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# TRANSFER OF PEANUT ACREAGE ALLOTMENTS

GOVERNMENT

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## HEARING

BEFORE THE

SUBCOMMITTEE ON OILSEEDS AND RICE

OF THE

COMMITTEE ON AGRICULTURE

HOUSE OF REPRESENTATIVES

NINETIETH CONGRESS

FIRST SESSION

ON

H.R. 2557, H.R. 6383, and H.R. 6930

JUNE 22, 1967

Serial L

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## TRANSFER OF PEANUT ACREAGE ALLOTMENTS

THURSDAY, JUNE 22, 1967

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON OILSEEDS AND RICE OF THE  
COMMITTEE ON AGRICULTURE,  
*Washington, D.C.*

The subcommittee met, pursuant to notice, at 10:10 a.m., in room 1301 Longworth House Office Building, Honorable Maston O'Neal, chairman of the subcommittee, presiding.

Present: Representatives O'Neal, Abbitt, Purcell, Rarick, Hansen, Wampler, and Mathias.

Also present: Christine S. Gallagher, clerk, and Hyde H. Murray, assistant counsel.

Mr. O'NEAL (presiding). The Subcommittee on Oilseeds and Rice will come to order.

We are meeting today in consideration of H.R. 6383, a bill which I have introduced, and also H.R. 6930, by Mr. Hagan, of Georgia, and H.R. 2557 by Mr. McMillan, of South Carolina.

The first order of business will be the introduction into the record of the report filed by the Department of Agriculture in this connection. The report is signed by Under Secretary John H. Schnittker in a letter to the chairman of the Committee on Agriculture, Mr. Poage, dated April 27, 1967, and without objection it will be admitted into the record at this point together with a copy of H.R. 6383.

(H.R. 2557 by Mr. McMillan and the text of identical bills H.R. 6383, by Mr. O'Neal, and H.R. 6930 by Mr. Hagan, follow:)

### H.R. 2557

A BILL To amend the Agricultural Adjustment Act of 1938, as amended, to authorize the transfer of peanut acreage allotments

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Agricultural Adjustment Act of 1938, as amended, is amended by adding after section 358 the following new section:

SEC. 385a. (a) Notwithstanding any other provision of the law, the Secretary, if he determines that it will not impair the effective operation of the program involved, (1) may permit the owner and operator of any farm for which a peanut acreage allotment is established to sell or lease all or any part or the right to all or any part of such allotment to any other owner or operator of a farm for transfer to such farm; or (2) may permit the owner of a farm to transfer all or any part of such allotment to any other farm owned or controlled by him: *Provided*, That the authority granted under this section may be exercised for the calendar years 1967, 1968, 1969, and 1970, but all transfers hereunder shall be for such period of years as the parties thereto may agree.



"(b) Transfers under this section shall be subject to the following conditions: (i) no allotment shall be transferred to a farm in another State or to a person for use in another State; (ii) no farm allotment may be sold or leased for transfer to a farm in another county unless the producers of peanuts in the county from which transfer is being made have voted in a referendum within three years of the date of such transfer, by a two-thirds majority of the producers participating in such referendum, to permit the transfer of allotments to farms outside the county, which referendum, insofar as practicable, shall be held in conjunction with the marketing quota referendum for the commodity; (iii) no transfer of an allotment from a farm subject to a mortgage or other lien shall be permitted unless the transfer is agreed to by the lienholder; (iv) no sale of a farm allotment shall be permitted if any sale of peanut allotment to the same farm has been made within the three immediately preceding crop years; (v) the total peanut allotment for any farm to which allotment is transferred by sale or lease shall not exceed the farm acreage allotment (excluding reapportioned acreage) established for such farm for 1966 by more than one hundred acres; (vi) no peanuts in excess of the remaining acreage allotment on the farm shall be planted on any farm from which the allotment (or part of an allotment) is sold for a period of five years following such sale, nor shall any peanuts in excess of the remaining acreage allotment on the farm be planted on any farm from which the allotment (or part of an allotment) is leased during the period of such lease, and the producer on such farm shall so agree as a condition precedent to the Secretary's approval of any such sale or lease; and (vii) no transfer of allotment 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. Such record may be filed with such committee only during the period beginning June 1 and ending December 31.

