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HEARINGS
BEFORE THE
SUBCOMMITTEE ON TOBACCO
OF THE
COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES
NINETIETH CONGRESS

FIRST SESSION
ON

H.J. Res. 273, H.J. Res. 274, H.R. 5702,
H.R. 6496, and H.R. 7256

FEBRUARY 15 AND APRIL 18, 1967

Serial F

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LEASE, SALE, AND TRANSFER OF CERTAIN TOBACCO ACREAGE ALLOTMENTS

WEDNESDAY, FEBRUARY 15, 1967.

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

The subcommittee met, pursuant to notice, at 3:10 p.m., in room 1302, Longworth House Office Building, Hon. Watkins M. Abbitt, chairman of the subcommittee, presiding.

Present: Representatives Abbitt, Stubblefield, Jones of North Carolina, Wampler, and Miller.

Also present: Hyde H. Murray, assistant counsel; Fowler C. West, assistant staff consultant; and Martha S. Hannah, subcommittee clerk.

Mr. ABBITT. The meeting will come to order.

We are here on what we call a matter dealing with Maryland tobacco. We have some people here from the Department. We have under consideration H.J. Res. 273 and H.J. Res. 274, and in an effort to expedite the matter we will hear from Congressman Morton first so that he can then go back to his other chores.

(H.J. Res. 273, introduced by Mr. Machen, and H.J. Res. 274, introduced by Mr. Morton, follow:)

[H.J. Res. 273, 90th Cong., first sess.]

JOINT RESOLUTION To amend the Agricultural Adjustment Act of 1938, as amended, with respect to the lease and transfer of tobacco acreage allotments

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 316(a) of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out the last sentence thereof.

[H.J. Res. 274, 90th Cong., first sess.]

JOINT RESOLUTION To amend the Agricultural Adjustment Act of 1938, as amended, with respect to the lease and transfer of tobacco acreage allotments

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 316(a) of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out the last sentence thereof.

STATEMENT OF HON. ROGERS C. B. MORTON, A U.S. REPRESENTATIVE FROM THE STATE OF MARYLAND

Mr. MORTON. I appreciate that, Mr. Chairman.

Mr. Chairman and members of this subcommittee, I appreciate having the opportunity to testify today on House Joint Resolution 274.

Because of many pressures, the Maryland tobacco farmer has had an extremely rough time. His crop has not been eligible for export subsidy because, according to the Department of Agriculture, export subsidies cannot be paid for those crops which are not grown under acreage and price control. He has been unable to tailor his production to his barns, labor capabilities, and land-use plans that will result in a profitable operation.

The bill before you will provide him a flexibility in adjusting the acreage of the individual, yet, at the same time, this legislation will not increase the production of Maryland tobacco beyond that point which the Department of Agriculture considers just and feasible.

An impasse presently exists between the Department of Agriculture and the Maryland tobacco farmer. While the proposed legislation will only place Maryland tobacco on a par with other types of tobacco in the lease transfer provisions of the Agricultural Adjustment Act of 1938, as amended, we are hopeful the indirect result will be a solution.

Mr. Chairman, I feel the legislation is extremely important, and perhaps the entire future of Maryland tobacco is at stake. I appreciate your promptness in considering the pending legislation, and urge you and the other members of this fine subcommittee to act favorably on House Joint Resolution 274.

Thank you.

Of course, I will be glad to answer any questions that you or members of your subcommittee might have pertaining to what we are trying to accomplish here.

Mr. ABBITT. I might say we are pleased to have you here with us and I know of the importance of this matter to your farmers.

Do you know of anybody in the tobacco industry in your State that opposes these resolutions?

Mr. MORTON. I do not, Mr. Chairman, and I have made an effort to find out if there is any opposition to it.

Mr. ABBITT. You know, this takes care of a restriction that was placed on the Maryland tobacco that wasn't placed on the other tobacco under this program and, as I understand, this simply releases or takes off of the books that restriction.

Mr. MORTON. This is correct. This would put Maryland tobacco growers in this situation as far as leasing unused tobacco acreages as other tobacco producers.

Mr. ABBITT. Has the gentleman any questions?

Mr. JONES. I think not, Mr. Chairman.

Mr. ABBITT. Mr. Miller?

I might say if you want to go into the technicalities of it, we have some people here from the Department that can sort of bring you up to date on the whole leasing program.

Mr. MILLER. Is this necessary at this time?

Mr. ABBITT. Not at all.

Mr. MILLER. Then we can do this at another time.

Mr. ABBITT. That is fine. Thank you very much.

Mr. MORTON. Thank you very much, Mr. Abbitt. I appreciate it.

Mr. ABBITT. Now, Mr. Hervey Machen, of Maryland, is here and we will be pleased to hear from you at this time. Mr. Machen.

Let it show that he was here and presented a statement. We appreciate so much that fine statement.

(The statement referred to follows:)

STATEMENT OF HON. HERVEY G. MACHEN, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF MARYLAND

Mr. Chairman and members of the Tobacco Subcommittee. I would like to begin by expressing my sincerest gratitude to you, Mr. Chairman, for the speed with which you have brought my resolution, H.J. Res. 273 to a hearing. I know that the tobacco farmers and those associated with the tobacco industry are very grateful to you and to the members of your subcommittee.

Very briefly, my resolution would strike the following sentence from the Agricultural Adjustment Act of 1938 as amended:

"In the case of Maryland (type 32) tobacco, no farm shall be eligible for lease of 1962 or 1963 allotment from 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 through 1969 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."

The practical effect of striking this amendment would be to permit a liberalization, if you wish, or a more flexible transfer of tobacco acreage allotments within their respective counties. According to industry spokesmen, this would permit a consolidation of approximately 2,000 acres in Maryland, in many cases putting some small allotments into production together with larger allotments in order to maintain a minimum acreage under production for purposes of keeping the export market. They also inform me that they believe that by being able to consolidate allotments, by keeping a minimum number of acres under production for maintaining and even expanding the export market they will also be able to reduce the tobacco surplus in the state.

This, however, to a very large degree is dependent on the success of the forthcoming tobacco marketing quota referendum, from Feb. 20 to 24. We have been informed by Secretary Freeman that "if Maryland tobacco growers approve the marketing quota program in the forthcoming referendum, they will receive price support as provided by law and the export payment program will be extended to Maryland tobacco in the same manner and for the same crops as for flue-cured and burley tobacco."

There is almost a domino effect involved in this situation: We believe that the language should be stricken to give the tobacco farmers more flexibility in transferring and consolidating acreage allotments. If the farmers don't have this flexibility there is a very strong feeling that they will vote against the referendum for marketing quotas. If they do not vote in the quotas they will not get the export payments and subsequently the export market may falter and the surplus may not be reduced.

On the other hand, we can strive to put the Maryland tobacco industry on an equal footing with other types of tobacco by (1) Removing this restriction on acreage allotment transfers, which does not apply to other types of tobacco; and (2) By voting in marketing quotas again in the referendum in order to get the export payment which the other tobacco types enjoy.

Mr. Chairman, I know you are fully aware of the strategic role that the tobacco industry plays in the overall Maryland economy. Even in the two counties which comprise my Congressional district, Prince Georges and Charles Counties, tobacco is by far the major agricultural industry. It has been estimated that 80 percent of the investment in the tobacco industry, beyond the farm itself, is located in both counties. And, to make the situation even more interesting, Prince Georges County is the largest in the state in population, and for years has been one of the fastest urbanizing counties in the country. Subdivision development has been gobbling up tobacco farms right and left. I think it entirely fair that we strike this restrictive amendment to permit the industry to consolidate some of these allotments in order to conduct its business in a more efficient manner and in order to increase its share of the export market while hoping to reduce the tobacco surplus at home.

I would also like to bring to your attention the fact that this joint resolution has been introduced by the two Maryland Congressmen who represent substantially all of the state's tobacco industry, that would be myself and Mr. Morton, and by both of our United States Senators, Daniel B. Brewster and Joseph D. Tydings.

Mr. Chairman, and members of the subcommittee, I urge your support and favorable consideration on my resolution, H.J. Res. 273. I thank you for your time and courtesy.

Mr. ABBITT. Now, Brother Todd, will you let us hear what you have to say?

STATEMENT OF JOSEPH TODD, DEPUTY DIRECTOR, TOBACCO POLICY STAFF, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE, ACCOMPANIED BY WEAR K. SCHOONOVER, OFFICE OF THE GENERAL COUNSEL, U.S. DEPARTMENT OF AGRICULTURE

Mr. TODD. Mr. Chairman and gentlemen, let me review very briefly with you the history of the lease and transfer.

Mr. ABBITT. I think that would be good, because we have some people here who maybe are not as familiar with tobacco as members of your Department are.

Mr. TODD. In 1961 Public Law 87-200 was enacted which authorized the lease and transfer of tobacco allotments other than burley for the first time on an annual basis from one farm to another within the same county subject to certain restrictions. This applied to 2 crop years, 1962 and 1963.

This legislation has been amended a number of times since then but from the beginning it had this limitation in it, and I quote: "In the case of Maryland type 32 tobacco no farm shall be eligible for lease of allotment from the farm unless at least 75 percent of the allotment for the farm was actually planted during each of the years 1960 and 1961."

As I said, this has been amended a number of times, been extended, and Public Law 89-321, the Food and Agricultural Act of 1965, extended the lease and transfer authority through the 1969 crop year.

Throughout all of these amendments this limitation on Maryland tobacco has been continued. And—

Mr. ABBITT. And that is the only tobacco, that is the only kind of tobacco that had a limitation on it.

Mr. TODD. That is right, and the latest legislation is that a farm in Maryland cannot be eligible for lease of 1964 through 1969 crop years unless at least 75 percent of the allotment for the farm was actually planted on such farm, that is, the parent farm, during each of the 2 immediately preceding years.

This provision originally was designed to prevent the lease and transfer of tobacco allotments which were not being used because the land had been acquired for residential or other developments. These allotments have now largely been canceled because no tobacco was produced on this land for 5 or more years. Thus, the principal purpose for which this limitation was intended no longer exists.

These resolutions would simply repeal this limitation on Maryland tobacco. The effect of these resolutions would be to afford the same treatment to Maryland tobacco as is afforded flue-cured and other types for which leases and transfers are authorized.

Some farms do not have the labor or facilities to produce their full allotment, while other farms have the labor and facilities for producing more than their allotments.

In compliance with the provisions of the Agricultural Adjustment Act of 1938, as amended, the Secretary has proclaimed marketing quotas for Maryland tobacco for the next 3 crop years and has called

for a grower referendum to be held during the period February 20-24, 1967. Reports that we received indicate that favorable action by the Congress on these resolutions will have a substantial effect on the outcome of this referendum.

Under the quota which has been announced for the crop of Maryland tobacco to be grown in 1967, 32,890 acres are available for allotment. The total acreage allotted for 1965—

Mr. ABBITT. I didn't catch the amount.

Mr. TODD. 32,890 acres for allotment in 1967. The acreage allotted for 1965, the last year for which quotas were in effect on Maryland tobacco, was 39,396. With this reduction in allotted acreage, it is reasonable to expect that even though a larger proportion than usual of the allotted acreage may be grown this year, production would still be below domestic usage and exports.

The Department of Agriculture has no objection to the enactment of these resolutions. We have been informally advised by the Bureau of the Budget that it has no objection to their enactment. Enactment of either one of these resolutions would not involve the expenditure of any additional funds.

Mr. ABBITT. As I understand it, Mr. Todd, we looked into this matter originally very carefully and we put a lot of restrictions on, who could lease allotments, among other things. We provided they couldn't—no one person could lease more than 5 acres—

Mr. TODD. Right.

Mr. ABBITT (continuing). That the lessee had to have an allotment of that type of tobacco before he could even lease it—

Mr. TODD. Right.

Mr. ABBITT (continuing). And that then the local committee would go into the productivity so that even though you might want to lease me 5 acres of tobacco, I wouldn't get the whole 5 acres if my land produced more per acre than yours did.

Mr. TODD. That is right.

Mr. ABBITT. For the whole purpose of seeing that no additional tobacco was grown but trying to accommodate these farmers. But this added restriction was put on Maryland because at that time many of the farms close to a metropolitan area were being subdivided into building lots and it was—

Mr. TODD. They had already been purchased for that purpose and were not being used to grow tobacco.

Mr. ABBITT. They felt they would be leased for a year or two and raise more tobacco than ordinarily, but now under the laws these building lots not having produced tobacco for a 5-year period, they lose their allotment. So they no longer have the problem.

Mr. TODD. Right.

Mr. ABBITT. But it does work hardship against certain farmers who may not have produced certain percentages of their acres in the last 2 preceding years.

Mr. TODD. Right.

Mr. ABBITT. You say the Department has no objection to it?

Mr. TODD. Right.

Mr. ABBITT. Any questions?

Mr. JONES. Maryland is not under the poundage system, is it?

Mr. TODD. There is no program in effect on the 1966—the crop

grown in 1966 which will be sold soon. There were no programs in effect then.

Mr. JONES. And they are voting for——

Mr. TODD. They are voting next week for a program for the next 3 years, 1967, 1968, and 1969; yes, sir.

Mr. JONES. Will that be acreage alone or acreage and poundage?

Mr. TODD. Just acreage.

Mr. JONES. They do not have the poundage?

Mr. TODD. You cannot vote on the poundage program unless the acreage program is in effect. You have to go through the old program.

Mr. JONES. On surplus, is Maryland in a position, in surplus, in the production of their particular type tobacco?

Mr. TODD. In relation to current usage in this country and exports, yes, sir, there is some surplus of Maryland tobacco, but we reduced allotments by 15 percent for 1966 which may have been why they voted it out, and we have offered the same allotment for 1967, so even if this resolution is enacted, even if they grew the full allotment, which they obviously can't, never have, and even with the yield as high as they ever made, we would still produce less tobacco this year, 1967, than we anticipate we will use in this country and export. So we would not add more to the surplus.

Mr. ABBITT. Mr. Miller, any questions?

Mr. MILLER. No.

Mr. ABBITT. Mr. Stubblefield?

Mr. STUBBLEFIELD. No questions.

Mr. ABBITT. Joe, we appreciate——

Mr. MURRAY. A couple of questions for the record, Mr. Chairman.

One is how much Maryland acreage has been transferred in the past under existing authority?

Mr. TODD. I think the only figure I have is 1966 and they didn't have any that year. I only have the 1966 figure with me and that wouldn't apply to Maryland. May I supply that later?

Mr. MURRAY. Yes. If he could supply that for the record, Mr. Chairman. He doesn't have the figures with him now but it may be useful to see how much was transferred the last year they had a program.

Mr. ABBITT. That is fine.

(The information referred to above follows:)

Information furnished is that during the 1965 crop year, Maryland tobacco allotments were transferred from 141 farms, and transfers were made to 204 farms. The total acreage transferred was 560.59 acres. For 1965, Maryland tobacco allotments were established for 6,274 farms, and the total acreage allotted was 39,396 acres. Thus, about 1½ percent of the allotted acreage was leased and transferred in 1965.

Mr. MURRAY. And it may be difficult to anticipate how much you think they would transfer in 1967, then, or do you have any estimate of that?

Mr. TODD. I wouldn't have any idea. But we do have the figure on how much was transferred in prior years.

Mr. MURRAY. And also for the record, time would be of the essence with this resolution, would it not, in order to get it moving before the referendum.

Mr. TODD. Indeed it would. The referendum is next week. The referendum is being conducted by mail and they have all of next week to return the ballots.

Mr. ABBITT. Anything else?

Mr. MURRAY. That is all.

Mr. ABBITT. Mr. Wampler?

Mr. WAMPLER. Mr. Todd, I think this is somewhat germane to this hearing. While it doesn't affect Maryland tobacco, what has been the Department's observation or the experience on the principle of leasing and transferring tobacco allotments, particularly to include the areas——

Mr. TODD. Only favorable, sir. With the present problem of farm labor, we feel that more flexibility is needed. The chairman will recall that when this law was first passed in 1961, that is the first time we ever had a provision like this on tobacco. We had held originally that the allotment goes with the land and stays there.

Of course, it doesn't apply to burley tobacco. In Flue-cured tobacco last year we had some 44,000 farms out of a total of I think about 192,000, 44,000 of them leased some tobacco allotment. The total acreage represented was about 80,000 acres which is a little better than 10 percent of the total acreage allotted. Or coming a little closer to home, in the Chairman's area where they grow Fire-cured tobacco, it would probably be more comparable with Maryland. We had about 800 acres transferred in Virginia. I believe that is nearly 10 percent of the total allotment.

Mr. STUBBLEFIELD. How much dark-fired did you transfer in the western district of Kentucky? Have you got the figures?

Mr. TODD. Yes. In Kentucky last year there were 1,515 farms leased out and it went to 1,374 farms. The acreage leased out was 1,563 and it was reduced to 1,433 when it went to the higher yielding farms. That compares with—you have a total allotment in Kentucky, you have allotments on 8,747 farms, a little better than 12,000 acres allotted, so you leased about 12 percent.

Mr. JONES. Mr. Todd, if I might, if you care to comment, what is the position of the Department now regarding possible amendment to the existing law to prevent the leasing of poundage acreage in the Flue-cured across county lines?

Mr. TODD. The lease and transfer that we now have, Congressman, is limited to an annual basis although the lease can be renewed from one year to the next. The Department favors extension of that to longer term leases and even outright sale of allotments. We have so recommended to the Congress in the past and that——

Mr. JONES. Sale within a county or cross county lines? Of just the allotment itself, not the property?

Mr. TODD. Generally we suggest probably just in the county at first. I don't think we have too firm a position on that but there is some concern that if you permit transfers and it is used widely between counties, that one section may lose its tobacco industry.

Mr. JONES. On sale.

Mr. TODD. Yes, sir.

Mr. JONES. But not necessarily on lease.

Mr. TODD. No. That is right. They would come back on lease.

Mr. JONES. I believe my question, if I recall, sir, was the position on the leasing across county lines. Or does the Department have any position?

