Stabilization. In other belts as much as 43.6 percent goes into Stabilization. It is the tobacco held in Stabilization that primarily constitutes the surplus faced by the tobacco industry today. Of the 961 million pounds of tobacco held in Stabilization, approximately 17 million pounds represents type 14 Flue-cured tobacco. We strongly urge and believe that the quota should be adjusted taking into consideration the amount a farmer places in Stabilization from his production and sale of tobacco, and that it is not equitable to cut the quota of farmers who are not contributing to surplus in the same percentage and amount as for the farmer who is contributing to the surplus.

Rather than new legislation, we feel that a proper administration of the current law is in order. We are familiar with the statement presented by Mr. William L. Lanier, president of the Georgia Farm Bureau Federation, and adopt his presentation as ours. I will be glad to answer any questions. I realize you are working against a time deadline.

Senator JORDAN. We are glad to have you, sir. Mr. Lanier made a fine statement yesterday. Senator Talmadge?

Senator TALMADGE. Yes. Mr. Durden, did I understand your testimony to be that the Secretary of Agriculture now has the authority under the present law to set acreage quotas in accordance with types?

Mr. DURDEN. Yes, sir.

Senator TALMADGE. Do you have a copy of that act with you?

Mr. DURDEN. In my code. I don't have it with me.

Senator TALMADGE. Will you provide it for insertion in the record.

Mr. DURDEN. I can give you the code section, Senator.

Senator JORDAN. We have the code right here. What is the section number?

Mr. DURDEN. 7 U.S.C. 1331 I believe, or 1313.

Mr. HARKER T. STANTON (committee counsel). Section 301(b)(15) of the Agricultural Adjustment Act of 1938 provides that any one or more types of tobacco shall be treated as a "kind of tobacco" for purposes of the act if the Secretary finds there is a difference in supply and demand conditions which requires different marketing adjustments. Section 313(i) provides for increasing quotas and allotments for farms producing particular types of tobacco where necessary to make available adequate supplies of those types.

The Secretary also has authority to apportion quotas on a poundage basis.

Sections 313 (a) and (b) provide for the proclamation of national marketing quotas their apportionment to States and farms on a poundage basis.

Subsection (g), which was added to section 313 in 1939, authorizes the Secretary of Agriculture to convert State marketing quotas into State acreage allotments, and allot them to farms on a basis similar to that provided for the apportionment of poundage quotas.

Mr. DURDEN. That is permissive.

Mr. STANTON. Yes. The Secretary has the authority to make farm allotments on either an acreage basis or a poundage basis.

Senator TALMADGE. I would like to incorporate that in the record, if it is your contention.

Mr. DURDEN. Yes, sir.

(The information submitted by Mr. Stanton is as follows:)

#### THE AGRICULTURAL ADJUSTMENT ACT OF 1938

SEC. 301. (a) \* \* \*

(b) Definitions Applicable to One or More Commodities.—For the purpose of this title—

\*            \*            \*            \*            \*            \*            \*

(15) "Tobacco" means each one of the kinds of tobacco listed below comprising the types specified as classified in Service and Regulatory Announcement Numbered 118 of the Bureau of Agricultural Economics of the Department:

- Flue-cured tobacco, comprising types 11, 12, 13, and 14;
- Fire-cured tobacco, comprising types 21, 22, 23, and 24;
- Dark air-cured tobacco, comprising types 35 and 36;
- Virginia sun-cured tobacco, comprising type 37;
- Burley tobacco, comprising type 31;
- Maryland tobacco, comprising type 32;
- Cigar-filler and cigar-binder tobacco, comprising types 42, 43, 44, 45, 46, 51, 52, 53, 54, and 55;
- Cigar-filler tobacco, comprising type 41.

The provisions of this title shall apply to each of such kinds of tobacco severally: *Provided*, That any one or more of the types comprising any such kind of tobacco shall be treated as a "kind of tobacco" for the purposes of this Act if the Secretary

finds there is a difference in supply and demand conditions as among such types of tobacco which results in a difference in the adjustments needed in the marketings thereof in order to maintain supplies in line with demand: *Provided further*, That with respect to the 1958 and subsequent crops, type 21 (Virginia) fire-cured tobacco shall be treated as a "kind of tobacco" for the purposes of all of the provisions of this title, except that for the purposes of section 312(c) of this title, types 21, 22, and 23, fire-cured tobacco shall be treated as one "kind of tobacco".

\* \* \* \* \*

#### APPORTIONMENT OF NATIONAL MARKETING QUOTA

SEC. 313. (a) The national marketing quota for tobacco established pursuant to the provisions of section 312, less the amount to be allotted under subsection (c) of this section, shall be apportioned by the Secretary among the several States on the basis of the total production of tobacco in each State during the five calendar years immediately preceding the calendar year in which the quota is proclaimed (plus in applicable years, the normal production on the acreage diverted under previous agricultural adjustment and conservation programs), with such adjustments as are determined to be necessary to make correction for abnormal conditions of production, for small farms, and for trends in production, giving due consideration to seed bed and other plant diseases during such five-year period. \*\*\*

(b) The Secretary shall provide, through the local committees, for the allotment of the marketing quota for any State among the farms on which tobacco is produced, on the basis of the following: Past marketing of tobacco, making due allowance for drought, flood, hail, other abnormal weather conditions, plant bed, and other diseases; land, labor, and equipment available for the production of tobacco; crop-rotation practices; and the soil and other physical factors affecting the production of tobacco: *Provided*, That, except for farms on which for the first time in five years tobacco is produced to be marketed in the marketing year for which the quota is effective, the marketing quota for any farm shall not be less than the smaller of either (1) three thousand two hundred pounds, in the case of flue-cured tobacco, and two thousand four hundred pounds, in the case of other kinds of tobacco, or (2) the average tobacco production for the farm during the preceding three years, plus the average normal production of any tobacco acreage diverted under agricultural adjustment and conservation programs during such preceding three years.