Mr. TODD. I am not sure the Department has any position on that, but I don't believe there would be any objection on the lease.

Mr. JONES. It might well be that it can be confined to adjoining townships or whatever the political subdivision might be.

Mr. TODD. I might say the impression—the reports we get from your State, sir, are that if you permitted wide-scale transfers across county lines, there would be a tendency for the tobacco to move from the old belt to your section.

Mr. JONES. Glad to hear it, sir. Thinking of that objection, and perhaps I don't want to delay the committee, Mr. Chairman, however, this, sooner or later, has to come up somewhere—would not the approach to adjoining townships perhaps cover that argument?

Mr. TODD. Those limits could be made, yes, sir.

Mr. JONES. Negate that particular objection.

Mr. TODD. Or you could make a distance limitation. That can be handled, yes, sir.

Mr. JONES. Thank you, sir.

Mr. WAMPLER. Mr. Todd, this hearing was called for Maryland tobacco but if I can pursue this just a little bit further, I have a letter here from the Virginia Farm Bureau Federation and in their State convention last year they passed the following resolution. I am quoting:

We recommend that the lease-transfer of tobacco allotments be made available to burley growers on the basis it is now available to Flue-cured growers.

That is the end of the quote.

It is my present intention to introduce legislation which would enable burley growers to have this same advantage that I feel these Flue-cured growers now have, and perhaps by having a hearing on that we could bring this problem into proper perspective as well as the one the other gentleman has mentioned, and I believe in some informal conversations I have had with the Department, it was their feeling that they would not oppose the legislation to extend this to burley tobacco.

Would you care to comment on this?

Mr. TODD. I don't have any clearance on the Department's position but it would certainly be my opinion that the Department would interpose no objection to giving the burley growers the same provisions that apply to the Flue-cured and dark types.

Mr. WAMPLER. It would certainly follow if it has worked well in the Flue-cured areas it should work well in the burley.

Mr. TODD. Right.

Mr. STUBBLEFIELD. If the gentleman will yield, I think it is right, Joe, that the reason it isn't already—the reason we already don't have this on the books is because the burley people opposed it.

Mr. WAMPLER. That is my understanding, that some burley growers did.

Mr. TODD. The reports we have, and these are just reports, are that the sentiment is changing and may be due in part at least to the tight farm labor situation, that some people have the labor to grow the allotments, and due further to the fact that we have made substantial reductions in burley allotments in the last 3 years.

Mr. WAMPLER. But I do think this is a matter that should be brought before another hearing. It is somewhat germane.

Mr. ABBITT. Mr. Todd, we do appreciate your coming down on such short notice and giving us a very forthright statement that we can all understand.

Without objection, we will go into executive session.
(Whereupon, at 3:35 p.m. the subcommittee went into executive session.)

Without objection, we will do two exhibits
to the report, and the substitution will be made
(continued)

THE PROSECUTION REQUESTS

LEASE, SALE, AND TRANSFER OF CERTAIN TOBACCO ACREAGE ALLOTMENTS

TUESDAY, APRIL 18, 1967

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

The subcommittee met, pursuant to notice, at 10 a.m., in room 1301, Longworth House Office Building, Hon. Watkins M. Abbitt (chairman of the subcommittee) presiding.

Present: Representatives Abbitt, McMillan, Stubblefield, Jones of North Carolina, Wampler, Miller, and Burke.

Also present: Representatives O'Neal, Henderson, and Kornegay; Christine S. Gallagher, clerk; Hyde H. Murray, assistant counsel; Fowler C. West, assistant staff consultant; Martha S. Hannah, subcommittee clerk; and Francis LeMay, staff consultant.

Mr. ABBITT. The subcommittee will come to order.

The purpose of the hearing today is to consider H.R. 6496, H.R. 7256, and H.R. 5702. These bills, together with the Department report, will be made a part of the record at this point.

(The bills referred to above, H.R. 5702 by Mr. Abbitt, and H.R. 6496 by Mr. Abbitt, follow. H.R. 7256 by Mr. Stubblefield, is identical to H.R. 6496.)

[H.R. 5702, 90th Cong., first sess.]

A BILL To remove the five-acre limitation on the amount of tobacco allotment acreage which may be leased

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 316(e) of the Agricultural Adjustment Act of 1938, as amended, is amended to read as follows:

"The total acreage allotted to any farm after the transfer by lease of tobacco acreage allotment to the farm under the provisions of this section shall not exceed 50 per centum of the acreage of cropland in the farm."

[H.R. 6496, 90th Cong., first sess.]

A BILL To amend the Agricultural Adjustment Act of 1938, as amended, to authorize the transfer of tobacco acreage allotments and acreage-poundage quotas

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 the following new section:

"SEC. 318. (a) Notwithstanding any other provision of law, the Secretary, if he determines that it will not impair the effective operation of the tobacco marketing quota or price support program, (1) may permit the owner and operator of any farm for which a Fire-cured, dark air-cured, or Virginia sun-cured tobacco acreage allotment or acreage-poundage quota is established under this Act to sell or lease all or any part or the right to all or any part of such allotment or quota to any other owner or operator of a farm for transfer to such

farm; and (2) may permit the owner of a farm to transfer all or any part of such allotment or quota to any other farm owned or controlled by him.

"(b) Transfers under this section shall be subject to the following conditions: (1) no allotment or quota shall be transferred to a farm in another State; (2) no transfer of any allotment or quota from a farm subject to a mortgage or other lien shall be permitted unless the transfer is agreed to by the lienholders; (3) no sale of a farm allotment or quota shall be permitted if any sale of allotment or quota to the same farm has been made within the three immediately preceding crop years; and (4) no transfer of allotment or quota shall be effective until a record thereof is filed with the county committee of the county to which such transfer is made and such committee determines that the transfer complies with the provisions of this section.

"(c) The transfer of an allotment or quota under this section shall have the effect of transferring also the acreage history and marketing quota attributable to such allotment or quota and if the transfer is made prior to the determination of the allotment or quota for any year the transfer shall include the right of the owner or operator to have an allotment or quota determined for the farm for such year: *Provided*, That in the case of a transfer by lease the amount of the allotment or quota shall be considered for purposes of determining allotments or quotas after the expiration of the lease to have been planted on the farm from which such allotment is transferred.

"(d) The land in the farm from which the entire tobacco allotment or quota has been transferred shall not be eligible for a new farm tobacco allotment or quota during the five years following the year in which such transfer is made.

"(e) 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 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 for the farm to which the allotment is transferred.

"(f) Any lease under this section may be made for such term of years not to exceed five as the parties thereto agree, and on such other terms and conditions except as otherwise provided in this section as the parties thereto agree.

"(g) The lease of any part of a tobacco acreage allotment or acreage-poundage quota under this section determined for a farm shall not affect the allotment or quota for the farm from which such allotment or quota is transferred or the farm to which it is transferred, except with respect to the crop year or years specified in the lease. The amount of the acreage allotment and acreage-poundage quota which is leased from a farm shall be considered for purposes of determining future allotments and quotas to have been planted to tobacco on the farm from which such allotment or quota is leased and the production pursuant to the lease shall not be taken into account in establishing allotments or quotas for subsequent years for the farm to which such allotment is leased. The lessor shall be considered to have been engaged in the production of tobacco for purposes of eligibility to vote in the referendum.

"(h) If the sale or transfer under this section occurs during a period in which the farm is covered by a conservation reserve contract, cropland conversion agreement, or other similar land utilization agreement the rates of payment provided for in the contract or agreement of the farm from which the transfer is made shall be subject to an appropriate adjustment, but no adjustment shall be made in the contract or agreement of the farm to which the transfer is made.

"(i) The Secretary shall prescribe regulations for the administration of this section which may include reasonable limitation on the size of the resulting allotments or quotas on farms to which transfers are made and such other terms and conditions as he deems necessary."

SEC. 2. Section 315 of the Agricultural Adjustment Act of 1938, as amended, is hereby repealed.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., April 17, 1967.

Hon. W. R. POAGE,
Chairman, Committee on Agriculture,
House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your requests of March 7 and 9, 1967, for reports on H.R. 5702, a bill "To remove the five-acre limitation on the amount of tobacco allotment acreage which may be leased"; H.R. 6339, a bill "To amend the Agricultural Adjustment Act of 1938, as amended, to authorize the transfer of tobacco acreage allotments and acreage-poundage quotas"; and H.R. 6496, a bill "To amend the Agricultural Adjustment Act of 1938, as amended, to authorize the transfer of tobacco acreage allotments and acreage-poundage quotas."

This Department recommends that H.R. 6339, a bill "To amend the Agricultural Adjustment Act of 1938, as amended, to authorize the transfer of tobacco acreage allotments and acreage-poundage quotas," be passed. The Department does not oppose the passage of H.R. 5702 or H.R. 6496, but feels that the passage of H.R. 6339 is more desirable.

Present legislation provides for the lease and transfer of acreage allotments for some kinds of tobacco, within the same county, on an annual basis and within certain limitations. This legislation provides that not more than five acres of tobacco allotment can be leased and transferred to any farm, and the total acreage allotted to any farm after such transfer shall not exceed 50 percent of the acreage of cropland in the farm. H.R. 5702 would remove this five-acre limitation.

H.R. 6339 amends the present authority for the lease and transfer of acreage allotments for some kinds of tobacco on an annual basis to authorize the Secretary to permit the owner and operator of any farm for which an acreage allotment or acreage-poundage quota for any kind of tobacco is established to sell or lease all or any part of such allotment or quota to any other owner or operator of a farm for transfer to such farm. H.R. 6339 provides that any lease may be made for such term of years, not to exceed five, as the parties thereto agree. This bill authorizes transfers between counties, but provides that no allotment or quota shall be transferred to a farm in another State.

H.R. 6496 is similar to H.R. 6339, except that the authority for the sale or lease of allotments or quotas is limited to certain kinds of tobacco, namely; fire-cured, dark air-cured and Virginia sun-cured tobaccos. Section 2 of H.R. 6496 repeals Section 315 of the Agricultural Adjustment Act of 1938, as amended, which provides for a single combined acreage allotment for any farm for which both a fire-cured and Virginia sun-cured tobacco allotment was established. Section 315 has served the purpose for which it was enacted in 1958. Further, H.R. 6339 or H.R. 6496 would permit the farm owner to lease or sell the allotment or quota for either kind of tobacco if he should elect to do so. In view of these facts, this Department recommends that Section 2 of H.R. 6496 be added to H.R. 6339.

In our letter of June 22, 1961, reporting on H.R. 1022, enacted as Public Law 87-200, we stated that "This Department favors the transferability of allotments and quotas for tobacco and other commodities under conditions which will protect and enhance the protection of family farmers." We stated further that "Transferability of allotments will reduce the production costs and improve the incomes of small producers who desire to continue to produce by permitting them to acquire additional allotments without the heavy costs involved in buying additional land. It will make it easier for those who do not wish to continue the production of the affected commodity to transfer their resources into some other enterprises."

The Department has, on a number of occasions, recommended legislation to authorize the transfer by lease or sale of acreage allotments, base acreages and quotas for all commodities. This authority has been provided only for cotton and for producer allotments for rice. Although we still favor authority to lease and sell all commodity allotments, base acreages and quotas, we have no objection to such authority being considered on a commodity-by-commodity basis.

Enactment of H.R. 6339 would not require additional funds and would vastly improve program operations at all levels of administration and for tobacco farmers.

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

Sincerely yours,

ORVILLE L. FREEMAN.

Mr. ABBITT. I notice that there are a large number of witnesses in the room. We would like very much for all of them to be heard. No matter what area you are from, we would like to hear you so that we can hear both sides, and we hope that we will not have to go into the full tobacco program at this time, because we expect to have hearings later on what we call the "big" bill, which was introduced by a number of Congressmen, dealing with the transfer and sale of tobacco generally.

The hearing has nothing to do whatever with any other commodities. Perhaps some of the witnesses may wish to testify as to some other products, as I understand is the case, but our subcommittee has nothing whatever to do with other commodities. We do not have jurisdiction over those subject matters, and, therefore, we could not go into them. I particularly have in mind, peanuts, which comes before the committee of my good friend Mr. O'Neal from Georgia, who is the chairman of the subcommittee which deals with oil and peanuts.

Mr. O'NEAL. Would you let me say this at this point, because a number of people have asked me about this?

There is legislation similar to this for peanuts. I am merely awaiting a report from the Department of Agriculture before calling a hearing on that subject. I thought that would be of interest to a good many people in the audience.

Mr. ABBITT. Very well. I know it is of great interest to some people. I assume that those who are here, who are interested in those subjects have heard Mr. O'Neal's statement, that he is going to have hearings before his subcommittee dealing with the sale and transfer, or the lease and sale and transfer of peanut allotments. I assume that as soon as he can get the Department's report and can have the time available—the committee is rather busy at this time—that as soon as the opportune time arrives he will have hearings on that commodity.

We would like now to hear from the Department's representative, Mr. Horace Godfrey. And you may have with you at the witness table those who are with you from the Department. We appreciate so much your coming down, and those from your Department, to give us your views. We would like to hear from you at this time.

I see two very distinguished gentlemen with you, Mr. Turner and Mr. Todd. And Mr. Schoonover is with you, too, I notice.

Anyone else who has come up from the Department, I am pleased to welcome. You may all sit at the witness table. We will be glad to hear from you now.

Mr. GODFREY. Thank you very much, Mr. Chairman. We have with us today Mr. Claude G. Turner, Director of Tobacco Staff, that is, Director of our Tobacco Policy Staff, and his Associate Director, Mr. Joseph Todd; and then we have Mr. Schoonover from the Office of the General Counsel.

STATEMENT OF HORACE D. GODFREY, ADMINISTRATOR, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE; ACCOMPANIED BY CLAUDE G. TURNER, DIRECTOR, AND JOSEPH J. TODD, ASSOCIATE DIRECTOR, TOBACCO POLICY STAFF; AND WEAR SCHOONOVER, OFFICE OF THE GENERAL COUNSEL, U.S. DEPARTMENT OF AGRICULTURE

Mr. GODFREY. Mr. Chairman and members of the committee, I am Horace Godfrey, Administrator of the Agricultural Stabilization and Conservation Service, U.S. Department of Agriculture. I have with me today Claude Turner and Joe Todd of my staff, and Jake Schoonover of the Office of our General Counsel.

We are glad to appear before this committee to present the Department's views with respect to H.R. 6496 and an identical bill, H.R. 7256, to authorize the sale and transfer of farm acreage allotments and acreage-poundage marketing quotas for fire-cured, dark air-cured and Virginia sun-cured tobacco; and H.R. 5702, a bill to remove the 5-acre limitation on the amount of tobacco allotment acreage which can be leased.

The Department favors the enactment of H.R. 6496, with certain amendments. The first amendment would delete lines 3 and 4, page 1, and the language "Sec. 318" in line 5, page 1, and substitute the following: "That section 316 of the Agricultural Adjustment Act of 1938, as amended, is amended to read as follows:"

The second amendment would delete the words "Fire-cured, dark air-cured, or Virginia sun-cured" in lines 9 and 10, page 1 of the bill in order to make it applicable to all kinds of tobacco.

The third and last amendment would add the following sentence, page 4, line 2:

If acreage-poundage quotas are in effect the transfer will be made on a pound-for-pound basis, with the acreage allotments for both farms being adjusted on the basis of the farm yields.

If the committee adopts these amendments it would eliminate the need for further consideration of H.R. 5702, since a long-term lease without the 5-acre limitation is authorized by H.R. 6496. However, if the committee does not adopt the Department's recommended amendments, we would have no objection to the enactment of H.R. 6496 and H.R. 5702, as introduced.

Since this administration came into office in 1961, we have given careful thought and study to the sale, lease, and transfer of tobacco allotments and quotas as well as allotments and quotas on other crops. We have concluded that these programs should be made more flexible, and since 1961 have recommended to Congress that legislation be enacted to permit this flexibility. The need for flexibility is best illustrated by this example: This year we have 538,390 tobacco allotments; the total acreage allotted is now 932,755 acres. Thus, the average tobacco allotment is only 1.73 acres per farm. But that tells only part of the story—for Flue-cured tobacco, which accounts for 60 percent of total U.S. tobacco production, the average allotment is 3.14 acres per farm. Yet, 47 percent of the 193,521 Flue-cured allotments are 2 acres or less—for burley tobacco, which accounts for about 30 percent of total U.S. tobacco production, the average allotment is 0.86 acre

per farm. This may surprise you, but 57 percent of the 289,131 burley allotments are one-half an acre or less. The story is the same for the other kinds of tobacco.

It is readily apparent that many tobacco allotments simply do not constitute economic operating units. In our opinion, transferability of tobacco allotments and quotas will reduce the production cost, improve farm income, and enable farm operators to pay better wages to a rapidly diminishing supply of farm labor.

Let's take a close look at five important factors of production. To produce tobacco we must have (1) land, (2) labor, (3) capital, (4) equipment, and (5) a tobacco acreage allotment available. Growers now have some control, and a major degree of control, over the first four production factors, but not the tobacco acreage allotment. The authority to sell, lease, and transfer tobacco allotments will give the small farm operator an opportunity to make more efficient use of his production factors—he may purchase additional acreage with the assurance that he will have it each year. It will also make it easier for those who do not wish to continue the production of tobacco to transfer their resources into some other enterprise and at the same time would provide some compensation for the release. In addition, larger and more efficient production units will encourage mechanization in planting, harvesting, curing, and marketing of tobacco. This has already taken place in many of the other commodities, but tobacco is still a high labor crop. It still takes more than 400 man-hours to produce and sell an acre of Flue-cured tobacco. The really crucial question is: If we don't mechanize, can labor be secured to produce the needed tobacco 10 years hence?

The Department again in 1965 recommended to Congress that provisions be made for the sale, lease, and transfer of allotments for all commodities for which allotments are in effect. Previously, in 1962 the Congress had provided for the transfer of producer rice allotments under restrictive conditions and for the leasing of certain kinds of tobacco allotments on a very limited basis. Congress provides this additional transfer authority only to cotton in the Food and Agriculture Act of 1965. At that time many people were apprehensive as to what this would do to the cotton program. After 2 years of experience this apprehension has disappeared and the program is working smoothly. Almost a million acres were transferred for each of the crop years 1966 and 1967 under this authority.

Experience under the present limited lease and transfer authority for tobacco indicates that tobacco farm operators need and want some flexibility in their marketing quota program. They have made extensive use of the lease and transfer authority notwithstanding the fact that such leases are, by statute, limited to 1 year with a five-acre limit to a farm. In 1966, 80,000 acres of Flue-cured were leased, Fire-cured 4,348 acres, Dark Air-cured 924 acres, Virginia Sun-cured 25 acres, and cigar tobacco 111 acres.

Thank you, Mr. Chairman.

We will be willing to respond to any questions that you might have.

Mr. ABBITT. Thank you very much for your fine statement.

As I understand it, the Department favors the enactment into law that which provides for the sale or transfer of all kinds of tobacco allotments. Is that correct?

Mr. GODFREY. That is right. And all commodities for which allotments are in effect. We cleared yesterday, Mr. Chairman, a bill through the Budget Bureau which was sent to the Speaker, which would authorize the transfer of allotments for all commodities for which allotments are in effect by sale or lease.

Mr. ABBITT. And further, at this particular time the subcommittee deemed it best to proceed with just these two bills before us, the Department would have no objection in that respect?

Mr. GODFREY. We do not object to these two bills. We would prefer the other, but we would not have any objection to these bills.

Mr. ABBITT. I will be frank: we cannot consider these other schedules until we finish with this business. Many of us tobacco people have been advised that there is going to be a hearing on what I call the "big" bill, so that all we can say at this time is that we will have the hearings on all of these at that time. I have heard that there are some who want to be heard who are in opposition to it. I wish, therefore, that we could limit it to this particular subject before us.

I would like, if you would, for you to put into the record as soon as you reasonably can, the amount of the allotments in Virginia, Tennessee, and Kentucky, dealing with the particular types of tobaccos that are dealt with in H.R. 6496. As I understand, Virginia has an approximate allotment of some 9,000 acres, and Mr. Todd testified on another bill that it produced on about 6,000 of those acres last year.

If that could be given us for the record, the different types of tobacco covered in this bill, I think it would be helpful for the record.

Mr. GODFREY. We have this available, Mr. Chairman, and we will be glad to submit it for the record now, if you would like.

Mr. ABBITT. Thank you. That will be fine.

(The statistics referred to follow:)

Fire-cured, Dark Air-cured and Virginia Sun-cured tobacco allotments and acreage produced in 1966

State	Number of farms	Acreage allotted	Acreage produced	Average size of allotment
Fire-cured:				
Kentucky.....	8,747	12,430	9,800	1.42
Tennessee.....	8,479	14,014	11,100	1.65
Virginia.....	6,630	9,354	6,000	1.41
Total.....	23,856	35,798	26,900	1.50
Dark Air-cured:				
Indiana.....	80	29	20	.36
Kentucky.....	18,498	10,830	9,100	.59
Tennessee.....	4,667	1,835	1,600	.39
Total.....	23,245	12,694	10,720	.55
Virginia Sun-cured: Virginia.....	1,579	2,990	1,400	1.89

Mr. ABBITT. Does that cover how much was sold last year and so on?

Mr. GODFREY. It does not show the amount harvested and sold. We can provide that as additional information. It shows the number of farms having allotments and acreage allotments.

Mr. ABBITT. That is fine.

You have no objection to H.R. 5702, which deals with the 5-acre limitation?

Mr. GODFREY. We have no objection to H.R. 5702, but it would not be necessary if the overall bill is adopted.

Mr. ABBITT. Mr. McMillan.

Mr. McMILLAN. Mr. Chairman, all I have to say is that I would like to commend Mr. Godfrey on his forthright statement. I think that anyone who has been as close to the tobacco problem in my State as I have realizes that a bill of this nature is very much needed at the present time. We have thousands of these small allotments with some of them less than an acre in size. Having been reared on a farm it is almost too expensive to try to till 1 acre of tobacco land, that it almost takes 4 acres to make it an economic tobacco farm. I heartily favor this bill, and I hope the we can include Flue-cured tobacco.

Mr. ABBITT. Do you have any questions?

Mr. WAMPLER. While the bill is not before the subcommittee this morning, there is one pertaining to burley tobacco. It is my understanding that the Department would not oppose the leasing of burley tobacco allotments?

Mr. GODFREY. We would not.

Mr. WAMPLER. I assume this will be dealt with in the broad bill.

Mr. GODFREY. We recommend the lease and sale of all allotments; yes, sir.

Mr. WAMPLER. Including burley tobacco?

Mr. GODFREY. Yes, sir.

Mr. WAMPLER. Thank you.

Mr. ABBITT. Mr. Stubblefield?

Mr. STUBBLEFIELD. Mr. Godfrey, does your statement contain any reference to limitations on transfers as to county lines, or from one county to another?

Mr. GODFREY. My statement did not contain anything with reference to limiting the transfer across county lines; however, the Department's position is that it is willing to accept the recommendations of the committee to limit it to county lines or if the committee sees fit, to authorize transfer beyond county lines with certain limitations, we would be agreeable to this.

In the case of cotton, the allotments may be transferred across county lines after two-thirds of the farmers in the county approve in a referendum the transfer across county lines. There has been some talk, Congressman Stubblefield, about permitting the transfer across county lines to political subdivisions that are adjacent or contiguous to the county, to eliminate some administrative problems. We would have no objection to that.

Mr. ABBITT. Mr. Wampler has an additional question.

Mr. WAMPLER. As I understand the present law, it is limited to a period of 1 year, that is, with reference to the allotment lease?

Mr. GODFREY. Yes, that is right.

Mr. WAMPLER. Would the Department object to an amendment to extend that to a 5-year period?

Mr. GODFREY. No, we would not.

Mr. WAMPLER. Thank you.

Would you object to any further extension?

Mr. GODFREY. No, sir.

Mr. WAMPLER. We might have it in perpetuity? [Laughter.]

Mr. GODFREY. That may be.

Mr. ABBITT. Are there any further questions?

Mr. Jones of North Carolina?

Mr. JONES of North Carolina. Is the Department taking the position that you do not oppose an addition to the bill before us which would project the sale across county lines within the State?

Mr. GODFREY. Within a State, our position has been that the transfer within a State, within certain guidelines, should be possible, and we are willing to accept any guidelines that the committee would bring out. We are willing to accept any guides that the committee may wish to provide in the legislation. We feel that the need for transferability of allotments is so acute until we are willing to accept almost any guide that the committee is willing to provide.

Mr. JONES of North Carolina. Do you have any preference or any recommendation—do you believe it would be the better part of wisdom to move into it gradually?

Mr. GODFREY. Congressman Jones, our experience with cotton, in 2 years now, in operating the transfer of allotments by lease and sale indicates to us that the farmers themselves should be able to decide whether they should be transferred across county lines. If we had a preference, I would say that it should be left with the farmers to make this decision, and that we should move into this as rapidly as we can, because the labor shortage is growing more acute on the farms, the need for mechanization is becoming acute also in tobacco, and, therefore, we have to reduce the cost of production. We have many farmers that will suffer bad circumstances on their returns, net returns, otherwise.

Mr. JONES of North Carolina. My colleague has asked me, Mr. Chairman, to yield to him; and I do.

Mr. KORNEGAY. Along that line, is it the position of the Department, if it is decided by the subcommittee as to the sale across county lines, that it should not be done in the absence of the referendum that you referred to in the case of the cotton program.

Mr. GODFREY. I said that our experience with cotton indicated that this might be the best avenue, a referendum; yes, sir.

Mr. KORNEGAY. Thank you.

Mr. ABBITT. Are there any further questions?

Thank you so much for coming up here. We appreciate it.

If you will wait until our meeting progresses further, we would appreciate it, because there may be other questions that may arise.

Mr. GODFREY. Thank you, Mr. Chairman, I have other urgent business, but nothing is more urgent to me than this kind of legislation; so, I will be here to answer any questions that may come up.

Mr. ABBITT. We have next on our witness list, Mr. Thomas B. Hall, Jr., who is director of the Virginia Dark-Fired and Sun-Cured Tobacco Export Association of Farmville, Va., who, according to this list, is accompanied by Mr. John Beach, Blackstone, Va., Mr. G. H. Stalling III, of Lynchburg, Va., Mr. Marvin Inge, Jr., Blackstone, Va., Mr. E. P. Lancaster, of Farmville, Va., Mr. Clarence Parker, and Mr. Willie B. Irby.

You may introduce them, if you desire. You gentlemen may come to the witness table with Mr. Hall, if you desire.

We will be glad to hear from you now, Mr. Hall.

I might state, too, for the record, that these gentlemen are from one

of the finest places in the world, the Fourth Congressional District of Virginia.

We appreciate your coming up here so much.

Mr. McMILLAN. We also have a fine chairman from that congressional district.

STATEMENT OF THOMAS B. HALL, JR., DIRECTOR, VIRGINIA DARK-FIRED AND SUN-CURED TOBACCO EXPORT ASSOCIATION, FARMVILLE, VA.; ACCOMPANIED BY JOHN BEACH, BLACKSTONE, VA.; G. H. STALLINGS III, LYNCHBURG, VA.; MARVIN INGE, JR., BLACKSTONE, VA.; J. MOTT ROBERTSON, E. P. LANCASTER, CLARENCE PARKER, AND WILLIE B. IRBY

Mr. HALL. Mr. Chairman, and members of the committee, I am Thomas B. Hall, Jr., of Farmville, Va.

I am chairman of the Virginia Dark-Fired Tobacco Commission. I am also general manager of the Virginia Dark-Fired Tobacco Growers Marketing Association and the Sun-Cured Tobacco Marketing Cooperative, both grower-marketing organizations representing Virginia type 21 dark fired and type 37 Virginia sun-cured. I am a dark-fired grower.

I am speaking for the entire type 21 Virginia dark-fired industry and we also have present today the following members of the industry from Virginia. John H. Beach, president, Dunnington-Beach Tobacco Co., dark-fired dealers and exporters; Willie B. Irby, member of the Virginia Dark-Fired Tobacco Commission and a tobacco grower; M. E. Inge, Jr., warehouseman and grower; G. Stalling, III, president, G. Stalling Co., dark-fired dealer and exporter; J. Mott Robertson, a member of the Virginia Dark-Fired Tobacco Commission and a grower and warehouseman.

From 1955 to 1965 production of dark-fired type 21 remained rather steady at 9 to 10 million pounds. Allotments were slightly above 9,000 acres, about 80 to 85 percent of which has been grown each year. The law enabling growers to lease acreage within a county has been a great help in getting an adequate amount of tobacco produced.

In the case of Virginia sun-cured type 37, production has declined in the past 10 years from about 3.3 to 1.8 million pounds. This has happened in spite of the lease law and mostly because of the sharp competition for labor in the producing area.

There has been a rather sharp reduction in acreage grown of both type 21 and type 37 in the past year. Type 21 production dropped from 9.6 to 7.5 million pounds and type 37 dropped from 2 to 1.5 million pounds. This was in a year of adequate rainfall in most of the production area and was due to lack of acreage being put into production.

In Virginia type 21 for several years we have contended that there is an underproduction of our tobacco and not a surplus and that we are losing foreign trade because we are not supplying the demand for many of our grades. Disappearance has exceeded production in 10 of the last 11 crop years.

The average allotment of type 21 is 1.36 acres. The average allotment of type 37 is 1.65 acres. At the average yield and price currently this would mean about \$700 to \$750 gross return to each farm. Out of this must come the production expenses.

As has been so aptly said, for tobacco to receive the proper attention it must be one of the leading sources of income on the farm. With the average allotment of 1.36 to 1.65 acres, respectively, this can never be the case.

Therefore, we, in Virginia, type 21 and type 37, go on record as being heartily in favor of H.R. 6496 for the sale and lease of dark-fired and dark-air-cured tobacco acreage. We see no harm in permitting the sale or lease within a State but if others object to the statewide sale or lease we would limit it to counties.

Mr. Chairman, on behalf of the Virginia delegation, thank you for the opportunity of appearing before you today in support of H.R. 6496. We strongly urge that this bill be reported favorably by this committee.

Mr. ABBITT. As I understand it, Mr. Hall, you do not object to transfers limited to counties?

Mr. HALL. No, sir; we do not.

Mr. ABBITT. It would be all right to limit it to the State, too?

Mr. HALL. The one thought that I have is that we have some fringe counties that have very small allotments. They are dropping in production fast, and these allotments would be lost eventually, but if permitted on a statewide basis then they could transfer these to another county, but we would agree with Mr. Godfrey's statement that we have a referendum, if necessary.

Mr. ABBITT. Thank you.

Are there any further questions?

Mr. Jones?

Mr. JONES of North Carolina. In view of what you have just stated, what would be your reaction to making a choice on this, to have it somewhat limited as to the acreage?

Mr. HALL. I really have not thought about it. I think that it might be somewhat limited. If we could not get it any other way, we would take that.

Mr. JONES of North Carolina. Thank you.

Mr. ABBITT. Mr. Wampler?

Mr. WAMPLER. Would you give the subcommittee your observation as to how well the tobacco-leasing program has worked out in your area in the last 2 years?

Mr. HALL. I do not have the figures, Congressman Wampler, but it is quite active ever since the law was first passed. We always have acreage that it seems is not leased, but we do have a considerable amount of acreage that is leased; in other words, we have acreage that is available for lease which is not used but we also have a considerable amount of leased acreage each year.

Mr. WAMPLER. Do you feel that by being able to lease the allotments, it would be helpful, so far as the farm labor is concerned?

Mr. HALL. It has helped greatly.

Mr. WAMPLER. So, I gather by your comments then that the growers of tobacco in your area favor the leasing of tobacco allotments; is that correct?

Mr. HALL. They favor the leasing, yes, sir; and the sale. I think that the Virginia growers and the warehousemen and the dealers are 100 percent behind the lease and sale in the dark-fired area.

Mr. WAMPLER. Do you feel that the leasing of allotments would have a tendency to produce a better quality of tobacco?

Mr. HALL. Yes, sir; I think that you would have more of it on the farm, and that you would have more economical units and that the grower could utilize his labor better, and it would tend to decrease the cost.

Mr. WAMPLER. I gather from your remarks that is one of the reasons the tobacco industry in this country has lost some of its foreign markets, because of our failure to pay proper attention to that.

Mr. HALL. Yes, sir. That has been the case until a year or two ago, when I think in recent years our quality in dark-fired and dark-air-cured tobacco has improved due to the work put on it. I think that these lease bills have been partially responsible for that.

Mr. WAMPLER. Thank you.

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

Do any of those present with you have anything further to say?

If not, we appreciate very much your coming up here and being with us again and presenting your views.

Mr. MILLER. If I may, Mr. Chairman, just for the new members on the committee, I should like to go into this in more detail; that is, as to the sale of the tobacco allotment procedure.

What is the amount of money received for the sale of tobacco leases? Is it a sizable amount?

Mr. HALL. No, sir. It ranges from anywhere near zero dollars to approximately \$100 an acre in our situation.

Mr. WAMPLER. You are talking about the leases?

Mr. HALL. Yes, sir; the leases. We never had any sales.

Mr. MILLER. What would it be for a sale? For instance, is this a business where people would try to acquire good sized acreage, for the purpose of selling their acreage—speculating in it; is this possible?

Mr. HALL. Personally, I do not think so, because I think the dark-fired acreage tobacco in the valley will be rather hard to establish. I do not think that most people think it is worth very much. I do not think people are going to accumulate it because they think it is a valuable item. They who want to sell it may think it is a real valuable item, but those buying will think twice about that, because the future is not too bright, to increase the production of this tobacco.

Mr. MILLER. Thank you.

Mr. ABBITT. Thank you.

As I understand it, the dark-fired tobacco has been going down throughout the years historically. I could remember, back years ago, there were thousands and thousands of pounds of it. Now, I understand that it is the other way. It does not sell like it should.

Is there anything else that you would like to add.

Mr. Burke?

Mr. BURKE. I know that over the years there has been a great deal of speculation with regard to the sale of oil leases. Would this apply to the tobacco acreage?

For instance, would it be a speculative investment for anyone?

Mr. HALL. As I understand it, it would have to be on the actual allotment. It must not be in production the year before, but it must be or have been in production enough years to be active on the farm; otherwise, he would lose it. It could not be kept indefinitely for that reason, if they did produce on it.

Mr. BURKE. Thank you.

Mr. ABBITT. We appreciate very much your coming here today.

We have another Mr. Hall from Virginia here today, who is chairman of the Farmers Union.

We will be glad to hear from you now. We appreciate your being here.

STATEMENT OF JACK HALL, PRESIDENT, VIRGINIA FARMERS UNION, WINDSOR, VA.

Mr. HALL. Mr. Chairman and members of the committee, I have been asked to represent the National Farmers Union, too.

In reference to House bill 6496, the Farmers Union has no prepared statement. I shall make an oral statement.

We iterate the policy of the National Farmers Union to keep as many of our family-farmers on the farm as we possibly can, if they can earn a decent living, and to provide an education and to provide clothing and food and fiber for themselves and the numerous others as we have done in the past.

I think that we are the most successful people in agriculture in the world. In fact, we have become so successful that we can produce ourselves into bankruptcy, and that is why it is necessary to have the supply-management program that we are discussing here today.

I got a little bit alarmed at the remarks of Mr. Godfrey in reference to the transfer and sale or the lease or sale of allotments of all the basic commodities which are supported in the price-support program. The reason I am alarmed is that the curse that has been extended to the law-abiding South has finally come upon us as the result of the Civil War and its aftermath. We have had several generations, two or three, of uneducated, untrained people who are good farmers—they are trained to farm but they are not trained for other occupations. Already, our cities are overcrowded to the extent that vast sums of money are appropriated by the Congress each year for welfare purposes. We have riots in the streets; we have beatniks. We have a little bit of everything. Fortunately, I do not see them in our rural areas.