\* \* \* \* \*

(g) Notwithstanding any other provision of this section, the Secretary on the basis of average yield per acre of tobacco for the State during the five years last preceding the year in which the national marketing quota is proclaimed, adjusted for abnormal conditions of production, may convert the State marketing quota into a State acreage allotment, and allot the same through the local committees among farms on the basis of the factors set forth in subsection (b), using past acreage (harvested and diverted) in lieu of the past marketing of tobacco; and the Secretary on the basis of the national average yield during the same period, similarly adjusted, may also convert into an acreage allotment the amount reserved from the national quota pursuant to the provisions of subsection (c), and on the basis of the factors set forth in subsection (c) and the past tobacco experience of the farm operator, allot the same through the local committees among farms on which no tobacco was produced during the last five years. Any acreage of tobacco harvested in excess of the farm acreage allotment for the year 1955, or any subsequent crop shall not be taken into account in establishing State and farm acreage allotments. Except for farms last mentioned or a farm operated, controlled, or directed by a person who also operates, controls, or directs another farm on which tobacco is produced, the farm-acreage allotment shall be increased by the smaller of (1) 20 per centum of such allotment or (2) the percentage by which the normal yield of such allotments (as determined through the local committees in accordance with regulations prescribed by the Secretary) is less than three thousand two hundred pounds, in the case of flue-cured tobacco, and two thousand four hundred pounds in the case of other kinds of tobacco: *Provided*, That the normal yield of the estimated number of acres so added to farm acreage allotments in any State shall be considered as a part of the State marketing quota in applying the proviso in subsection (a). The actual production of the acreage allotment established for a farm pursuant to this subsection shall be the amount of the farm marketing quota. If any amount of tobacco shall be marketed as having been produced on the acreage allotment for any farm which in fact was produced on a different farm, the acreage allotments next established for both

such farms shall be reduced by that percentage which such amount was of the respective farm marketing quota, except that such reduction for any such farm shall not be made if the Secretary through the local committees finds that no person connected with such farm caused, aided, or acquiesced in such marketing; and if proof of the disposition of any amount of tobacco is not furnished as required by the Secretary or if any producer on the farm files, or aids or acquiesces in the filing of, any false report with respect to the acreage of tobacco grown on the farm required by regulations issued pursuant to this Act, the acreage allotment next established for the farm on which such tobacco is produced shall be reduced by a percentage similarly computed. If in any calendar year more than one crop of tobacco is grown from (1) the same tobacco plants or (2) different tobacco plants, and is harvested for marketing from the same acreage of a farm, the acreage allotment next established for such farm shall be reduced by an amount equivalent to the acreage from which more than one crop of tobacco has been so grown and harvested.

\* \* \* \* \*

(i) Notwithstanding any other provision of this Act, whenever after investigation the Secretary determines with respect to any kind of tobacco that a substantial difference exists in the usage or market outlets for any one or more of the types comprising such kind of tobacco and that the quantity of tobacco of such type or types to be produced under the marketing quotas and acreage allotments established pursuant to this section would not be sufficient to provide an adequate supply for estimated market demands and carry-over requirements for such type or types of tobacco, the Secretary shall increase the marketing quotas and acreage allotments for farms producing such type or types of tobacco in the preceding year to the extent necessary to make available a supply of such type or types of tobacco adequate to meet such demands and carry-over requirements. The increases in farm marketing quotas and acreage allotments shall be made on the basis of the production of such type or types of tobacco during the period of years considered in establishing farm marketing quotas and acreage allotments for such kind of tobacco. The additional production authorized by this subsection shall be in addition to the national marketing quota established for such kind of tobacco pursuant to section 312 of this Act. The increase in acreage under this subsection shall not be considered in establishing future State or farm acreage allotments.

\* \* \* \* \*

Senator TALMADGE. Is it true you are representing the Georgia Tobacco Commodity Commission, which has filed a lawsuit against the Secretary?

Mr. DURDEN. Yes, sir.

Senator TALMADGE. Is it in the nature of a mandamus?

Mr. DURDEN. Yes, sir.

Senator TALMADGE. Mandamusing him to take action in accordance with that law?

Mr. DURDEN. Not that particular section of the law, Senator Talmadge. The lawsuit is based on the legal theory that under the law where there is a difference in supply and demand conditions amongst the types of Flue-cured tobacco of such a degree as to warrant a difference needed in the adjustment for supply, to bring it in line with demand, the Secretary treat that type or types of Flue-cured tobacco as a separate kind of tobacco.