I think it is a good thing that these boys and girls, the young men and women are being educated and trained in our rural areas. I think that the Nation and the national welfare of our people is the export of the best commodity that we produce, which is our boys and our girls, that these people we are talking about in this bill, even though their income is low, have managed to educate a generation of children and have made them into fine men and women.

I am glad to see some of them right here before me, as Members of this Congress. It does me a lot of good to come to Congress and see some of our people with rural atmosphere here. I have seen some of the thinking that you have exhibited here and demonstrated here which indicates that you have not forgotten the general welfare clause of the Constitution of the United States.

First of all, this bill is one that we are not in opposition to in principle; however, there are certain aspects of the contents of one of the bills, a provision that we might get a 10-percent increase in the production of tobacco. It is limited to that. Is it necessary? Is it necessary that we have more tobacco that we can sell at a reasonable price at this time?

Stabilization has taken some of this in.

We would like for our farmers to have a little more tobacco acreage allotment, certainly; but there is one aspect of this, the voting, in which the farmers would be asked to vote these allotments. There would only be people concerned who wanted to lease an allotment, or those who wanted to buy up a lease or buy an allotment would vote in the referendum; they are the ones that are concerned.

You will observe the history of all of the voting, that practically all of it, if you will, under the farm programs, indicates that we have only a small percentage of the farmers participating, and the reason for it is just this: If this bill is voted on next month, only the people I say would be concerned would be the only ones to gain something from it; an advantage, monetarily or some other way, would be to the ones who would vote.

If we could devise some system whereby every farmer, every tobacco farmer, would exercise his right to vote on this, it would not pass. That is my conviction, and I deal with farmers everyday throughout the country. I listen to them, and I hear them. They are alarmed with this selling and leasing of allotments, because it is a foot in the door, through which business and professional people can enter into the operation of America's farms. I do not think it is good.

I do not believe in the factory in the fields. I do not think that it is good for our farmers. I do not think it is good for our consumers. And I know that it is not good for the national welfare.

Just recently, we had a great discussion over another commodity, and it applies directly to this bill.

I have the greatest respect for my Congressmen, and while I am not opposing you, Mr. Abbitt, on this bill, we do certainly want certain safeguards and enough safeguards written into this bill whereby we will not be moving our farmers from the tobacco areas; because, otherwise, where are we going to put them; what are we going to do with them? I think they are much better off right on the farms. They are making a living; they are not on welfare. You will not find any of them drawing a welfare check. They are not making welfare their career. And this is the thing that we want to guard against, and when we change these, the basic systems by which we have protected these allotments, the allotments staying on the farms can be reached and the allotments can be worked so that it is not taking tobacco out of production.

I live in the southeastern part of Virginia which produces very little tobacco, that is, in my county—only two or three allotments—but the farther west you go they are having acreage lying idle. If a farmer has it, he can rent it on a share-crop basis; a cash rental may be received from someone in the community. They can work it on his farm.

Mechanization is fine, but I heard a tobacco warehouseman and a manufacturer, in a group of them in North Carolina this past week, telling me that the best tobacco that they could get came from a little family farm that was worked by the family that took care of the crop, exercising more diligence in getting a good product on the market. We are thinking of progress. We want to produce as much food as cheaply as possible, but we want the farmer to make a profit, too. And these farmers are making a profit; although they are not making much,

but they are making a whole lot more than they would in Harlem or in Watts or some other place.

That is our case, gentlemen. I hope I have not rambled too much, Mr. Chairman, and members of the committee.

We certainly want to protect our rural areas of America because if those people leave those rural areas, the community is gone, the church and the schools, the little clubs that they have, the social and economic system that we have in the rural areas which are built around the family farms. And it has been successful, Mr. Chairman, as you are well aware. We do not want anything to impair that. We are fearful of what the Department of Agriculture is doing here in Washington. It seems to have too much policy being made whereby the tail is wagging the dog instead of the dog wagging the tail.

With that I will conclude my remarks, and thank you.

Mr. ABBITT. Thank you very much, Mr. Hall, for that fine statement. I appreciate what you have had to say. I understand your apprehension is as to the overall sale and transfer of allotments generally rather than just to the dark-fired tobacco?

Mr. HALL. Well, yes, sir.

Mr. ABBITT. You realize that the dark-fired tobacco is grown down in southern Virginia?

Mr. HALL. That is true. We have already heard right here what plans are being made to move into all of the commodities. I believe that we are opening the gap and that there will be a flood of water coming over the dam and it will wash it all away, and 5 years from now it will be something else.

Mr. ABBITT. Thank you.

Are there any further questions?

Mr. Jones.

Mr. JONES of North Carolina. You do not have any flue-cured tobacco in your district, do you?

Mr. HALL. Yes, sir; we do. We have more flue-cured tobacco than dark-fired.

Mr. JONES of North Carolina. Whom do you represent?

Mr. HALL. I represent the National Farmers Union all over the United States. I am president of the Virginia Farmers Union.

Mr. JONES of North Carolina. You are in the State of Virginia?

Mr. HALL. Yes.

Mr. JONES of North Carolina. You are speaking for the National Farmers Union?

Mr. HALL. Yes, as well as the Virginia Farmers Union. I am president of the Virginia Farmers Union. I am here representing, too, the National Tobacco Association; Mr. Reuben Johnson asking me to speak for the National Farmers Union.

Mr. JONES of North Carolina. You are not approving this?

Mr. HALL. We are not approving this, because if we approve this one we are approving the other bill. We are not violently opposing it, but we certainly do not approve it, because we want to protect the interest of the family farmer.

Mr. JONES of North Carolina. Thank you.

Mr. ABBITT. Thank you.

I have here a telegram from Mr. R. A. Hammack, general manager of the Eastern Dark-Fired Tobacco Growers Association; another

telegram from Mr. Jerry O. Bange, executive director, Altamaha Area Planning & Development Commission; another telegram from the Jeff Davis County Farm Bureau, Barney O. Quinn, president, which will be made a part of the record at this point.

I will also include a statement from the Kentucky Farm Bureau Federation which will be made a part of the record at this point. This statement is being presented by Mr. Jack Welch, Mr. Fred Westerfeld, Mr. Dale Scott, and Mr. E. W. Kesler.

(The telegrams and statement follow:)

HAZLEHURST, GA., April 17, 1967.

Congressman ABBITT,
House of Agriculture Committee Hearing on H.R. 6496,
Agriculture Building,
Washington, D.C.:

Farm Bureau members Jeff Davis County, Ga., request you amend bill No. H.R. 6496 to include Flue-cured tobacco.

JEFF DAVIS COUNTY FARM BUREAU,
BARNEY O. QUINN, President.

BAXLEY, GA., April 17, 1967.

Congressman W. M. ABBITT,
House Agricultural Committee Building,
Washington, D.C.:

Respectfully request consideration of including Flue-cured tobacco, House Bill 6496. Appreciate your cooperation.

JERRY O. BANGE,
Executive Director,
Altamaha Area Planning and Development Commission.

RICHMOND, VA., April 17, 1967.

Hon. WATKINS M. ABBITT,
House Office Building,
Washington, D.C.:

The Virginia Farm Bureau Federation support H.R. 6496 allowing the sale and lease of allotments of dark-fired and sun-cured tobacco. We would oppose, however, any attempt to include flue-cured and burley tobacco under sale arrangements. Please place our position in the public record of the hearing of H.R. 6496.

RONALD NOWLAND,
Virginia Farm Bureau Federation.

SPRINGFIELD, TENN., April 17, 1967.

Hon. WATKINS M. ABBITT,
Chairman, Tobacco Subcommittee,
House of Representatives, Washington, D.C.:

Our board of directors on record as approving H.R. 6496. We would prefer holding sale and transfer of allotments within county lines. Also feel that sale and transfer of allotments should be limited as to acreage to prevent undue accumulation of acreage in the hands of a few.

R. A. HAMMACK,
General Manager,
Eastern Dark-Fired Tobacco Growers Association.

STATEMENT OF THE KENTUCKY FARM BUREAU FEDERATION

We appreciate the opportunity to present the views of the Kentucky Farm Bureau Federation with respect to the sale and leasing of tobacco allotments. The Kentucky Farm Bureau Federation is a general farm organization with

84,042 members. We are organized in 115 counties in Kentucky, including every county that produces dark fire-cured and dark air-cured tobacco.

At our last annual meeting on November 17, 1966, in Louisville, Kentucky, the voting delegates, representing the 115 county Farm Bureaus, adopted the following resolution:

"We are opposed to the selling of tobacco allotments. We are opposed to the leasing of burley tobacco allotments."

In light of this action, we, therefore, respectfully request this committee not to act favorably on the bills to permit the selling of tobacco allotments or the bills that would permit the leasing of burley tobacco allotments.

We believe that some changes could be made that would greatly help the producers of dark air-cured, dark fire-cured and burley tobacco.

We recommend that you enact legislation that would permit the exchange of dark air-cured and dark fire-cured tobacco allotments, one for the other, from farm to farm within the same county on an equal basis. We believe this would permit a producer to accumulate an amount of one type of tobacco sufficient for an economical operation yet not concentrate tobacco allotments into the hands of fewer people and on fewer farms.

With respect to burley tobacco, we recommend that legislation be enacted to provide that future downward adjustments in allotments be shared proportionately by all growers.

We urge you to give serious consideration to these recommendations.

Mr. ABBITT. Mr. McMillan has some people here from his State that want to be heard.

Mr. McMillan is a very active member, not only of the subcommittee but of the full committee. He has asked to present these people.

Mr. McMILLAN. Mr. Chairman, I would like to introduce to you Mr. David Sloan, president of the South Carolina Farm Bureau; Mr. Robert Mace, of Gresham, Marion County, S.C. Both of these gentlemen are from my congressional district. I am certain that they are well acquainted with conditions confronting the farmers in my State, and I would like to say all tobacco produced in South Carolina is sold in my congressional district. The majority of tobacco farmers in my district are for this bill. We also have with us from South Carolina Mr. Ray Segars, Mr. Ervin Seymour, and Mr. P. L. Elvington, president of the Grange.

These gentlemen have come up here this morning at their expense because of their great interest in this subject. I would like for them to have an opportunity to make a statement to the subcommittee in order to record their views.

Mr. ABBITT. We are glad to have you gentlemen here, from a fine colleague's district.

We will be pleased to hear from you now, Mr. Sloan.

First, let me state to Mr. Henderson, that I am mighty proud to have had you here present with us today. You have been most active and helpful. We appreciate so much your being here this morning.

STATEMENT OF HON. DAVID N. HENDERSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA

Mr. HENDERSON. Mr. Chairman, I believe you know of my long interest in our tobacco program.

We have made some changes in the program during the past few years which were considered quite revolutionary, such as permitting leasing acreage to be tended on the farm of the lessee rather than the

farm of the lessor. We have gone from a straight acreage program to acreage-poundage.

But in all of these changes, we have either gone into them very, very gradually or we have gone into them only after conducting a referendum among the producers.

In this instance, we have not conducted a referendum, and I do not believe that any of the bills introduced thus far require a producer referendum specifically on the sale of tobacco allotments.

I realize that having experimented with the leasing of tobacco for several years as a means for enabling the holder of a small allotment of insufficient size to justify an independent economical operation to lease it to another producer who would not have to go to the trouble and inconvenience of raising the lease acreage on the lands of the lessor, we have, in a sense taken the first step toward an outright sale of allotment, separate and apart from the land. And in considering the proposal for outright sale in this light, we could say that it is not really such a revolutionary step.

I do not say that as a hard and fast requirement we should decree that before taking a step we submit the issue to a producer referendum, but I do suggest that this point should be strongly considered.

However, I do not believe that under any circumstances, we should permit the sale of allotments across county lines.

In eastern North Carolina, the county unit is the basic local governing administrative unit in our economy, and the chief source of revenues of our counties is ad valorem tax on real estate. Every county that I know anything about in eastern North Carolina uses a system which increases or decreases the valuation on farm property for tax purposes based on the size of the tobacco allotment on that particular farm. There is no question in the mind of anyone that the value of farm property in eastern North Carolina fluctuates directly with the amount of tobacco acreage-poundage allotted to it.

In my opinion, it would be a serious mistake to permit the sale of tobacco across county lines as it would very drastically reduce the tax base in every county in eastern North Carolina.

My conclusion is that we should enact into law legislation which would authorize transfer of tobacco allotments only within counties, and only if approved in a referendum by two-thirds of the growers.

Mr. ABBITT. Now we will hear from Mr. Sloan.

STATEMENT OF DAVID SLOAN, PRESIDENT, SOUTH CAROLINA FARM BUREAU, MARION, S.C.

Mr. SLOAN. Mr. Chairman and members of the committee.

Perhaps, what I am going to say is not appropriate to this meeting because we thought that flue-cured tobacco was perhaps to be included, and since we grow only flue-cured tobacco in our state, my comments will be towards this. They will be short and to the point.

I am David Sloan of Marion, S.C. My appearance before this committee is in a dual capacity. I appear as president of the South Carolina Farm Bureau in behalf of its 25,821 members, and as a general farmer from Marion County. The majority of the income derived from my farm comes from the production of tobacco.

I appreciate the opportunity to appear before this committee and give you the thinking of our tobacco farmers. It is great to live in a country such as ours and under a system of government where people such as I and others present have an opportunity to express themselves, their beliefs, and opinions.

Change is something we must all face and a condition to which we must stay abreast.

I will deviate from the statement here to say that we are certainly in accord with the statement that Mr. Godfrey made this morning, that flue-cured tobacco and other tobaccos be included in this.

For many years the South Carolina Farm Bureau opposed the sale and leasing of allotments. Last year our voting delegates saw the necessity of changing this policy which now reads as follows:

We recommend that USDA regulations make it permissible for tobacco farmers to rent, buy, or sell tobacco allotments within counties or across state lines.

There are many reasons why this policy has changed. They are all tied to the present-day circumstances which farmers must confront.

COST PRICE SQUEEZE

The margin of profit per acre has steadily increased. This makes it necessary for a farmer to plant more acreage in order to survive economically.

MECHANIZATION

The scarcity and price of farm labor have forced farmers to mechanize as far as possible. These larger tractors, harvesters, and bulk curing equipment are very expensive, and can't be justified or paid for with small acreage allotments.

MANAGEMENT

Today's farmers are businessmen who have to be good managers or large enough to justify the employment of good managers. Management is the key to their success, and it is necessary for them to use every tool available to save money. This includes adequate accounting, bulk purchasing, et cetera. This cannot be done with real small units.

LAND PRICES

Many farmers have purchased land containing tobacco allotment which artificially raised the price of the entire tract. Some of the allotments are not large enough to plant and the farmer would like to sell them and use his time and investment toward other types of farming.

SMALL ALLOTMENTS

The adjustments that have been necessary during the past years in order to keep supply and demand in balance reduced many allotments to the size of being ridiculous. I would like to show you some figures

from my home county of Marion, as well as South Carolina as a whole, concerning this:

Tobacco allotments in acres	Marion County number	South Carolina number
0.01 to 0.50	125	4,511
0.51 to 1.00	84	3,527
1.01 to 2.00	162	4,527
2.01 to 3.00	190	3,869
3.01 to 4.00	169	2,134
4.01 to 5.00	107	1,425
Total allotments 5.00 acres or less	837	19,993

There is no doubt in my mind that the sale or lease of tobacco allotments on a long term basis—up to 10 years—would serve in the best interest of many fellow South Carolinians. In some cases, it could provide enough money to keep the family from losing farm and home.

In my opinion, there are many more reasons why the Congress would be acting in the public interest by passing legislation permitting the sale and/or long-term lease of tobacco allotments. I am sure that you gentlemen are aware of these and many more.

Thank you again for this privilege of placing these remarks in the record of this hearing. Your efforts on behalf of the farmers affected by this situation will be greatly appreciated.

We have Mr. Segars here, and he may have some comments he would like to make.

MR. ABBITT. We shall appreciate hearing from you Mr. Segars. We thank you for coming up here.

I might say this, that so far as I am concerned, I am going to see to it that you all will have the opportunity to be heard on the bill you have reference to.

STATEMENT OF RAY V. SEGARS, JR., OSWEGO, S.C.

MR. SEGARS. Mr. Chairman and members of the committee, My name is Ray V. Segars, Jr., of Oswego, S.C., which is in Lee County. I am a farmer conducting a general farm operation in partnership with my father and brother.

I sincerely appreciate the opportunity of placing testimony pertaining to the sale of agricultural crop allotments before this committee.

During the past several years we have been forced to undergo what has amounted to a complete changeover in the methods of growing and harvesting agricultural crops. Because of the high cost of labor, it is no longer feasible to depend on hand labor as in the past, and this has necessitated a heavy outlay for machinery. This full mechanization, with the resultant heavy investment, now makes unit size of great importance if the operation is to be economically feasible.

We are not tobacco farmers, but through acquiring land over the years have developed an allotment of approximately 6.4 acres. Our land is not especially suited for tobacco, and if it were, this small allotment is not large enough to be farmed successfully and profitably. We would be happy to sell this allotment to some other farmer, so that he might include it in an operation large enough to be economical-

ly sound. However, since the total cost of the acquired land was increased considerably due to the existing tobacco allotment thereon, we must protect our investment by planting the allotment, thereby maintaining its history. We do not wish to plant tobacco, but this is the only plausible answer until such time that regulations would permit the sale of this allotment.

I realize that this is primarily a tobacco hearing, but other crops are in the same situation. In the past several years a complete revamping of production, harvesting, and curing methods have taken place in almost all crops.

We find ourselves in a peculiar situation in regards to our allotments. We would be happy to sell our tobacco and would also welcome the opportunity to purchase additional peanut, cotton, and wheat allotments to better utilize our land, equipment, and investment.

In closing, I would sincerely suggest that the following factors; that is—(1) land suitability, (2) economic units, (3) cost of mechanization, (4) proximity of markets, (5) increasing labor costs, (6) overall increasing costs of production, and (7) increasing capital investments, make it imperative that holders of agricultural crop allotments be allowed to sell said allotments across county lines within their States if they are going to remain solvent and make progress.

Again, thank you for the opportunity of placing these remarks in the record of this hearing.

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

Is there someone else?

Mr. SLOAN. The next is Mr. Mace.

STATEMENT OF ROBERT G. MACE, ROUTE 2, GRESHAM, S.C.

Mr. MACE. Mr. Chairman and members of the subcommittee, I am Robert G. Mace, a tobacco farmer of Route 2, Gresham, Marion County, S.C.

I am strongly in favor of legislation permitting owners of farmlands which presently have tobacco acreage allotted to them to be able to lease, transfer, or sell the allotments to owners of other farmlands. The reasons I strongly favor this legislation are as follows:

1. There are many farmers in our county which own small farms. These people have found it necessary to find off-farm employment or greatly increase the size of their farming operations. Those who have found off-farm employment have been forced to lease their tobacco acreage the best they could under the present strict regulations. Many of them are in danger of losing their homes as the rental they receive from their tobacco allotments will not service their indebtedness. If they could sell these allotments, pay off their debts, they could retain their homes and small farms which they could use for livestock or some other crops not requiring the manpower of tobacco.

Those who have chosen to increase their farming operations have heavily invested in equipment. If they could purchase allotments, lenders would feel more secure and the farmer would be on sounder financial ground than he is at the present time. Now, he may have only short-term leases or leases subject to unforeseen change, requiring him to operate over an 8- to 15-mile radius and operate different farms each

year. For instance, I lost my lease on a 200-acre farm this year due to death of the owners.

(2) Some of our county's farmers have soil not as ideally suited to tobacco production as some others. They have found it in their best interest to concentrate on other crops as they are more efficient. Those who own the most productive tobacco soils can naturally grow tobacco more economically and are able to pay the high wages and purchase the new and expensive machinery required.

(3) As humans will, some of my neighbors simply don't like to grow tobacco. One told me last week he would like very much to get rid of his tobacco acreage and concentrate on grain production which he likes.

I can see no real objections to legislation which is permissive in nature. I strongly feel we will be much more able to compete in the world market by allowing tobacco allotments to belong to those persons which have the soil and temperament best suited to tobacco production.

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

Is there someone else?

Mr. SLOAN. We have next Mr. Seymour.

Mr. ABBITT. We will be glad to hear from you, Mr. Seymour.

STATEMENT OF W. I. SEYMOUR, FARMER, SUMTER COUNTY, S.C.

Mr. SEYMOUR. Mr. Chairman and members of the subcommittee.

My name is W. I. Seymour. I am a farmer residing in Sumter County, S.C.

I am grateful for this opportunity to place testimony pertaining to the sale of agricultural crop allotments in the record of this committee hearing.

During the past several years, my capital investment has increased tremendously due to the fact that it became necessary to mechanize my farming operation. In our area hand labor is becoming increasingly costly, and with the continuing influx of industry will shortly be virtually nonexistent.

In order to economically justify the expenditure for expensive farm equipment, it is imperative that this machinery be kept in operation as much as possible. The size of a farm operation, therefore, has become of utmost importance.

In my area there are many farmers who have very small tobacco allotments. Many of these people would be happy to dispose of these allotments if permitted to do so. Since they are not presently permitted to sell their allotments, they must continue to plant them in order to maintain the history.

This is important to them because tobacco allotments in my area add tremendously to the overall value of a farm. This seems to me to be an unfair situation since many of these small allotment holders are virtually forced to farm an unprofitable unit of tobacco in order to protect the value of their farm as a whole.

In my thinking, it would be more reasonable to allow the sale of crop allotments across county lines within a State. If this were allowable, economical feasible units could be acquired by those who wished to continue producing tobacco; and those with small allotments who

wished to discontinue tobacco production could dispose of said allotments without suffering financial loss.

We are experiencing a rapidly changing agriculture, and if producers are to remain in business, they must be allowed to be flexible and change with conditions.

I am sure you gentlemen realize this, and I would urge you to exert your best efforts in this matter to the end that agricultural allotments for tobacco and other allotted crops might be sold across county lines within States.

Again, thank you for the opportunity of appearing before you and placing these remarks in the record of this hearing.

Mr. ABBITT. Thank you very much for your very fine statement. We are very glad to have had you here.

Mr. SLOAN. We next have Mr. Elvington.

Mr. ABBITT. We will be glad to hear from you, Mr. Elvington.

STATEMENT OF P. L. ELVINGTON, THE GRANGE, NICHOLS, S.C.

Mr. ELVINGTON. Mr. Chairman and members of the subcommittee, I am P. L. Elvington of Nichols, S.C. I am chairman of the Grange Tobacco Committee. I do not have a prepared statement. What I will say will be just oral.

The Grange heartily concurs in what Mr. Sloan stated on the sale or lease of flue-cured tobacco allotments within the county or within the State. We prefer it to be eligible for a man to be able to sell or to lease his tobacco allotment within the State. We prefer that the allotment be retained for the individual States.

In my county, the record would be much larger than for Marion County, because it happens to be the largest tobacco-growing county in the State. Our problems are much more numerous than with the small grower allotments, which is a situation of its own. And then we have a lot of elderly people who have allotments who are just playing along trying to make a living out of their allotments, and if they could sell them, I think that it would be much more profitable to them, and they would make more profits than they do at present.

Thank you for the opportunity of appearing before this subcommittee. We hope that you gentlemen can give us some relief in this particular situation.

I thank you very much.

Mr. ABBITT. We appreciate all of you gentlemen coming to meet with us.

Mr. SLOAN. Thank you.

Mr. ABBITT. Mr. Stubblefield has some of his constituents here whom he would like to present.

Mr. STUBBLEFIELD. I would like to present Mr. Jack Welch, Mr. Fred Westerfeld, Mr. Dale Scott, and Mr. E. W. Kesler.

I understand that they do not desire to testify but have a statement which they wish to file for the Kentucky Farm Bureau.

Mr. ABBITT. That is fine. We appreciate that, and I just a few minutes ago received one such statement for the record.

Mr. STUBBLEFIELD. They are here to answer questions, however.

Mr. ABBITT. Thank you very much for appearing here. The statement of the Kentucky Farm Bureau is already in the record, but if

you have any further statements, they may be incorporated in the record.

MR. STUBBLEFIELD. I also have Mr. Jack K. Robey, a former constituent of mine. Maybe he would like to make a statement.

MR. ABBITT. We would be glad to hear from you, Mr. Robey.

STATEMENT OF JACK K. ROBEY, FRANKLIN, KY.

MR. ROBEY. Mr. Chairman and members of the subcommittee, I have been asked by the president of our association, the Association of Dark Leaf Tobacco Dealers & Exporters, Inc., to read this statement by our president, and after that I would like to make a comment or two on my own.

Our association is very interested in the enactment of legislation similar to that contained in H.R. 6495 and H.R. 7256 on which hearings are to be held on April 18, 1967. We have asked Mr. Jack K. Robey, President, E. S. Robey and Company, Franklin, Kentucky, one of our directors, to represent this Association and present a statement before your Committee at that time.

We have become quite concerned over the prospect of curtailment of some of our flourishing exports markets, particularly in the fired types, due to the uncertainties of tobacco production and the subsequent decrease in the amount of export type leaf available to our foreign customers. The basic cause of this condition is the high labor cost of harvesting the crop which reduces profit margins for some growers to the point where continued production is no longer planned. This trend is to some extent counterbalanced by the willingness of some growers with the skills, facilities, and capacity to hold a capable labor force to acquire additional acreage, primarily for the production of export type leaf.

It has been the position of this Association that growers should be encouraged, by all possible means within the framework of the tobacco program, to produce the traditional export type fired cured leaf that is in great demand and short supply. For this reason we endorse the above legislation provided that it is amended to restrict the areas of sale and lease to county rather than state lines. We recommend this amendment in order to avoid disruption in the local economies that would result from movement of allotments across county lines and out of the traditional growing areas for these types of tobaccos.

We urge the enactment of this legislation under consideration. We believe that it will aid in stabilizing production of export style dark tobaccos thereby insuring our foreign customers a dependable source of supply. It should help in maintaining income for the grower wishing to continue production as well as providing for adequate compensation for the farmer wishing to stop production and dispose of his allotment.

With appreciation for your consideration of our recommendations, we are

Very truly yours,

ASSOCIATION OF DARK LEAF TOBACCO DEALERS
AND EXPORTERS,
JAMES S. ANDERSON, *President*.

I happen to represent three companies that deal in dark tobacco. We cover every market on dark-fired. We are very anxious that these allotments stay alive, because they are no good to the farmers, and the economy of the country or our business, otherwise.

I recently talked to the American representative of the French tobacco monopoly. He is very, very disturbed about the future of his purchases in this picture, because heretofore he has been able to buy tobacco from the association, but at the present time the association had no tobacco of the export type out of the previous crops, but we do hope that we will have some from this past crop, because the associations have made one step forward, in that they have started to steam dry the dark-fired tobacco, and this will make this tobacco exportable, so that it will be in good condition.

I thank you for letting us appear.

I will be glad to answer any questions.

Mr. ABBITT. We appreciate your coming here, Mr. Robey.

As I understand it, the dark tobacco at the present time has a hard time getting enough selectivity?

Mr. ROBEY. Yes, that is true.

Mr. ABBITT. Are there any further questions by any other members?

Mr. Stubblefield?

Mr. STUBBLEFIELD. Do you have difficulty filling orders for export in certain types of tobacco?

Mr. ROBEY. Congressman Stubblefield, none of our companies say that it is impossible to get it. Take the instance of France and those countries that demand that type of tobacco. The farmers are growing heavier darker types, because they get a bigger yield per acre. I think next year, there will be more farmers going to the lighter types, because of the \$5 subsidy or the rebate that the export people are getting. I am hoping that it will be a higher subsidy, that the subsidy will be raised higher whereby the foreign buyers can use this subsidy on the floor and help the grower with his financial problems.

Mr. STUBBLEFIELD. You come from a particular county in which the county seat is Franklin. Twenty-five years ago, it was strictly a rural county, an agriculturally supported economy. Is that not correct?

Mr. ROBEY. That is correct.

Mr. STUBBLEFIELD. During the past 25 years, considerable industry has moved into the town of Franklin, has it not?

Mr. ROBEY. Yes.

Mr. STUBBLEFIELD. That has had an effect on the tobacco production of the county?

Mr. ROBEY. It has had a material effect. In fact, Franklin is getting three additional factories this year, Anaconda is coming in there, and two other factories.

Mr. STUBBLEFIELD. Does not the people on the farms tend to move into the cities rather than to stay on the farms and produce tobacco?

Mr. ROBEY. That is right.

Mr. STUBBLEFIELD. Is not that kind of history typical of all of the counties in Kentucky; does it not apply to all of the counties that we are familiar with in Kentucky, say, Christian County and my own county of Calloway, that the average age of the farmer is somewhere in the range of 50 to 60 years, in that age bracket, and you lose the youngsters to public works and the industries down there, they not wanting to stay on the farms. Is that not in substance the story down there?

Mr. ROBEY. Yes.

Mr. STUBBLEFIELD. And that it will be more so from time to time?

Mr. ROBEY. The conditions prevail, and if they continue to prevail like they are, it will continue to be that situation, if not worse.

The labor that we had to use in the factory this year was not the best labor, and, therefore, our costs were more. The representative of the French Government came in and looked at our labor force and he said that we must have the poverty program in our county.

I thank you, gentlemen.

Mr. ABBITT. Thank you very much.

It looks like we are getting along fairly good with our hearing. We do not want any individuals not to be heard.

Is there anybody here who is opposing this particular bill who would like to be heard?

If so, come on up to the witness table?

Would you come up, Mr. Snodgrass?

We will be glad to hear from you now.

**STATEMENT OF FRANK B. SNODGRASS, VICE PRESIDENT AND
MANAGING DIRECTOR, BURLEY AND DARK LEAF TOBACCO
EXPORT ASSOCIATION, INC., WASHINGTON, D.C.**

Mr. SNODGRASS. Mr. Chairman and members of the subcommittee, I held up my hand in opposition, because my group is mixed in their feelings, some oppose certain portions and some are for other portions.

I will now present my statement.

For the record, my name is Frank B. Snodgrass. I am the vice president and managing director of the Burley and Dark Leaf Tobacco Export Association. This is a federated trade association, composed of 11 member associations interested in the production, marketing, promotion, and sale in the domestic and export markets of burley, Maryland, dark air-cured, dark fire-cured and sun-cured kinds of U.S. produced tobaccos.

Our membership includes producers of the kinds of tobacco mentioned above from a 16-State area. At times there are divergent views among our membership regarding proposed changes in the tobacco program, and such is the case here today.

Basically speaking, the majority of the board of directors of this association are unalterably opposed to the sale of tobacco acreage allotments or quotas. Those who oppose these changes in the program under consideration today definitely feel that such amendments might open the door for increased production at a time when we are attempting to place our house in order, stockwise. They are also fearful that the concentration of such allotments in the hands of a few growers and corporate farming interests could create widespread dissatisfaction from the bulk of our farmers and eventually lead to the deterioration of the tobacco price support and control program, which has meant so much to the economy of the tobacco producers.

Much of the success of our tobacco program has been in the permanent and wide distribution of our acreage allotments and quotas, to the farmers and land as well, in the territories that are desirable for production of the various kinds of U.S. produced tobacco. To concentrate our allotments in the hands of a few, the defenders of the tobacco program, which are now all too few in number, will further diminish and become ineffectual.

The board of directors of the Burley Tobacco Growers Cooperative Association that administers the price-support program for burley tobacco in the States of Kentucky, Ohio, Indiana, West Virginia, and Missouri recently voted unanimously to oppose the sale of tobacco allotments. They approve of the lease of tobacco allotments within the same county on a yearly contract basis, along with the other restrictions provided by the existing law. That organization does not

wish to be uncooperative and force their views on growers of other kinds of tobacco; however, they have great fears of segmenting the kinds of tobacco, with special regulations for the producers of tobacco in different areas of the country. They recognize the increasing strength of the growing number of enemies of tobacco and feel it is imperative that we maintain a sound tobacco program that can be defended with an unified front by all segments of the tobacco industry.

The board of directors of the Eastern Dark Fired Tobacco Growers Association, with headquarters in Springfield, Tenn., and the Western Dark Fired Tobacco Growers Association, with headquarters in Murray, Ky., favor legislation that would authorize the lease, sale and transfer of acreage allotments and quotas, if confined to a county within a State. These associations recommend that the bills H.R. 6496 and H.R. 7256 be amended to delete the last word "State" of section 318(b) (1) on line 9, page 2 of the bills, and insert the word "county". They are definitely opposed to legislation that would permit the transfer of allotments or quotas for any kind of tobacco outside a county.

I also wish to call your attention to section 318(b) (3) which would permit only one sale of a farm allotment or quota to the same farm within a 3-year period. This could work a definite hardship on a prospective young tobacco farmer, recently out of school or service, who might wish to build up an efficient operation through multiple purchases. It is not anticipated that there will be very many large allotments for sale. Smaller allotments would not be purchased, except where they would round out or fulfill another producer's operating limitation in regard to his available barn room, labor, cropland acreage, capital, and equipment. Smaller allotments would continue to go unproduced. If a limitation on the total number of acres that could be transferred to a farm under the multiple lease or sale arrangement, were included in this legislation it might encourage production by some farmers who presently feel that production of these kinds of tobacco is not now economically feasible.

We feel that consideration should be given to restricting the transfer of allotments by either lease or sale to definite periods with specific closing dates for the various kinds of tobacco set according to their respective normal planting seasons.

In no instance should a lease or sale of a tobacco allotment be permitted, except during a period when price supports and controls are in effect for that particular kind of tobacco. In fact, it would greatly simplify matters if these transactions were confined to a specific period during the first year of the 3-year period for which controls and price supports have been voted for a particular kind of tobacco. This would protect both parties involved, since it would give some guideline as to the value of the allotment and some assurance of the projected duration of its value.

We question the wisdom of there being no restriction on the total amount of tobacco acreage allotments or quotas that may be leased or purchased under the proposed legislation. If the current provision under section 316(e) of the act permitting lease and transfer of acreage allotment is too restrictive, the 5-acre maximum could be increased to perhaps 10 acres. However, we recommend that you do not remove the provision "That the total acreage allotted to any farm after such

transfer shall not exceed 50 per centum of the acreage cropland in the farm."

This portion of my statement is also offered in regard to H.R. 5702, which is under consideration by the subcommittee today. I think you have wisely proposed to retain the proviso stated above relating to the 50 percent of the acreage of cropland in the farm. However, we suggest that you do not remove the 5-acre limitation on the amount of tobacco allotment acreage which may be leased without fixing some maximum figure, such as the 10 acres formerly suggested.

Section 318(e) of H.R. 6496 and H.R. 7256 has the same provision for yield adjustment as is contained in section 316(c) of the present law. However, section 316(a) in that same law sets forth that the lease and transfer of any part of such allotment may be made only 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. The proposed legislation would have no such restrictions and would permit the sale, combination, lease, or transfer of allotments within the State.

Under the existing law, the same county committee would establish the normal yield on both of the farms which are involved in the transfer of an allotment, with a history of tobacco production on both farms to justify the division of the committee. Not so with the proposed legislation, since there is no requirement for the lessee or purchaser to have a current tobacco allotment of the same kind of tobacco.

The transfer of allotments between counties several hundred miles apart, coupled with the 10-percent tolerance for yield adjustment, could very well result in enough overproduction of a kind of tobacco that would necessitate a reduction in allotments or quotas the following year. Such a cut would also be borne by our old producers in the traditional tobacco-producing areas who have continued to grow their same longstanding quotas and have not been responsible for the overproduction, nor received the financial benefits from same.