We contend, using Government figures, that in 1963 Georgia had 2.8 percent type 14 Flue-cured tobacco to go into stabilization, where some of the other belts put in as much as 46 percent, and that there is such a difference in the supply and demand conditions that we should treat type 14 as a separate kind of tobacco.

Senator TALMADGE. In other words, your contention is they ought to reduce where the surplus tobacco lies?

Mr. DURDEN. Correct.

Senator TALMADGE. And not where there is no surplus tobacco.

Mr. DURDEN. That is correct.

Senator TALMADGE. What has happened to your lawsuit?

Mr. DURDEN. The oral arguments were held before the Fifth Circuit Court of Appeals in Atlanta on October 5.

Senator TALMADGE. What happened in the lower court?

Mr. DURDEN. The lower court ruled with the plaintiff and joined with the Secretary.

Senator TALMADGE. You prevailed in the Federal district court?

Mr. DURDEN. We did, sir.

Senator TALMADGE. And the Department of Agriculture appealed?

Mr. DURDEN. Yes, sir.

Senator TALMADGE. And that appeal is now pending in the Fifth Circuit Court of Appeals?

Mr. DURDEN. Correct, sir.

Senator TALMADGE. That is the status of it now?

Mr. DURDEN. Yes, sir.

Senator TALMADGE. So if this bill is passed, what would that do to your lawsuit?

Mr. DURDEN. I think it would legislate it out of court, sir.

Senator TALMADGE. You, of course, recognize that the tobacco industry is in a serious condition by oversupply?

Mr. DURDEN. Yes, sir. I am fully aware of that. I might say that my family, we have been growing tobacco since 1928. My father used to be a director of the Tobacco Division for the Department of Agriculture, and I reckon I have slept on about as many piles of tobacco waiting for it to be sold as anybody in this room, and I am fully aware of the situation, what we are faced with.

However, I say that we did not create it in the type 14 area. It was created elsewhere, and we should not be punished by taking these cuts, which is through no fault of our own.

Senator TALMADGE. You say that the present law authorizes a present remedy to reduce quotas of tobacco which is now in surplus?

Mr. DURDEN. Yes, sir.

Senator TALMADGE. And that you have filed suit under that theory of present law, and prevailed in the district Federal court, and the Department has appealed it to the fifth circuit?

Mr. DURDEN. Yes, sir.

Senator TALMADGE. And you think if the Secretary took action in accordance with your theory of the law, that the supply of tobacco wherein the surplus lies would be reduced and therein the taxpayers would fail to lose money on it, and the farmers that produce quality tobacco could continue to do so.

Mr. DURDEN. Yes, sir.

Senator TALMADGE. That is your argument?

Mr. DURDEN. That is my argument.

Senator TALMADGE. That was the substantial argument I believe of Mr. Lanier representing the Georgia Farm Bureau Federation yesterday.

Mr. DURDEN. Yes, sir.

Senator TALMADGE. Also substantially the argument, though it didn't go into the legal details, of the group who appeared for the South Carolina Farm Bureau this morning.

Mr. DURDEN. Yes, sir.

Senator TALMADGE. I have no further questions.

Senator JORDAN. Mr. Durden, if a referendum—you know farmers have to vote on a referendum for the acreage.

Mr. DURDEN. Yes, sir.

Senator JORDAN. For support price of any description.

Mr. DURDEN. Yes, sir.

Senator JORDAN. When this one runs out they will have to vote on another one. The last time they voted overwhelmingly for it. Suppose we had another referendum and the referendum failed, do you think we could pass a law to support the Georgia crop and nobody else's crop?

Mr. DURDEN. Sir, let me answer this way—

Senator JORDAN. Would you like to operate out from under controls?

Mr. DURDEN. I personally sought to get a strong vote for the last referendum. I am in favor of support price, the support program. There are a lot of our friends that I prevailed upon to vote for this program, you know they did not want to vote for it. I think if you go back with this new referendum, that you will have serious trouble passing it in Georgia.

Senator JORDAN. They will have a choice to vote on it.

Mr. DURDEN. Yes, sir, but I think they will vote overwhelmingly against it in Georgia.

Senator JORDAN. That is of course their privilege. We want to give them the choice or the chance.

Mr. DURDEN. Yes. We feel like if the current law is administered in the manner Congress provided, that that would solve the problem.

Senator JORDAN. How do you think this bill would legislate your case out of court?

Mr. DURDEN. The way that it is handled as to the treatment of kinds of tobacco, sir, the wording in there. Of course I have not had a chance to do any research on that, but I believe it would have the effect of doing that.

Senator JORDAN. Let's make a little supposition here. You all raise type 14(b) tobacco?

Mr. DURDEN. Yes, sir.

Senator JORDAN. Suppose all the farmers say, "We are just going to plant type 14 now." I think they could grow 14 in Virginia just as good as they can in Georgia.

Mr. DURDEN. No, sir, under the law they can't. I beg to disagree with you, sir, but under the service and regulatory announcements No. 118, which was announced by the Secretary of Agriculture in 1929, and was adopted by Congress in the Agriculture Adjustment Act in 1938, type 14 tobacco is that tobacco which is produced principally in Georgia, and to some extent in the northern part of Florida and Alabama.

Senator JORDAN. Yes, but it has been testified here this morning that you could raise the tobacco and take it to Georgia and then it becomes type 14.

Mr. DURDEN. Excuse me for interrupting, sir. That is one of the contentions in the lawsuit. The Department of Agriculture classifies tobacco for production purposes one way, and then for sales purposes, marketing, another way. It is our contention just what was testified here today, that the Secretary has been illegally doing that.

He cannot classify type 14 tobacco that is raised in South Carolina or in North Carolina and brought into Georgia and sold as type 14 tobacco.

Senator JORDAN. Does he have a right under the law right now to say that North Carolina, Kentucky, South Carolina, and Virginia could all raise type 14?

Mr. DURDEN. No, sir.

Senator JORDAN. Was there a special law passed?

Mr. DURDEN. No, sir. The law defines all types of Flue-cured tobacco.

Senator JORDAN. It doesn't define it has to be planted in Georgia, does it?

Mr. DURDEN. No, sir, but it defines type 11, type 12, and type 13 as to where they are produced. That is one of the main contentions in our lawsuit. We can't get the judges to give a decision on it.

Senator JORDAN. We haven't the time to try that lawsuit right now.

Mr. DURDEN. I would like to try it with you, sir.

Senator JORDAN. Thank the Lord I am not a lawyer. I am sufficiently confused without being one.

Mr. DURDEN. We all are, sir.

Senator JORDAN. Thank you very much.

Senator Cooper?

Senator COOPER. I am not quite clear what you are proposing. Are you proposing that this type 14 be excepted from this bill?

Mr. DURDEN. No sir.

Senator COOPER. That it is a type other than or different from Flue-cured?

Mr. DURDEN. Our proposal, Senator Cooper, is that we already have adequate legislation on the books; that if the Secretary will administer the laws of the Congress as he should, that this proposed legislation is not necessary.

Senator JORDAN. That would require another law then, wouldn't it?

Mr. DURDEN. No, sir, I think it is already on the books. Of course, this is one lawyer's viewpoint, you might say. We lawyers do disagree. That is what we get in courts about. We are very definitely in favor of controls, sir, the support program.

Senator JORDAN. Thank you very much. We appreciate your being here, sir.

Mr. Ford is our next witness. Mr. Ford is from the Maryland Tobacco Cooperative. Mr. Ford, we are glad to have you, sir. I believe your statement is very short, one page.

**STATEMENT OF TYLER FORD, GENERAL MANAGER, MARYLAND TOBACCO COOPERATIVE, UPPER MARLBORO, MD.; ALSO REPRESENTING THE MARYLAND STATE FARM BUREAU AND THE SOUTHERN MARYLAND FARM BUREAU**

Mr. FORD. Mr. Chairman, my name is Tyler Ford. I am general manager of the Maryland Tobacco Cooperative. I would like to present to you Mr. R. Johns Dixon. Mr. Dixon is vice president of the Maryland State Farm Bureau and also president of the Southern Maryland Farm Bureau.

Senator JORDAN. Thank you, sir. We appreciate your being here.

Mr. FORD. I am speaking on behalf of the Maryland State Farm Bureau, the Southern Maryland Farm Bureau, and the Maryland Tobacco Cooperative.

We have a good understanding of the problems of our friends in some other types of tobacco; we are in complete sympathy with them and are therefore strongly in support of Senate bill 821 for the establishing of acreage-poundage marketing quotas for tobacco.

Extreme cultural practices such as excessive use of fertilizer and wide usages of sucker control chemicals are not yet a problem in Maryland tobacco. Our average acre production in Maryland has barely reached 1,000 pounds per acre, whereas we would be in a better position quality-wise if our average acre-poundage were more nearly 1,500 pounds per acre. Our growers are still maintaining good cultural practices for the production of a desirable type of tobacco. At some future time we might well expect to have the same problems that are facing some of the other types and will want to avail ourselves of also installing an acreage-poundage marketing quota for Maryland tobacco. In order that this bill be made applicable also to Maryland tobacco, we would suggest that the authority be vested with the Secretary of Agriculture for determining average yields and for making other needed adjustments best suited to the needs of various classes of tobacco. We are also recommending that this always be a voluntary program, with the discretion being left to the grower to either accept, or reject it by their vote in a referendum and that this decision be by a two-thirds majority.

We have already discussed the needs for some flexibility. This flexibility is needed for fitting the program in with the needs caused by variations in weather and to permit the marketing of the entire stalk of tobacco. Marketing of all grades is important in order to avoid shortages of any grades of tobacco.

Thank you, Mr. Chairman.

Senator JORDAN. Thank you very much. Did you have anything to add?

Mr. DIXON. No, sir. We concur in this statement. That is sufficient.

Senator JORDAN. Senator Talmadge?

Senator TALMADGE. No questions, Mr. Chairman.

Senator JORDAN. Senator Cooper?

Senator COOPER. Thank you.

Senator JORDAN. Thank you very much. We appreciate both of you gentlemen appearing here.

Mr. Touissant, I believe you are our last witness today. Will you state your full name and whom you represent today?