Regardless of the action taken by this committee and the Congress concerning the lease and sale of tobacco acreage allotments or acreage-poundage quotas for Fire-cured, Dark Air-cured and Virginia Sun-cured kinds of tobacco, it is doubtful that sizable additional quantities of these kinds of tobacco will be produced, unless there is greater incentive manifested in the marketplace. I have made inquiries throughout the areas of production in an attempt to ascertain the possible value of the sale of a Fire-cured allotment. I have received information that a maximum of \$150 per acre for larger acreage allotments with high yielding history might be expected; however, the majority would range from \$10 per one-tenth of an acre down to zero. In fact, under the present lease arrangement many allotments were offered for lease without charge, yet no grower was interested in leasing and producing these allotments. This has been brought about by the escalating cost of production that has not been reflected in the price received by the producer, coupled with the increasing shortage of labor in the tobacco producing areas. Unfortunately, young farmers are no longer interested in the production of these kinds of tobacco and the older farmers are fast leaving the scene.

In the final analysis, we are not facing up to the real issue, which is the need for an increase in the price per pound received by growers in

the marketplace. Only through increasing the net return for their labors can we hope to encourage additional production of the export type leaf of these kinds of tobacco. Much has been said about concentration of allotments to facilitate a more efficient and economic operation. Until such time that there is perfected some economic system of mechanization for the production of these kinds of tobacco to replace a portion of the approximately 475 man-hours of expensive and difficult labor necessary to produce an acre of leaf, the net return to growers will remain low. There have been sizable amounts of money and many years of research expended on the invention and perfection of machinery to mechanize production and harvesting of stalk cut tobacco, yet as of today little progress has been made. It is therefore understandable that the producers of Fire-cured, Dark Air-cured and Virginia Sun-cured tobacco have made application to place up to 50 percent of the allotments in some of the counties in the cropland adjustment program for the 9- or 10-cent-per-pound payment they might receive.

Mr. Chairman, I wish to inform you of the presence of representatives of three of our member associations. Mr. Jack K. Robey, president, E. S. Robey Co., Franklin, Ky., and a director of the Association of Dark Leaf Tobacco Dealers & Exporters is present and has presented a statement on behalf of that association. He is a member of our organization.

Mr. James Hoffman, president and Paul D. Goddard, secretary-treasurer of the Burley Stabilization Corp., with headquarters in Knoxville, Tenn., are also present and wish to testify. Their organization administers the price-support program for burley tobacco in the states of Tennessee and North Carolina.

Mr. Thomas B. Hall, Jr., and other representatives of the Virginia Dark Fire-Cured & Sun-Cured Tobacco Export Association of Farmville, Va., another member association of our group, are present and have presented testimony concerning the bills under consideration.

On behalf of the associations which I have the honor to represent, I wish to express our appreciation to the chairman and the members of the subcommittee on tobacco for the opportunity of appearing before you and expressing our views.

Thank you.

Mr. ABBITT. Mr. Snodgrass, we appreciate very much your being here and giving us the benefit of your views. I know of the great interest you have in the tobacco program.

I know that some of those you represent are for this and some are opposed to it.

Mr. SNODGRASS. That is correct.

Mr. ABBITT. Would your burley people be opposed to the sale of allotments in any type of tobacco?

Mr. SNODGRASS. Yes, they are. I put that to them, Mr. Chairman, and they are fearful that if we have a concentration of allotments in the hands of a few that the rest of them will become disenchanted and wish to vote out not only the tobacco program but their able Representatives and Senators in an effort to redistribute the allotments at a later date.

Mr. ABBITT. I believe that they were against the lease program?

Mr. SNODGRASS. The organization I represent did not. There were factions in the burley area that did feel that way.

Mr. ABBITT. I understand that those in the burley area were against the lease program, because they had the same fear that you have now expressed with regard to this.

Mr. SNODGRASS. That is correct.

Mr. ABBITT. But most of the tobacco people I have talked to are very well pleased with what has developed on the leasing program.

Mr. SNODGRASS. I think that it has worked very well.

Mr. ABBITT. I think probably some of the burley people now would be for the leasing arrangement.

Mr. SNODGRASS. I so indicated; that is correct.

Mr. ABBITT. Have you had an opportunity to read H.R. 7256?

Mr. SNODGRASS. Yes, sir.

Mr. ABBITT. That bill, as I understand it, is identical with the bill that we are now considering. It limits the sale to counties.

Mr. SNODGRASS. That is correct.

Mr. ABBITT. Would you be for that rather than the one that we are considering here? Would that meet most or some of your objections, and those of your organization?

Mr. SNODGRASS. Yes, sir. It certainly would meet the objections of the dark groups.

Mr. ABBITT. So far as I am concerned, it is certainly agreeable to me to limit it, because the dark-fired tobacco, so far as I am concerned—limit it to the county line, which would more or less take care of that. Probably, that would be better to have that.

Mr. SNODGRASS. Yes.

Mr. ABBITT. Are there any other questions?

We do appreciate your coming here.

Mr. STUBBLEFIELD?

Mr. STUBBLEFIELD. You are in favor of the limitations within the county and to the size of the allotment to be acquired and the 50 percent provision. The dark-fired people would be more in favor of that; is that correct?

Mr. SNODGRASS. Yes, that is correct. The 50 percent cropland particularly is a problem. They are fearful that we will have it growing on town lots again. A man may have one acre and he is growing on the whole acre.

Mr. STUBBLEFIELD. Thank you.

Mr. ABBITT. Are there any further questions?

If not, we are certainly grateful to you and appreciate your being here.

Mr. SNODGRASS. Thank you, sir.

Mr. ABBITT. Is Mr. Goddard present?

We will be glad to hear from you, if you desire to make a statement.

**STATEMENT OF PAUL D. GODDARD, SECRETARY-TREASURER,
BURLEY STABILIZATION CORP., KNOXVILLE, TENN.**

Mr. GODDARD. Mr. Chairman, in view of the chairman's opening remarks that this relates purely to dark tobacco, we will not make a statement. We thought that this pertained to burley tobacco, and we

are reluctant to try to tell the dark-fired people how to run their business.

I thank you.

Mr. ABBITT. We will next hear from Mr. Inman Lewis.

We will be glad to hear from you now.

STATEMENT OF INMAN LEWIS, ALACHUA, FLA.

Mr. LEWIS. Mr. Chairman and members of the committee. My name is Inman Lewis and I reside in Alachua, Fla., a rural community located in the general crop farming area of north-central Florida. I am a farmer and also have an interest in a farm supply business. The principal crops produced in my area are flue-cured tobacco, peanuts, and corn. It is also a principal livestock producing area.

I want to testify in support of changes in basic farm legislation which will permit outright sale and long-term lease provisions for tobacco.

The short-term year-to-year leases now permitted are better than none but are not entirely satisfactory since a farmer leasing on an annual plan cannot afford to buy expensive equipment and expand curing barn space because he cannot be certain of the lease for but 1 year.

Some farmers with small tobacco allotments want to change their operations but cannot get enough return on an annual lease to make the change. With sale or long-term lease provisions, they could make the change and other farmers want to make the deal with them but are unable to do so due to the annual restriction.

With labor costs and other tobacco farming expenses going up every year, a man must have a sizable allotment in order to realize a profit from his tobacco, the same acreage situation that other types of farming have required for some years now.

Research people are working on ways to mechanize tobacco farming, reducing the labor need and cost per acre. However, here again, good size allotments will be necessary to take advantage of this opportunity by buying expensive machinery and operating it on many acres, not just a few.

I respectfully request, Mr. Chairman, that this committee recommend to the Congress legislation allowing for the sale or long-lease of allotments in all types of tobacco. I know of no one who opposes this in my area of the State.

It is my understanding that you are considering only tobacco at this time, but I respectfully submit that the same type of legislative authorization is needed for peanuts. The basic reason and justification is the same as for tobacco.

Thank you, Mr. Chairman. I appreciate this opportunity you gave me to state my position. All of the people in my community also support this position.

Mr. ABBITT. Thank you very much for coming here and presenting your views.

Mr. LEWIS. Thank you.

Mr. ABBITT. Is there anyone here who has not been heard, on the dark-fired area?

I see a number of witnesses here from Tennessee.

It has occurred to me that there might be some dark-fired area in Tennessee.

Mr. Jones of North Carolina?

Mr. JONES of North Carolina. Mr. Pierce of North Carolina has a statement that he wishes to make. He does not qualify on the subject at hand, however. Would you like to testify relating to this?

Mr. PIERCE. Yes, I would.

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

**STATEMENT OF ROBERT PIERCE, PITT COUNTY FARMER,
FARMVILLE, N.C.**

Mr. PIERCE. Mr. Chairman, gentlemen of the committee.

My name is Robert Pierce. I am a resident of Farmville, N.C., a town lying in Pitt County, the largest Flue-cured tobacco producing county in the United States, and I am a tobacco farmer.

I realize that the bill you are receiving testimony on today is a bill dealing with dark-fire tobacco and as a grower of Flue-cured tobacco I support your bill. However, I would like very much to see Flue-cured tobacco also entered into your bill.

What I say to you this morning reflects not only my personal feelings but also, I believe, the thinking of the majority of tobacco farmers in our area. May I substantiate this statement by saying that for the past 2 years I have served as chairman of an agricultural committee for a six-county area and recently I served as president of the First Tobacco Growers Trade Fair to which tens of thousands of growers from all over the Flue-cured area attended.

By the way, we regret that you were not able to appear as a speaker for the opening ceremony.

In these two positions I have and do confer frequently with the tobacco leaders and growers of our area.

The farmers of our area, I believe, are in favor of (1) a bill permitting the sale of tobacco within the county, but not for a provision which would permit its sale across county lines; and (2) a bill which would permit the lease and transfer of tobacco across county lines.

Now, why would we look with favor upon a sale of tobacco allotments within the county rather than across county lines at this time?

A number of things could happen if sales of tobacco across county lines were permitted. No. 1, tobacco would concentrate in specific areas with the resulting depreciation in farm values not only in the areas from which it left, but, also, in the areas to which it came. To illustrate this: In my county of Pitt farms normally sell for \$6,000 to \$8,000 per tobacco-acre. If suddenly the market was glutted with cheap allotments from other areas, our investment overnight would be worth considerably less. Your farm which was worth \$50,000 today might be worth only \$30,000 tomorrow. Consequently, we could suffer a tremendous financial loss if this were permitted.

In the counties from which the tobacco left, they, too, could suffer financially in tax revenue because of the resulting depreciation in farm real estate values as a result of the loss of valuable tobacco acreage.

No. 2, the tobacco industry has historically attempted to buy a percentage of tobacco in each belt. If sales of allotments moved from

one or more belts into others this could conceivably alter the blends they would like to have in their finished product.

No. 3, much political support would be lost by having tobacco concentrated in the hands of, relatively speaking, a few large tobacco farmers.

Now, what I have said does not mean that we should not move forward in permitting larger and more efficient operations. This must be done because of high wages, the extreme shortage of labor and most important, the impending mechanization of tobacco. It is imperative that some of the smaller and inefficient operations give way to larger and more efficient units. However, I strongly urge caution and restraint as we move forward so that the economy will not be seriously disrupted. As yet we do not know precisely the final direction in which the mechanization of tobacco will move. Much work has been done. Much more needs to be done. Many of us who had a part in promoting the tobacco growers trade fair, at which all the latest developments and machinery which could be used in reducing the labor input in producing a tobacco crop were exhibited, are of the opinion that there may be a place for a custom operation in harvesting tobacco much like we have in other crops today, such as corn, peanuts, soybeans, et cetera. Therefore, the farmer who sold out today might be sorry tomorrow.

A bill which would permit the lease and transfer of tobacco across county lines is urgently needed. This would allow a tobacco farmer to have an efficient operation. This would allow a farmer who did not desire to cultivate tobacco to lease it to someone who does. This would allow him to get a higher price for his lease agreement than he would ordinarily get within his county. This would also allow him to retain a financial stake in tobacco so that he could return to the production of tobacco if and when certain technological changes have been effected in the mechanization of tobacco. This would protect farm values in the different counties.

Gentlemen, let me repeat: This bill is urgently needed and needed now and this bill should provide for more than a 1-year lease so that a farmer who intends to stay in the tobacco business can equip himself for an efficient operation.

I appreciate the opportunity to appear before this committee.

Thank you, gentlemen.

Mr. ABBITT. We appreciate very much your taking the time to come here and give us the benefit of your views. I assure that at a later time we will go into this matter very seriously that you have presented.

Mr. PIERCE. Thank you.

Mr. ABBITT. The gentleman from Georgia.

Mr. O'NEAL. We have a good delegation from Georgia. They, too, have come a long way. I notice several distinguished gentlemen in the audience. If you will permit me to say so, if we had held the hearings in the field, like we did 2 years ago, we would have filled up a considerably larger size room than this one. I know that the chairman and Mr. McMillan remember that. I know that Mr. Godfrey remembers that, too, as well as Mr. Turner.

If you would permit me I would like to introduce the Georgia gentlemen who are in the audience. I do not know in what order they will desire to present themselves.

I would like to present Mr. William L. Lanier, Mr. David Newton, Mr. C. K. Cox, Mr. Herman Odom, Mr. Barney O. Quinn—Mr. Quinn is not here, I understand—Mr. Vernon Carter—Mr. Carter is not here either, I understand—Mr. Archie Daniels is here. Mr. Chairman, he is chairman of the Georgia, Florida, Alabama Peanut Association and has said something to you about his interest in the peanut bill.

I am very proud to introduce and present these gentlemen to you.

Mr. ABBITT. We are pleased to have you here.

I think that it would be much more effective if you would come back when we are taking up the overall bill. I am sure that you can see from what has been said here today that it would be better to return then. We will be glad, though, to hear you now, so far as I am personally concerned.

Mr. O'NEAL. Will you yield just a moment?

Mr. ABBITT. Yes.

Mr. O'NEAL. H.R. 5702 is under consideration today, and this does concern all tobacco.

Would you come around?

This is Mr. Lanier, president of the Georgia Farm Bureau.

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

STATEMENT OF WILLIAM L. LANIER, PRESIDENT, GEORGIA FARM BUREAU, MACON, GA.

Mr. LANIER. Mr. Chairman and members of the committee, my name is William L. Lanier, president, Georgia Farm Bureau. It is a real pleasure for me to appear before your committee and express the views of Georgia tobacco farmers on the legislation being considered, H.R. 6496, dealing with the transfer of tobacco acreage allotments and poundage quotas.

Georgia tobacco farmers overwhelmingly would look with favor on legislation which provided for transfer of acreage allotments and acreage poundage from one farm to another by sale or long-term lease.

They would choose to provide for transfer across county lines but would oppose transfer of allotments and quotas across State boundaries.

Georgia growers favor such legislation for the following reasons:

1. We have in Georgia approximately 2,000 farms with allotments of five-tenths of an acre or less, some as low as one-tenth of an acre. We have almost 5,000 farms with allotments of 1 acre or less. Except in rare cases these are not economical operating units because of the small acreage.

2. Farm labor is fast becoming hard to get and is more costly. Tobacco farmers, as well as producers of other commodities, must then depend on increased mechanization for producing and harvesting of tobacco. The cost of such equipment is out of reach of the farmer with a very small acreage allotment and quota. It is therefore imperative that the farmer have an acreage sufficiently large to justify investment in equipment necessary for the production and harvesting of his crop. The farmer with a very small allotment usually finds that he cannot profitably work such a small acreage. If he is permitted under this legislation to sell or enter into a long-term lease, he could therefore

realize some value from his allotment which he otherwise would not be able to use.

Allow me to point out we have established precedent on the philosophy of transfer of allotments by sale or long-term lease in the case of cotton. This has worked amazingly well in our State to the benefit of both the farmer releasing the allotment and the farmer to which it was transferred. At this point we know of no case where this transfer agreement has not been to the mutual benefit of the farmers involved.

While Georgia farmers do not produce fire-cured, dark air-cured or Virginia sun-cured tobacco, we favor the principle expressed and urgently request that the bill under consideration be amended to include flue-cured tobacco as well.

PRIOR EXPERIENCE—COTTON

Legislation in 1965 authorizes the transfer of cotton allotments by sale, lease, or owner-to-owner transfer. This is a precedent and, in my home State of Georgia there have been an estimated 10 percent of farmers leasing their cotton allotments and 2 percent selling their allotments annually. To my knowledge, my organization has received no complaints from cottongrowers but there has been much enthusiasm from growers who could use the flexibility of this program. In other words, if he did not have sufficient labor to plant and harvest a crop this year, he could lease it to a neighbor in his county; and, in some cases, where counties had voted to authorize transfer between counties, lease it to cotton producers in other counties.

MECHANIZATION

In the case of tobacco, as you gentlemen know, a great number of man-hours is required to produce and harvest an acre of tobacco. In order to compete and mechanize the growing of Flue-cured tobacco, tobacco growers need to be able to increase their allotment by leasing and purchasing additional allotted acreages. In my State some research has been done on bulk curing of tobacco; and, in order to purchase the curing equipment alone, the original investment would be \$1,200 to \$1,500 per acre. A semimechanical harvester would cost approximately \$1,700.

I feel that it would take at least 3 acres of tobacco for money invested to be amortized.

To completely mechanize by having a \$7,500 tobacco harvester that would mechanically do the job and a bulk-curing barn with equipment, a tobacco grower would need from 7 to 10 acres of tobacco.

Again, if this program is more flexible so that tobacco growers could lease for an extended period or sell to one another, growers would reduce the cost of growing tobacco.

SIZE OF ALLOTMENTS

In Georgia, I would estimate between 50 and 60 percent of the farms have allotments of less than 2 acres. In Georgia, less than 10 percent of the 26,000 farms have allotments of over 5 acres. This is an average for the State. Some individual counties have a much larger percentage

of small farms; for example, one of my neighboring counties has almost a third of the farms with tobacco allotments of 1 acre or less.

Mr. Chairman, in view of these facts, I would recommend that Flue-cured tobacco be added to H.R. 6496.

I appreciate this opportunity of appearing before you and personally feel that this legislation would be overwhelmingly supported by Georgia tobacco growers.

Mr. ABBITT. Thank you very much for coming here.

As pointed out by Mr. O'Neal, we are also considering H.R. 5702, that simply removes the 5-acre limitation and the 50 percent. Are you in favor of that regulation, also?

Mr. LANIER. To removing the 5-acre limitation?

Mr. ABBITT. The 5-acre limitation on the lease.

Mr. LANIER. Yes; we would be. I have in my briefcase here the policy of the Georgia Farm Bureau Federation. In the last annual communication, they voted unanimously to remove the 5-acre limitation.

Mr. ABBITT. In fact, everybody has.

Thank you so much for coming here.

Do others have any statement to make?

Mr. O'NEAL. I think that several others have statements that they would like to make.

Mr. ABBITT. We will be glad to hear now from Mr. Cox.

STATEMENT OF C. K. COX, CAMILLA, GA.

Mr. Cox. Mr. Chairman and members of the subcommittee, my name is C. K. Cox, and it is a real pleasure for me to appear before your committee, to present the views of Georgia on the legislation being considered, which is H.R. 6496 dealing with the transfer of tobacco allotments and poundage-acreage quotas.

At this time, I want to concur with Mr. Lanier in his statement. He and I feel alike, so that it would be repetitious if I went into a lot of the things that Mr. Lanier went into.

As a tobacco farmer, I do concur with him in his views.

I would like to make this a part of the record. Mr. Lanier brought up the subject of cost of semimechanization. I would like to go a little bit further and state that 74½ percent in our State is from 1 to 6 acres, and 88 percent of the total is from 1 to 10 acres in size in the State of Georgia, starting from one-tenth of an acre and going up up that high.

With the labor situation as it is, it is forcing the tobacco growers to go to mechanization, and this means a great deal of capital investment. It will cost the tobacco farmer from \$25,000 to \$30,000 to go to full mechanization. Therefore, the grower should have at least 12 acres of tobacco and must have a family to help him, and it must be for a period of 10 to 15 years in order to justify the investment of \$25,000 to \$30,000.

Moving the tobacco across county lines would enable a grower to increase his allotments to a size enabling him to go to full mechanization.

And there should be outright sale of the allotment. The person selling the allotment for a longer period should be able to get more than

he would for just 1 year's lease. The person leasing it is able to pay more for a lease that he can average for a long-enough investment in labor-saving equipment. In order for a person to get it and to purchase labor-saving equipment, it will be necessary to move the tobacco allotment across the county lines.

I would like to go on record, Mr. Chairman, as favoring the sale of tobacco allotments within the county at least, and, certainly, the leasing of tobacco allotments across county lines within the State.

I would like to go on record, also, as favoring consideration of other crops other than tobacco.

I thank you for your kindness and attention.

Mr. ABBITT. Thank you very much for coming here and for your very fine statement.

Mr. O'NEAL. Mr. Chairman, I see Mr. David Newton of the Georgia Department of Agriculture here.

He would like to make a statement.

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

STATEMENT OF DAVID L. NEWTON, GEORGIA DEPARTMENT OF AGRICULTURE, MOULTRIE, GA.

Mr. NEWTON. Mr. Chairman and members of the subcommittee, I am a Flue-cured tobacco grower from Moultrie, Ga. First, I would like to concur in what Mr. Lanier and Mr. Cox have already told you, as far as the position of the Georgia tobacco growers is concerned in connection with the bill that you have under consideration.

I should like now to make the following statement:

Family-size farming in the South is no longer 20 acres and a mule. Neither is it 40 acres with two mules.

As far as Flue-cured tobacco growers are concerned they are doing everything they can do under the present Flue-cured tobacco laws and regulations to secure enough acreage each year through short-term leases and sharecropping for an economical, operating-size unit.

It is becoming more necessary each year for producers to mechanize their tobacco operation for obvious reasons; namely, (1) to be more competitive pricewise at the world marketplace, and (2) to overcome the shortage of available labor.

Under present 1-year limits on lease agreements it is virtually impossible for a grower to know enough about his continuing operation to be able to afford to invest in now-available mechanization equipment.

When the Rhodesian crisis is resolved, U.S. Flue-cured must be in a better competitive price situation if we are to maintain anything like our share of the export market.

I would like to digress from my statement for just one second at this time to say that I certainly am not in favor of the producers receiving less money for their tobacco in the marketplace. We do appreciate the fact that you gentlemen and the Department are providing an export subsidy for Flue-cured tobacco, which we favor very much; however, I am a realist, and I believe that this year our domestic consumption of Flue-cured tobacco is something like 752 million pounds, and our

export of tobacco this year is estimated to amount to about 525 million pounds. I do feel that this part of our Flue-cured tobacco crop is important enough that we do have to try to be in a position that we might somewhat more be able to compete pricewise with the various producing countries of the world.

In Georgia the average allotment is less than $2\frac{1}{2}$ acres per farm. Many farms have 1 acre or less. Many of these allotments owners no longer farm their tobacco acreage but are employed in industry and business or have turned to specialized livestock farming for a living. Many allotment holders are absentee owners and live in other States or have moved to the cities.

If you will pardon this personal reference, it could be repeated many times in many sections of Georgia.

I personally lease six tobacco allotments totaling 7.8 acres. Two of these owners live in Florida, one lives in a town 30 miles away. One works at Swift & Co., at Moultrie where he earns union wages; one works at the Marine Supply Center at Albany, Ga., and the other is a widow woman with not a single member of her family interested in farming.

Now, I can only transfer 5 of these 7.8 acres to my farm and have to produce the other 2.8 acres on the farm where I only have a 1-year lease. If I underproduce on this farm in any year I am at the mercy of the farmowner the following year as to whether or not I have another chance to regain my loss.

What we are doing is making lawbreakers and liars out of our farmers for he would surely see to it that the full allotment was sold on the away-from-home farm.

There probably will be some Georgia tobacco acres not planted this year because of the additional acres, 16.3 percent, caused by the sharp underproduction in 1965 and 1966. This tobacco would be planted if it could be moved across county lines where labor and other facilities might be available. The income from this tobacco will be lost to our economy for this year if it is not planted.

We in Georgia would urge the Congress to change the Flue-cured tobacco law so as to provide for the movement of Flue-cured tobacco allotments across county lines within the State both by sale or long-term lease without any referendum provision.

Prices paid for tobacco poundage, in my opinion, would be relatively high but it would give the seller a substantial lump income to invest in other enterprises and also allow the purchaser to secure enough acreage to be able to afford an investment in mechanical-harvesting and bulk-curing facilities.

Gentlemen, I respectfully urge that Flue-cured be included in any bill presented by you to permit the sale and long term lease of tobacco allotments.

Mr. ABBITT. It has been very nice for you to come here. We appreciate very much you giving us the benefit of your views.

Mr. NEWTON. Thank you.

Mr. O'NEAL. The next is Mr. Herman Odom.

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

STATEMENT OF HERMAN ODOM, CHAIRMAN, AGRICULTURE COM- MODITY COMMISSION FOR TOBACCO IN GEORGIA

Mr. ODOM. My name is Herman C. Odom. I am chairman of the Agriculture Commodity Commission for Tobacco in Georgia.

The commission represents 26,000 farmers. It is a self-supporting organization which some of you are familiar with.

I do not have a prepared statement, but would like to go on record for the Tobacco Commission of Georgia. They are highly in favor of legislation to allow two farmers to get together and attend to their own business.

I do not think that I could add anything else. It would be repetitious.

I thank you for the opportunity to appear here.

Mr. ABBITT. We thank you for coming here.

Mr. O'NEAL. Mr. Arthur Daniels is present.

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

STATEMENT OF ARTHUR DANIELS, DIRECTOR, PIEDMONT ASSOCIATION

Mr. DANIELS. Mr. Chairman and members of the committee, my name is Arthur Daniels, and I am director of the Piedmont Association with members in Georgia, Florida, and Alabama. This applies primarily to tobacco, and my statement is that we would like to endorse the report, the general statement of Mr. Godfrey, that allotments be allowed to be transferred and sold and leased, and we will have a more general and a more detailed statement before Congressman O'Neal's committee later.

Thank you.

Mr. ABBITT. We appreciate your statement.

Mr. STUBBLEFIELD. Are you talking about price-supported crops, that this would include boiled peanuts? [Laughter.]

Mr. DANIELS. No, sir; it would not.

Mr. ABBITT. I think there are some people here from North Carolina that you would like to introduce, Mr. Jones?

Mr. JONES of North Carolina. We have with us from the State of North Carolina several people, and I would like for the record to show, at least, that they were present.

Mr. R. Winslow Bone, Route 3, Nashville, N.C.; Mr. Ted L. Bissett, Spring Hope, N.C.; Mr. N. W. Cobb, Route 1, Gibsonville, N.C.; Mr. J. W. Rawls, Stokes, N.C.; Mr. Robert Pierce, Farmville, North Carolina, who has already been heard from.

Mr. E. Thomas Moore, Route 2, Fuquay-Varina, N.C.; Mr. J. L. Townsend, Fayetteville, N.C.; Mr. James Massengil, Benson, N.C.; Mr. Henry M. Tyson, Fayetteville, N.C.; Mr. R. Mack Peoples, Oak Ridge, N.C.; and Mr. E. J. Edge, Route 7, Fayetteville, N.C.

I would not know, Mr. Chairman, if any of these gentlemen would desire to testify at this late hour or not. If so, I would appreciate the opportunity to hear from them.

A VOICE. We would like to file our statements.

Mr. JONES of North Carolina. If any of you have prepared statements that are repetitious, you might submit them for the record, and we will make them a part of the record.

Mr. ABBITT. We will make them a part of the record.

(The prepared statements submitted by J. W. Rawis, R. Mack Peoples, and N. W. Cobb follow:)

STATEMENTS OF R. MACK PEOPLES, OAK RIDGE, N.C.

Mr. Chairman, I am R. Mack Peoples, Flue-cured tobacco and Beef Cattle farmer in Guilford County, North Carolina.

In my county, it has become almost impossible to secure farm labor. With this shortage of labor, we are faced with two alternatives: sell out, and go to public work; or mechanize and remain in the farming business. I prefer to farm. However, I cannot afford to mechanize for Flue-cured tobacco farming without an allotment large enough to make it a sound investment. I will need to purchase more allotment if I am to continue tobacco farming. I urge you to consider legislation that will permit the sale of Flue-cured tobacco allotments within the county.

I further recommend that provisions be included in the law that will restrict an individual from capitalizing on the buying and selling of tobacco allotments. This can be done by not permitting an individual to sell his allotment for a definite period of time after he has purchased additional allotment.

I believe the amount of allotment a person can sell should be limited so that it will be impossible for a small group of persons, or companies to gain control of tobacco farming.

I further recommend that the Bill require that farms with less than 5000 pounds be required to sell all of their allotment if they sell any portion of it. This will prevent any farmer retaining a very small poundage to hold voting privileges in the referendums.

My last recommendation is that the committee consider placing Flue-cured tobacco allotments on a poundage basis only, and not have acreage controls.

STATEMENT OF N. W. COBB, GIBSONVILLE, N.C.

Mr. Chairman, I am N. W. Cobb, a tobacco farmer from Guilford County, North Carolina. I am chairman of the Tobacco Committee of the Northern Piedmont Area Development Association. I represent seven counties in North Carolina. They are Alamance, Caswell, Chatham, Davidson, Guilford, Randolph, and Rockingham. These counties have 13,972 farms with 38,431 acres of total Flue-cured tobacco allotment. This is an average of 2.75 acres per farm.

In my home county of Guilford, we have 700 farms with less than an acre and a total of 1600 with less than 2.00 acres allotment. In today's economy, there is no way these allotments can support a family. They will have to be consolidated into larger allotments so that the farmers can mechanize and reduce labor costs.

I recommend that Flue-cured tobacco allotments be included in any legislation that will allow the buying and selling of allotments. I further recommend that Flue-cured tobacco allotments be sold only within the counties and that proper restrictions be applied so that no individual or company can gain control of the tobacco farming interest.

The committee I represent makes these further recommendations for your consideration:

1. That the lease and transfer of Flue-cured tobacco allotments be permitted on a calendar year basis, rather than have an April 1st deadline.
2. That the five acre limit on the lease of tobacco allotment be removed.

TESTIMONY OF MR. J. W. RAWLS, PITT COUNTY FARMER

Mr. Chairman and Gentlemen of the Committee, my name is J. W. Rawls. My home is in Pitt County, near Stokes, North Carolina. Let me first thank you for the opportunity to present testimony on behalf of flue-cured tobacco growers. I am a grower of flue-cured tobacco. I realize that the bill you are receiving testimony on today is a bill dealing with dark fire-cured tobacco.

As a grower of flue-cured tobacco, I support your bill wholeheartedly; however I would like very much to see flue-cured tobacco also entered into your bill.

May I express my personal feeling and I believe, the vast majority of flue-cured tobacco producers in my area, when I say that I am in favor of a bill permitting the sale of tobacco within the county, but not a provision for selling across county lines. I am also strongly in favor of a bill permitting tobacco to be leased and transferred across county lines. I believe this would be good for the economy of the flue-cured area. I would also like for this bill to provide that these transactions, buying and selling, and leasing and transferring, could be done at any time during the calendar year. I would not like to see this action restricted to just a few months within a given year.

Our economy is based primarily on tobacco and due to the future mechanization of the tobacco producing industry, brought about by high wages and the shortage of labor, it is imperative that a tobacco producer have a more efficient producing unit. It is imperative that some of the smaller units give way to the larger and more efficient units. This can be accomplished by the buying and selling of allotments within the county.

I fear that buying and selling without regard to county lines would result in the movement of tobacco out of the areas where production is not as profitable into areas where a greater profit can be made. This would be a tremendous blow to the value of farm land and result in tobacco being concentrated in specific areas. Let me repeat that I support a bill on flue-cured tobacco permitting the sale of allotments to other farms within the county only, and providing for lease and transfer across county lines.

I appreciate the opportunity to appear before this committee. Thank you, gentlemen.

Mr. MOORE. I do not have a prepared statement, but my testimony will be very short.

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

STATEMENT OF E. THOMAS MOORE, FUQUAY-VARINA, N.C.

Mr. MOORE. Mr. Chairman and members of the subcommittee, I am E. Thomas Moore. My address is Route 2, Fuquay-Varina, N.C. I am a Flue-cured tobacco grower. I am in favor of H.R. 6496 as presented by the Dark Fired Tobacco Growers.

As you know, there have been similar bills introduced by Congressmen from North Carolina on this matter. There would be no reason why both Dark-fired and Flue-cured tobaccos cannot be contained in the same bill.

Here are a few of the reasons that I think that this bill would be beneficial to me as a tobacco grower.

No. 1, a large number of the tobacco growers are reaching retirement age. They are not going to sell what is home to them. Nobody can blame them for that. If they were permitted to sell their tobacco allotments without selling their land, especially their homes, they might do this. This would entice more young people to become farmers.

Even if they had their own farm, or bought an average-sized farm with a small allotment, they could not make a go of it.

No. 2. Several years ago the agricultural extension departments saw in the future no hope for the small farms. They promoted diversified farming and mechanization. This served well in its day, but I think that, to some extent we have outgrown this. I think we are entering into an area of what I call specialized farming. I mean by this that a farmer grows one or not over two different crops on a volume basis. If he tries to grow too many different kinds of crops, it is likely that he will not do a good job.

Tobacco growers cannot expand to the proper volume, because they cannot get the allotments.

If the retired farmers and the small farmers were permitted, if they want to, to sell their allotments without blame, they might do it.

The production costs and labor shortages, the farmer has to expand, he has to mechanize and specialize.

No. 3. From what we have heard, if the landowner were permitted to sell his tobacco allotment to a tobacco grower, permitting him to get a fair price for what he has worked for over the years, and, also, helping the tobacco grower, it would be of great aid in this.

No. 4. Another thing I think that ought to be included in this bill is increasing from 1 year, which is the present law on leasing and transfer of tobacco, to 3 or 5 years. This would permit the tobacco grower, as well as the owner, to have a planting program. This is a must if we are to stay in business. It also would save precious time, and would save time in having to stand in line at the ASCS office each spring for the legal transfers.

Thank you.

Mr. ABBITT. We appreciate very much the presentation of your views.

Mr. MILLER. I would like to ask a question of Mr. Pierce.

Mr. ABBITT. Is Mr. Pierce still here?

Come around, sir. Mr. Miller desires to ask you a question.

Mr. MILLER. Thank you, Mr. Chairman.

A little while ago, we were trying to ascertain the value of the sale of an acre of ground. From some of the testimony, this question comes to my mind.

You made a statement that in your county farmland is going to sell from \$6,000 to \$8,000 an acre.

Do you have some approximate figure as to that, in other tobacco growing areas?

Mr. PIERCE. In reference to the sale of the entire farm, for example, a farmer might plant 5 acres of tobacco. Normally, this farm would sell for from \$30,000 to, say, \$40,000. I do not quite understand your question. Are you saying to sell the tobacco as a tangible item?

Mr. MILLER. I do not mean to ask you to give us this step by step. What I am trying to find out is this: From some of the statements of the people in the Department and also from Mr. Snodgrass' testimony, it was stated that he received a maximum of \$150 per acre for the larger acre allotments. We were talking about the sale of the tobacco allotments. We are talking about the sale per acre of farmland now. But it seems that because of the allotment for tobacco ground the price of the farm per acre is much higher than \$150.

Mr. PIERCE. I understand.

Mr. MILLER. It was considered by some of the people who testified that it is possible for big business to move in and take over the allotments and sell the allotments.

Mr. STUBBLEFIELD. Will you yield?

Mr. MILLER. Yes.

Mr. STUBBLEFIELD. I think where the misunderstanding is that this man is talking about flue-cured tobacco and the others were talking about burley tobacco. That has some bearing on the price.