#### STATEMENT OF WILLIAM D. TOUISSANT, NORTH CAROLINA STATE COLLEGE, RALEIGH, N.C.

Mr. TOUISSANT. I am William D. Touissant, a professor of agricultural economics at North Carolina State in Raleigh, N.C. I was a member of the Secretary's task force that made recommendations to the National Tobacco Industry Advisory Committee regarding changes in the existing program.

I think it has been apparent for some time that there was a need for some change in the control program because of production control

problems and quality problems associated with the existing program. The specifics of these problems have already been put forth quite well in previous testimony.

In my opinion, and speaking primarily now as an economist, this bill we are discussing, S. 821, would provide for production control. It would also provide the incentive to produce more usable or better quality tobacco by turning farmers' objectives from maximizing net return per acre to maximizing net returns per pound. The bill also would provide for greater production efficiency than does the present program.

Some people, I think, think of efficiency as synonymous with high yields. Yet it is well established that this is not always the case.

Furthermore, an acreage-poundage system would provide greater opportunities for mechanization in the near future and research agencies, both private and public, could be expected not to reduce their research, but to adjust their research more toward seeking ways to produce better quality tobacco at a lower cost of production. These two factors would be longer run, but their effects could be very important to the future of the Flue-cured tobacco production industry.

The bill also would provide certain insurance features as already mentioned, because of the allowance of carrying forward unused allotment. This would have a very significant effect in my opinion for disaster areas and for the very small farmer.

A question has arisen regarding whether you should have poundage controls or acreage-poundage controls. Clearly there are some advantages to a straight poundage program. These advantages are in terms of simplicity, in terms of cost, and in terms of a strict emphasis on net returns per pound.

However, I think it was the thinking of a majority of the Secretary's task force that a combination of acreage and poundage was desirable, in order to keep down the amount of potential and possibly accidental overproduction by farmers, if a program of poundage control were adopted, especially in the first year or two of the program. Farmers would have a problem of adjusting their production techniques to a new goal. However, I think they are bright enough, in my experience with them, they would do this rather rapidly.

Both poundage control and acreage-poundage control might result in not selling a small amount of tobacco presently sold under the acreage control system. However, the amount not sold would be expected to be if anything less under a combination of acreage and poundage.

Second, I think there is a feeling in the task force that the combination program is a more acceptable program to the tobacco farmer.

Now an acreage-poundage program can do the same things in terms of effects as can a poundage system. But the key to the working of a combination acreage-poundage program is the national-yield goal.

It is necessary to set this national-yield goal low enough so that the poundage part of the proposal is the part that is effective in determining how farmers act. That is the yield goal must be low enough so that quality tobacco can be produced and can be produced at about a minimum production cost per pound.

On the other hand, we don't want the goal so low that too much overproduction might be encouraged. Although we don't know the

exact yield goal to use, there are such research data that help in selecting this goal.

The 1963 and 1964 results in North Carolina on three farms in three different areas in which we planted tobacco, attempting to get different yields by starting with lower levels of cultural practices up to higher levels of production practices, resulted in yields of 1,906 pounds at the low levels compared to 2,673 pounds with the high levels.

Now this lower yield is about three-fourths of the higher yield. I think it is quite significant that we produced the tobacco under all three levels of production practices at almost identically the same cost per pound, while the tobacco produced with the 1,976-pound yield on the average over the 2 years brought 4 cents more per pound.

Now another study which was placed in the hands of the people in the Department some time ago, so they were able to study it in helping to draft a bill, shows that the production of about 1,800 pounds per acre could be achieved by using cultural practices and varieties expected to produce good quality tobacco. With these data as a background, it was the judgment of the task force that a yield in the range of 1,800 to 1,900 pounds would allow production of quality tobacco at a low production cost per pound.

I might add that the 1,850-pound level chosen is roughly 84 percent of the national average yield achieved in 1964.

Senator JORDAN. That is what percent?

Mr. TOUSSANT. About 84 percent.

Senator JORDAN. Eighty-four percent.

Mr. TOUSSANT. Now if experience would indicate that the national yield goal is too high or too low under the operation of this program, the Secretary as I understand the bill would have the authority to change this goal in future years.

One other brief comment, because I think it might be important. I would like to comment on the problem of informing our farmers on the issues regarding this program. I think that being a representative of a land-grant university, I am quite interested in this. We are already making plans, and I understand people in the other land-grant universities also, that should this bill pass, we will use the facilities of television, radio, the press, slides and other materials to do as complete a job as possible of informing the farmers as to what their allotment would be and why, how the program would work, and how they as individuals and how the whole tobacco industry would be expected to be affected.

Further, should the referendum pass, we stand ready to do all we can in helping farmers solve the new management problems which would arise with this type of a control program.

Senator JORDAN. I would like to ask a question for my information. Will tobacco make a better quality tobacco if it is spaced wider in the row, and the rows are a little wider where the sunshine can get in freely, than it will if it is planted real close both in the row and in the spacing of the rows? Does that produce a better aroma and a better flavored tobacco?

Mr. TOUSSANT. Yes, sir. I think that that is accepted by people who know about cultural practices, that people who have unusually large numbers of plants per acre or conversely very close spacing either between the rows or within the rows, do produce tobacco that is less desirable.

There are probably, however, other cultural practices presently being used, and varieties presently being used which in my opinion would have a greater effect on the quality of the tobacco than the spacing. There are, however, people who space too close in order to have high-quality tobacco; yes.

Senator JORDAN. Does proper irrigation—in other words, if you can put the water to it exactly when it ought to be put every time, does that have anything to do with the quality of the tobacco?

Mr. TOUISSANT. As far as we know from experiments, proper irrigation would not hurt the quality, and it might help.

Senator JORDAN. But if you throw a lot of liquid fertilizer in that water and force that plant to grow, does that not deteriorate the quality of the tobacco?

Mr. TOUISSANT. I think it is very clear that too much fertilizer could hurt the quality of the tobacco. However, under the present program it still pays the farmer to do this, because he is trying to get the highest net income per acre of tobacco, not per pound.

Senator JORDAN. I know that of course. That is quite true, and they do do that.

Senator Talmadge, that same thing prevails in cotton, you know where they skip row, let the sunshine in and the cotton is very much better, and the yield is higher, too. But it also produces a better trade of cotton where the sun can get in there. Did you have any questions, Senator Talmadge?

Senator TALMADGE. No questions.

Senator JORDAN. Senator Cooper?

Senator COOPER. How would the cost factor be affected by a change to poundage?

Mr. TOUISSANT. We had guessed, or you might say theorized before, that certainly as one increases the yield up to a point, you do decrease the cost of production per pound.

But as you will recognize, Senator, with the incentives of the program and the price that is being paid for tobacco, it pays a farmer to keep adding irrigation, fertilizer, additional plants, additional leaves, and other factors, fumigation, as long as he can increase the net income per acre.

Well, it can be shown that he will increase this, for example, if he can keep from being academic, by adding additional factors, as long as the cost of producing those additional pounds is less than that price that he would expect to receive, and it turns out that by doing this he can after he gets to a certain level, actually increase the cost of production per pound, when one excludes the value of the allotment of costs, he can actually increase the cost of production per pound, and do this knowingly and rightly, because he is increasing his income.

Senator COOPER. Fertilizer would be one factor.

Mr. TOUISSANT. Fertilizer is one of the biggest factors, and the other thing of course I should mention is that the labor associated with producing these high yields goes up almost with the yields.

Senator COOPER. I was going to ask about the labor.

Mr. TOUISSANT. Yes, sir.

Senator JORDAN. Did you have any further questions?

Senator COOPER. No.

Senator JORDAN. Senator Talmadge?

Senator TALMADGE. No further questions.

Senator JORDAN. Thank you very much for your testimony and for being here. So far as I know that completes the witnesses we had scheduled.

Senator TALMADGE. Mr. Chairman, before we adjourn, I think the individuals with the most vital interest in this thing are the farmers that actually produce the tobacco. We have had some very fine farmers here. They have been in quite limited numbers, however.

I think before we take action on the bill of this importance, that we ought to have some hearings in the field, and I think we might, as I understood from what one of the witnesses said yesterday, that a bill of similar scope, character, and nature has been introduced by Chairman Cooley of the House committee, and I think some field hearings were announced at that time.

I have no objection whatever to holding joint hearings, provided it is agreeable to Chairman Cooley, and I see no reason why it shouldn't be agreeable. But I think we ought to go out in the producing areas and get some farmer grassroots sentiment on this legislation before we cease our hearings.

Senator JORDAN. May I ask in that connection has anybody seen the bill that Congressman Cooley introduced? I have not.

Senator TALMADGE. Neither have I. I understood it was of the same import.

Senator JORDAN. I am told that he announced that it is the same bill, and if it is, I see no good reason why the hearings shouldn't be participated in by both.

Senator TALMADGE. I think it should be a joint hearing, yes. I don't know how the farmers in Georgia feel about this thing. I have had a few fragmentary letters on it of conflicting opinion.

I remember in the hearings in 1957 they were overwhelmingly opposed. Farmers in Florida at that time were overwhelmingly opposed. Farmers in South Carolina at that time were opposed. Farmers in North Carolina at that time were badly divided. They were divided in the State of Virginia at that time.

Of course our tobacco situation has deteriorated tremendously since that time. I think everyone agrees that some action is imperative. But I think before we determine or make an effort to try to determine what action we should take, we ought to go in the area where farmers reside, and where they produce tobacco, and give them an opportunity to be heard.

Senator JORDAN. I certainly have no objection to that, and I will take that up.

Senator TALMADGE. If you can take that up with Chairman Cooley and arrange for joint hearings, I have no objection whatever. I think that that might be advisable.

But before I would be prepared to vote on a bill of this scope and magnitude, I would want some grassroot sentiment of the farmers in Georgia.

Senator COOPER. Mr. Chairman, I would like to say this. I believe we should have a meeting to discuss the questions Senator Talmadge has raised. While it is true, as I said at the beginning of the hearing, that the immediate effect of this bill would go to Flue-cured tobacco, yet without question if it is adopted in its present form, it could be applied to burley tobacco, to dark tobacco and to any type of tobacco.

We have had testimony here in this hearing from some very distinguished Kentuckians, men who are experts in tobacco. Nevertheless, I too want to communicate with the various organizations and individuals in Kentucky who are interested in tobacco, and I do want to reserve my position to request that hearings be held in my state.