Mr. MILLER. Yes, I see that. That would account for part of it.
(Discussion was had off the record.)

Mr. MILLER. We are talking about the sale price, according to the testimony. There are different types of tobacco, but it is still the sale of the allotment. Apparently, because of the allotments, the land is more valuable. And to what degree is my question.

Mr. PIERCE. I have given this some consideration as a farmer who would be interested in acquiring additional tobacco allotments, if this committee were to issue this bill. Normally, it is by the pound per acre. It used to be by acreage. Let me qualify when I said \$6,000 to \$8,000 per acre, I am assuming the average county yield, and in my county it is somewhere around 2,000 pounds per acre, and this will give you a cost factor of from \$3 to \$4 per pound. This will be below in some and in some higher. If this bill is passed, it makes it possible to purchase allotments within the county, and I hope not across the counties, but within the county, and I would hazard a guess that the allotment would sell for around \$1 to \$1.25 per pound.

In my county it ranges around 18 to 20 cents per pound. A person would have to determine what he is willing to pay for the entire allotment, if he could improve his own farm property by doing so.

Mr. Kornegay, I believe, is from Dove or Guilford County—but I am thinking about Dove County. Say it is 5 to 8 cents a pound, but in Ford County it is 8 to 10 cents a pound, I would guess that allotments would bring around \$1, \$1.25, possibly \$1.50 a pound.

Mr. MILLER. So, we are talking of 2,000 pounds per acre and \$1.25 per pound. This would be the sale?

Mr. PIERCE. Yes.

Mr. MILLER. We are talking now about \$2,500?

Mr. PIERCE. Yes.

Mr. MILLER. Much higher than the \$150, even though the tobacco sold for twice as much. If we used one-half of the figure, we would say \$1,250 approximately would be the value of that allotment per acre. Am I correct on that? That is on page 4 of the statement.

Mr. PIERCE. Are you speaking of my statement?

Mr. MILLER. No, not of your statement in this particular case. It is relative to Mr. Snodgrass' statement.

Mr. PIERCE. I see.

Mr. MILLER. I am trying to calculate the price, the value of the allotment. It seems to be in a ratio here of 1 to 10.

Mr. PIERCE. I think that my county allotment brings \$2,000 to \$2,500 an acre. I think that I would be willing to say this. I lease 15 acres of tobacco land.

Mr. MILLER. This is perhaps not the proper place for this.

Mr. ABBITT. Did you hear the question?

Mr. SNODGRASS. I think that I related what Mr. Hall said, too, that I got that information from Virginia and Tennessee representatives. As to the approximate value of an acre, I mean.

Mr. HALL. As a matter of fact, I do not think that the dollar value is particularly evidence. I do not think that you can put that value on that, of what Flue-cured does, because Flue-cured acreage is such that they are increasing production and we have been decreasing production.

Mr. ABBITT. You are on the downgrade.

Mr. HALL. Yes, sir.

Mr. ABBITT. That is all.

Thank you very much.

Mr. RIDLEY. There is a group of five Tennessee burley tobacco growers here. I do not know whether they would like to make a statement or not.

Mr. ABBITT. We will be pleased to hear from you, if you so desire.

Mr. Stubblefield has one question that he wants to ask of the Department witnesses.

Mr. STUBBLEFIELD. The Kentucky Farm Bureau's statement appears to recommend the passage of the legislation with an exchange of dark-fired, Air-cured allotments one for the other, on an equal basis, within the same county. How does the Department feel about it? What is its attitude toward the exchange of Dark Air-cured and Dark Fire-cured allotments?

Mr. ABBITT. Can you answer that?

Mr. TURNER. I do not know that I can state the Department's position on it. There are two different kinds of tobaccos. One Fire-cured tobacco, the other Air-cured tobacco, which are used for different products. We have a law which did permit the exchange of allotments, I think, Mr. Chairman, in Virginia where both types are grown on the same farm and are used for somewhat the same purpose. I think this raises a different question, because there are differences in these two kinds of tobacco in question.

Mr. ABBITT. Thank you.

Mr. Jones?

Mr. JONES of North Carolina. Mr. Chairman, has the question of the constitutionality of the sale—I will restrict it to the matter of the sale—of these allotments within the county or within the State been explored?

Mr. TURNER. Not to my knowledge, sir.

Mr. JONES of North Carolina. Thank you very much.

Mr. ABBITT. Thank you.

Mr. Stubblefield?

Mr. STUBBLEFIELD. Mr. Chairman, I would like to present to the committee the people from Kentucky, Mr. Julian Walden of Midway, Ky., Mr. George Dale Robinson of Lexington, Ky. They may desire to make statements.

Mr. ABBITT. We will be glad to hear from them after we hear from those from Tennessee.

We are delighted to have you gentlemen with us. You may proceed.

STATEMENT OF PORTER W. WOMACK, BURLEY TOBACCO FARMER, SUMNER COUNTY, TENN.

Mr. WOMACK. Mr. Chairman and members of the subcommittee, I am Porter W. Womack, burley tobacco farmer from Sumner County, Tenn., the second largest burley county in Tennessee.

I realize that this bill is on Dark-fired and Dark Air-cured tobacco, however, I am interested in ways to improve our burley tobacco program and wish to urge your committee to extend the sale and lease provision of the bill to include burley tobacco. I am of the opinion that au-

thority to sell and lease burley tobacco allotments will improve our program and serve the best interest of burley tobacco farmers for the following reasons:

(1) Enable farmers to retain farm labor sufficient to maintain an efficient unit.

(2) Enable better production methods resulting in improved burley tobacco.

(3) Will likely reduce the number of minimum allotments therefore a larger percentage of burley tobacco farmers will share in the control of production.

(4) No appreciable yield increase is foreseen as small allotments usually make higher yields.

(5) As a convenience to farmers, inasmuch as farm machinery does not have to be transported over a large area for the purpose of cultivation.

Mr. ABBITT. Thank you very much.

We will be glad to hear from you now, Mr. Ridley.

STATEMENT OF W. P. RIDLEY, JR., MAURY COUNTY, COLUMBIA, TENN.

Mr. RIDLEY. Mr. Chairman and members of the committee, I am W. P. Ridley, Jr., a burley tobacco grower from Maury County, Columbia, Tenn. I realize that this hearing is on dark air-cured and dark-fired tobacco, however, I am interested in improving the burley tobacco situation and wish to urge inclusion of sale, lease, and transfer provision in this bill. I am of the opinion that authority to improve the burley tobacco program through inclusion of sale, lease, and transfer provision should be approved for the following reasons:

(1) Where sufficient labor was available there could be an adjustment made to equalize acreage and labor.

(2) Where insufficient labor was available there would be available a means to realize farm income from the allotment.

(3) There would be an incentive for young farmers to build up and maintain a farm operation with a reasonable realized adjustment in tobacco allotments.

(4) To assist in keeping a sharecropper tenant operation on family farms where there is a need for additional allotment.

(5) To assist the economic stability of older farm landlords who can no longer work a crop.

(6) To assist in the national goal of keeping the farmers on the farm.

Mr. ABBITT. Thank you very much for your fine statement.

Is there anyone else?

Mr. WOMACK. There is Mr. Moser.

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

STATEMENT OF HUGH F. MOSER, JEFFERSON CITY, TENN.

Mr. MOSER. Mr. Chairman and members of the committee, I concur with the statements already made by Mr. Womack and Mr. Ridley, and I will not take any time repeating their statements.

I might use this illustration, though.

Recently, a farm in my neighborhood was sold. My brother and myself bought the house and 2 acres of land on that farm. We got six-hundredths of an acre of tobacco allotment with it.

Another man bought about 10 or 12 acres, and he built a house and barn on the extra acreage; he was a part-time farmer, and he has two-tenths of an acre tobacco allotment.

Another man who lives nearby in the city bought several lots—I do not know the acreage involved—along the highway, just as an investment—no buildings on them then and not yet. It had three-tenths of an acre tobacco allotment on it. He is attempting to get tobacco raised each year. It is too valuable to throw it away.

It seems to me that everyone would be benefited if these crop allotments could be sold or a longtime lease could be made, and then the owner would be off and the other tobacco growers would be, too.

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

Mr. WOMACK. Mr. Sanders has a statement he would like to make.

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

Mr. WOMACK. Rather, it is Mr. Sell.

STATEMENT OF ACHARD SELL, JOHNSON CITY, TENN.

Mr. SELL. Mr. Chairman and members of the subcommittee, I have two reasons for being here. They are why I think this tobacco should be for sale or for lease, and there are some reasons of my own that I wrote down in the hotel room last night, and they express my viewpoint as to this as a tobacco farmer.

No. 1, a farmer could apply a legend of base to make more economical his operation across the business, because many bases are too small to justify their use.

No. 2, a farmer who because of age or disability is unable to grow his allotment might sell or buy more allotment to justify a sharecropper.

No. 3, the grower could acquire a base large enough to specialize in tobacco production and thus do a better job.

No. 4, a farmer with insufficient labor, farm rooms, or equipment could sell to someone who had the facilities.

Thank you, sir.

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

Mr. BURKE. I have one question.

Mr. ABBITT. Very well, Mr. Burke.

Mr. BURKE. It is my understanding that under another provision of the law, the Secretary shall determine that it will not affect the operation of the tobacco marketing quota, and so on and so forth, to transfer the lease.

How, in your opinion, will this determination be made without any criteria set forth in the bill, in order to avoid any unsatisfactory determination by the Secretary?

Would you start with any criteria, for instance, on how the Secretary is to determine whether or not it will impair the effective operation of the tobacco marketing program?

Mr. SELL. No, sir; I think that perhaps that is a little ambiguous and should be clarified in the bill.

Mr. BURKE. I just wondered if you gentlemen had the same view.

Mr. SELL. Yes, sir, I thought of that.

Mr. ABBITT. Thank you so much.

Mr. WAMPLER. If I had known you gentlemen were here speaking in favor of burley leasing, I would have introduced you; seriously, as you well know, I represent the Ninth District of Virginia. I have just more than a passing interest in the problems of the burley tobacco growers. I represent some 17,000 burley growers. I wanted to ask you gentlemen this question. I have a bill pending before the committee that provides for the leasing of burley allotments but not for the sale. The chairman also has one. Certainly, as the ranking minority member of the subcommittee, it would be my hope that within the next week or 10 days we would have a hearing solely for the purpose of determining whether burley allotments should be leased or sold. Does this meet with your approval?

Mr. WOMACK. I think that it should be for lease or for sale.

I will tell you, sir, what we have in my particular area: We are fast developing into an urban area. We are close to Nashville, Tenn. Gallatin has increased from about 3,500 to 17,000 or 18,000 in the last 15 years. Hendersonville had 300 or 400 population, and they are now 17,000 or 18,000 population. These farms are being subdivided. They are growing these small bases on town lots and subdivision lots, you know. A lot of these people produce real high yields, up to 4,000 pounds on the basis of that. They are part-time farmers. They are weekend farmers. They have jobs in Nashville or work at the public works. They come in on weekends. They raise this half acre of tobacco. We feel like if it were given to the tobacco farmer that he would produce a better quality of tobacco, and it would be beneficial to him, because he had to buy his machinery and his barns—he has to build them for preparing his tobacco, and he could do it better and have a better quality of tobacco for the market.

Mr. WAMPLER. Would you have any objection if we had a separate hearing on the matter of considering the needs for lease and sale of burley allotments?

Mr. WOMACK. We would like to be included in it, sir.

Mr. WAMPLER. I feel quite frankly, as the chairman stated, that burley is a unique type of tobacco, apart from what we are considering here today, and rather than confuse the issue, we are having a separate hearing solely for the purpose of determining what we would like to do with burley tobacco. It is hopeful that we can have that within the next week or 10 days.

Mr. ABBITT. Thank you very much.

Is there anybody else who wants to be heard?

We have two gentlemen from Kentucky who desire to be heard.

We appreciate your being here, and we will be glad to hear from you.

STATEMENT OF JULIAN WALDEN, MIDWAY, KY.

Mr. WALDEN. Mr. Chairman and members of the subcommittee, I am Julian Walden from Midway, Ky. I used to be a large burley grower. It has dwindled down within the last few years.

I want to take this opportunity, first, to go along with the State of Tennessee with what they had to say. We do not seem to jibe in our feelings on acreage-poundage, but in this particular instance I will vote with Tennessee, even though they did not vote with us.

In the case of burley, I would dislike to see burley eliminated from the field, because of mechanization with our eighty-six one-hundredths-of-an-acre allotments throughout the belt which is not a justification for any mechanization. I think that unless we can consolidate, buy, or sell, or lease these allotments that we, on the face of it, according to the information given by these people from other areas, with these eighty-six one-hundredths-of-an-acre average allotments, have a long ways to go when you talk about 4 or 5 acres being the limit under which to have a practical operation.

I would dislike to see burley destroyed through a lack of foresight or insight, as to what is going on in every phase of agriculture, and I think that if burley is not included in this and given equal opportunity with competitive tobaccos and competitive crops, that there is only one way to go and that is for us to go out. I feel very strongly about this.

Mr. Snodgrass said that the best thing I could talk about was my effort toward tobacco mechanization. I spent a whole lot of my own money to mechanize. I have made some progress, maybe. We have a long way to go. We are not discouraged. We are willing to keep on trying. If we can get just a little help along the way with the tobacco law that is just and fair and will give us equal opportunity. That is all we ask. We would like to be included in this bill for consideration of leasing or sales agreements of our allotments.

On my left here is Mr. Robinson. The two of us rode all night from Lexington, Ky., last night, on the train. I cannot sleep very well on a train. I do not know how he made out. I will try it again tonight going back. But we did want to put in "two-bits" worth, because we think that our plea is legitimate, as old-line tobacco farmers who have ideas as to our future. We still think that there is a future if we are just permitted to have one.

Mr. ABBITT. Thank you very much for your fine statement.

We appreciate your giving it to us.

We will be glad to hear from you now, Mr. Robinson.

STATEMENT OF GEORGE DALE ROBINSON, LEXINGTON, KY.

Mr. ROBINSON. Mr. Chairman and members of the subcommittee, I appreciate the opportunity of appearing before you. My thoughts are along the same lines as those of Mr. Walden's so I will not bore you with any of those details any further, but I would like to make a few statements here.

We would like to see the inclusion of burley in your H.R. 6496, due to the fact that the shortage of labor, which has become more and more in the last 3 years, and the increase in cost of machinery that Mr. Walden brought out, due to the fact that we are trying to mechanize our farms. Of course, burley tobacco in Kentucky is our No. 1 cash crop, and during the last few years our acres have been cut, due to the new acreage clause. So, therefore, a lot of our burley growers having to, indirectly now which we would like to do directly, lease burley tobacco to make up the deficit which we have had.

Also, another little item is in regard to this: In our area, Lexington is growing quite a bit, and we are having quite a bit of our farmland

going into subdivisions, and we would like to see allotments stay on the farm so that we can have agriculture production.

We do have a minimum acreage clause now which is interfering quite a bit, and we would like to see that disappear.

I have been making burley tobacco for 23 years myself, and I am a young man, 33 years of age, and you can see that I started at an early age. My father and my great grandfather have been raising burley tobacco in Kentucky, and for those reasons, along with those that Mr. Walden mentioned, we would like to see burley included in H.R. 6496.

It has been a pleasure to appear before you. We welcome any other opportunity, as you see fit, to be here.

I thank you very much for the opportunity of appearing here.

Mr. ABBITT. Thank you very much for your fine statement.

Is there anybody else who wants to be heard that we have not yet gotten to?

STATEMENT OF HENRY M. TYSON, FAYETTEVILLE, N.C.

Mr. TYSON. Mr. Chairman and members of the subcommittee, I am Henry M. Tyson from North Carolina. I am one of the delegation of four from Cumberland County who would like to go on record in support of the statement made by Mr. Godfrey and also by the gentleman from Pitt County.

We appreciate the opportunity of meeting with you.

Mr. ABBITT. Thank you very much. We are very grateful for your being here to give us your views.

Is there anyone else?

STATEMENT OF JAMES MASSENGILL, BENSON, N.C.

Mr. MASSENGILL. Mr. Chairman and members of the subcommittee, my name is James Massengill. I am from Johnston County, N.C. I am a farmer. I recommend that the lease be transferred on tobacco allotments within the State. We are for that.

Mr. ABBITT. Thank you so much.

Is there anyone else?

STATEMENT OF TED L. BISSETT, SPRING HOPE, N.C.

Mr. BISSETT. Mr. Chairman and members of the subcommittee, I am Ted L. Bissett of Spring Hope, N.C., Nash County. We would like to go on record supporting Mr. Godfrey's statement.

I have a twofold purpose in coming here. This bill is a must for young farmers to mechanize. They are not going to come back unless this bill is passed. The average age of the farmers in my county is 53 years old. So that this is a must.

Thank you.

Mr. ABBITT. We appreciate your coming here. Nash County is a mighty fine county.

Mr. BISSETT. Thank you, sir.

Mr. ABBITT. Is there anyone else?

I want to express my appreciation to all of you who have appeared here today.

I would like to ask Mr. Todd or Mr. Turner, whoever is appropriate, if they will come back.

I understood that several people raised the question of putting some limitations in H.R. 7256. As I understand it, it does limit it to the sale and transfer within the county.

Mr. TODD. Yes, sir.

Mr. ABBITT. Others have suggested that we limit the amount that could be sold. One page 4 of the bill, just before "g," if you put in a new section "g" to read: "the total acreage allotted to any farmer shall not exceed 50 percent of the average cropland in the farm," that would limit the transfer and the sale to 50 percent of the cropland; would it not?

Mr. TURNER. Yes.

Mr. ABBITT. Would that be an appropriate place to put that limitation?

Mr. TURNER. We think it would be.

Mr. ABBITT. Then you could renumber the other sections accordingly.

Mr. TURNER. Yes, sir.

Mr. ABBITT. Unless somebody else has something they would like to say, we will adjourn.

(Whereupon, at 12:50 p.m., the subcommittee adjourned.)