Senator JORDAN. If it is agreeable with you two and with the chairman of this committee, Mr. Ellender, I will take this up with Mr. Cooley and see what kind of arrangements can be worked out.

Senator TALMADGE. That is satisfactory with me, Mr. Chairman.

Senator JORDAN. I find here, which I had not seen, a release from Mr. Cooley. He is going to start hearings on the 11th before the Tobacco Committee. Only the officials of the Department will testify at that time. I am certain that Mr. Cooley will permit any of us who are interested to come over and sit in on those hearings.

Senator TALMADGE. We have heard those. I am not interested in hearing the Department of Agriculture further. I know what their views are. I know what the views are of every witness who has testified before this committee. But I would want the views of the fellow who produces that tobacco for sale. He is most vitally concerned.

Senator JORDAN. Here is another paragraph in this:

Chairman Cooley said that Hon. Watkins M. Abbitt, of Virginia, chairman of the Tobacco Subcommittee, will hold field hearings as quickly as arrangements can be made taking the Tobacco Subcommittee into areas where Flue-cured tobacco is produced, to receive comments and suggestions on the legislation directly from the tobacco farmers.

Senator TALMADGE. That was all I suggested. If we could work it out where it might be joint hearings, it is entirely agreeable to me. But I wouldn't want the tobacco farmers of Georgia to think that we would take action on something of this magnitude without giving them an opportunity to be heard in some area where they had a reasonable opportunity to appear.

The average tobacco farmer in Georgia has about as much resources and time to come to Washington, D.C., for a hearing as I would to go to Paris for one.

Senator JORDAN. I have two statements here to be inserted, one from the Tennessee Farm Bureau Federation, and one from the Florida Farm Bureau Federation, to be put in the record at this point. I have not read them; but they will be available in the record.

(The statements referred to follow:)

#### STATEMENT OF TENNESSEE FARM BUREAU FEDERATION

The delegates to the 1964 Convention of the Tennessee Farm Bureau Federation expressed their general approval of the current tobacco acreage allotment and price-support program. They further expressed a willingness to make adjustments from time to time as the supply demand situation warrants within the framework of the present program which relies upon acreage allotments as the method of adjusting supply as needed.

Measured in dollar volume of gross income, tobacco is the second most important cash crop in Tennessee. Therefore, tobacco growers are quick to become concerned about proposals affecting it.

Throughout the fall months in extended discussions in tobacco-growing sections of our State the question of alternate methods of controlling production was discussed. This extended discussion culminated in vote at the Convention of the Tennessee Farm Bureau in November 1964, which expressed firm opposition to any change in the tobacco program involving poundage quotas. County groups expressing written opinions on this subject (to the State resolutions com-

mittee in advance of the convention) opposed poundage quotas by a ratio of 8 to 1.

We quote from the official position taken by our delegates with respect to this: "Our tobacco acreage allotment and price-support program continues to be favorably accepted by tobacco growers. Although the demand-supply situation may change from time to time and result in the need for some changes in the program to meet the current needs, no major changes have been considered necessary. This is one of the things we have liked about our tobacco program, and has helped in getting grower understanding of the program.

"We remain firm in our opposition to poundage control on tobacco. We feel that adjustments needed can be made within the framework and direction of our present program."

Further meetings and other contacts with growers since November have disclosed no evidence that this point of view has changed.

Therefore, we respectfully request the committee not to approve legislation such as that provided in S. 81 which can lead to poundage quotas for different types of tobacco.

GREENVILLE, FLA., February 8, 1965.

Senator ALLEN J. ELLENDER,  
Chairman, Committee on Agriculture and Forestry,  
Senate Office Building, Washington, D.C.

DEAR SENATOR ELLENDER: In behalf of our 5,892 Flue-cured tobacco-growing members, I take this method to oppose S. 821 which provides for acreage poundage controls of Flue-cured tobacco production and was introduced by Senators B. Everett Jordan and Sam J. Ervin.

This bill is based on the assumption that reduction of yields alone will improve the market desirability of Flue-cured tobacco. This assumption is not substantiated by the facts. For instance, during the 4 years 1960, 1961, 1962, and 1963 the yields of type 14 Flue-cured tobacco averaged 1,920 pounds per acre while all types of Flue-cured tobacco averaged 1,903 pounds per acre. During this period when type 14 outyielded the average of all types, this type contributed less than one-fourth as much of its production to the stabilization corporations's stocks as did the other types.

The Agricultural Adjustment Act of 1938 provides:

"TITLE 7, SECTION 1301(b)(15), USCA

"The provisions of this subchapter shall apply to each of such kinds of tobacco severally: *Provided*, That any one or more of the types comprising any such kind of tobacco shall be treated as a 'kind of tobacco' if the Secretary finds there is a difference in supply and demand conditions as among such types of tobacco which results in a difference in the adjustments needed in the marketing thereof in order to maintain supplies in line with demand."

If the Secretary of Agriculture had complied with this provision of the act when surpluses began building up I feel sure the present surplus situation would not have developed. Had those producers who were contributing the undesirable grades of tobacco known that they would have to absorb this tobacco out of their future production they would have taken steps to correct the situation.

Flue-cured tobacco growers have already voted to take a cut of 19½ percent in their tobacco acreage allotments. It is hard to understand the wisdom of legislation to restore all of this cut except 5 percent and then limit sales to past production patterns, the same patterns under which the present surplus was accumulated. We do not feel the present surplus was the result of poor legislation, but from poor administration of good legislation. We, therefore, urge the committee to reject the bill under consideration and allow the Flue-cured tobacco industry the opportunity to control the overproduction of undesirable tobacco. This can be done without placing the farmer in a straightjacket with new legislation, by correlating more closely the support price to the market value of tobacco, and by providing more incentive for growers to grow the more desirable tobacco, by basing acreage cuts on the percent of previous tobacco placed in stabilization.

I will greatly appreciate it if you will insert this letter in the records of the hearing on this bill.

Respectfully yours,

FLORIDA FARM BUREAU FEDERATION,  
E. H. FINLAYSON, *President*.

Senator JORDAN. I will take this up with Mr. Cooley probably. I will also discuss it with Senator Ellender, our chairman, and communicate with all the members of this subcommittee, and I would hope that we can work these things out, if a few more members of the subcommittee would avail themselves of the opportunity of hearing these people.

Thank you very much, and that concludes this hearing. I thank every one for being here yesterday and this morning.

(Whereupon, at 12:45 p.m., the subcommittee was recessed, to reconvene subject to call of the Chair.)

(Additional statements filed for the record are as follows:)

WASHINGTON, D.C., February 10, 1965.

HON. ALLEN J. ELLENDER,  
Chairman, Committee on Agriculture and Forestry,  
U.S. Senate, Washington, D.C.

DEAR SENATOR ELLENDER: We appreciate being asked to express the views of the American Farm Bureau Federation at a hearing of your committee on February 9 and 10 on S. 821, a bill that would provide for acreage-poundage marketing quotas for tobacco.

The voting delegates of the member State farm bureaus to the AFBF annual meeting have for many years opposed poundage controls on any commodity. They reaffirmed this policy at our annual meeting in December 1964. Therefore, the organization must oppose the enactment of this legislation.

Would you please make this letter a part of the hearing record on S. 821.

Sincerely yours,

AMERICAN FARM BUREAU FEDERATION,  
CHARLES B. SHUMAN, *President*.

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MULLINS, S.C., February 8, 1965.

Senator B. EVERETT JORDAN,  
U.S. Senate,  
Washington, D.C.:

We urge your strongest support for the tobacco poundage-acreage control bill sponsored by Senators Jordan and Ervin. We feel this bill is in best interest all tobacco growers and urge passage in time for 1965 crop.

MULLINS WAREHOUSE ASSOCIATION, INC.,  
J. L. DEW, *President*.  
E. D. LEWIS, *Supervisor*.

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PROPOSAL NO. 1, SUBMITTED BY W. J. JOHNSON AND ELMER CROCKER,  
KENLY, N.C.

*We recommend:*

Since any attempt to control tobacco production by the acreage method alone has resulted in continued mounting surpluses, in spite of repeated acreage cuts and since improved cultured practices and high-yielding varieties tend to offset these acreage cuts, it is estimated that the announced cut of 19.55 percent will only reduce production by 10 percent.

We, therefore, recommend that an acreage-poundage program be substituted for the present acreage control. And since a 10-percent cut of the 1964 production under an acreage-poundage program would only result in a real cut of 10 percent in the total poundage for 1965, we further recommend that if an acreage-poundage program is in effect for 1965, the cut be limited to 10 percent of the 1964 yield.

In determining individual farm poundage we recommend the following formula:

1. Give one-fourth credit for the farms poundage history, using an average of the 3 high of the past 5 years—1964, 1963, 1962, 1961, 1960.

2. Give three-fourths credit for the high county yield of the past 3 years.

*Example:*

1. Individual farm production, average 3 high of last 5 years:

1964	-----	2,080 lbs.	
1963	-----	2,070 lbs.	
1962	-----	1,500 lbs.]	(eliminate as low year).
1961	-----	2,000 lbs.	
1960	-----	1,800 lbs.]	(eliminate as low year).
		<hr/>	
		6,150 lbs.	divided by 3=2,050 lbs.

3. High county yield of past 3 years:

1964	-----	2,400 lbs., county average.
1963	-----	2,140 lbs.
1964	-----	2,010 lbs.

*Thus:*

$\frac{1}{4}$ individual farm poundage	-----	2,050 lbs.	
$\frac{3}{4}$ high county yield	-----	2,400 lbs.	
		2,400 lbs.	
		2,400 lbs.	
		<hr/>	
		9,250 lbs.	divided by 4=2,312 lbs.

This example gives to this particular farm 2,312 pounds.

The purpose of this proposal is designed to improve quality as well as keep supply in line with demand. To do this, we recommend this program be rigidly enforced without privilege of overproducing and selling by paying a penalty; however, to assure each producer ample fairness as well as improved quality, we recommend an acreage increase with a limit of 0.33 (one hundredths) per acre, as the individual producer may deem feasible, and each producer be allowed to make up any or all parts of such crop due to failure or mishap the following year with a 3-year limitation. We further recommend an extensive research program begin to explore the possible other uses for tobacco and to counteract any claims designed to offset promotion, sales, and consumption.