"(c) The transfer of an allotment shall have the effect of transferring also the acreage history, farm base, and marketing quota attributable to such allotment and if the transfer is made prior to the determination of the allotment for any year the transfer shall include the right of the owner or operator to have an allotment determined for the farm for such year: *Provided*, That in the case of a transfer by lease, the amount of the allotment shall be considered for purposes of determining allotments 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 peanut allotment and acreage history have been transferred shall not be eligible for a new farm peanut allotment during the five years following the year in which such transfer is made.

"(e) The Secretary shall prescribe regulations for the administration of this section, which shall include provisions for adjusting the size of the allotment transferred if the farm to which the allotment is transferred has a substantially higher yield per acre and such other terms and conditions as he deems necessary.

"(f) If the sale or lease occurs during a period in which the farm is covered by a conservation reserve contract, cropland conversion agreement, cropland adjustment 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 allotment is transferred."

#### H.R. 6383 AND H.R. 6930

A BILL To amend the Agricultural Adjustment Act of 1938, as amended, to authorize the transfer of peanut acreage allotments

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That the Agricultural Adjustment Act of 1938, as amended, is amended by adding after section 358 the following new section:

"SEC. 358a. (a) Notwithstanding any other provision of law, the Secretary, if he determines that it will not impair the effective operation of the peanut marketing quota or price-support program, (1) may permit the owner and operator of any farm for which a peanut acreage allotment is established under this Act to sell or lease all or any part or the right to all or any part of such allotment 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 to any other farm owned or controlled by him.

"(b) Transfers under this section shall be subject to the following conditions: (1) no allotment shall be transferred to a farm in another State; (2) no transfer of an allotment 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 shall be permitted if any sale of allotment to the same farm has been made within the three immediately preceding crop years; and (4) no transfer of allotment 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 shall have the effect of transferring also the acreage history and marketing quota attributable to such allotment and if the transfer is made prior to the determination of the allotment for any year the transfer shall include the right of the owner or operator to have an allotment determined for the farm for such year: *Provided*, That in the case of a transfer by lease the amount of the allotment shall be considered for purpose of determining allotments 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 peanut allotment has been transferred shall not be eligible for a new farm peanut allotment during the five years following the year in which such transfer is made.

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

"(f) The lease of any part of a peanut acreage allotment determined for a farm shall not affect the allotment for the farm from which such allotment 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 which is leased from a farm shall be considered for purposes of determining future allotments to have been planted to peanuts on the farm from which such allotment is leased and the production pursuant to the lease shall not be taken into account in establishing allotments 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 peanuts for purposes of eligibility to vote in the referendum.

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

"(h) If the sale or transfer 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."

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DEPARTMENT OF AGRICULTURE,  
Washington, D.C., April 27, 1967.

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

DEAR MR. CHAIRMAN: This is in reply to your request of March 7, 1967, for a report on H.R. 6383, a bill "To amend the Agricultural Adjustment Act of 1938, as amended, to authorize the transfer of peanut acreage allotments."

This Department recommends that the bill be passed.

This bill would authorize the Secretary to permit the transfer by sale or lease by owner of peanut acreage allotments provided he determines the effective operations of the program would not be impaired.

No transfer of allotment would be permitted (a) outside the State, (b) from a farm subject to a mortgage or other lien unless agreed to by the lienholder, (c) from a farm to which a peanut allotment was transferred during the three immediately preceding years, or (d) until a record of the transfer had been filed with the county committee of the county to which transferred and such committee determined that it complied with provisions of law.



The Secretary would be required to prescribe regulations to implement the legislation including provisions for limiting the size of the resulting allotment on the receiving farm. It is assumed this authority would permit the Secretary to provide for adjustment of acreage transferred when the productivity of the receiving farm is substantially higher than that of the farm from which the allotment is transferred.

This bill does not provide any restriction on transfers across county lines within the same State. Statutory authority for transfer of cotton acreage allotments permits transfers across county lines only after approval by producers voting in a referendum.

Transferring peanut allotments will permit the establishment of more economic-sized units of production which will in turn result in more efficient production on individual farms and for the industry as a whole. Small but capable and efficient farmers could increase their acreage of peanuts without incurring the heavy costs involved in buying additional and often unneeded land. In addition those who wish to discontinue growing peanuts, could transfer their resources to other crops, or retire from peanut production entirely and still receive remuneration.

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. Our most recent recommendation of April 17, 1967, is presently pending before your committee. This authority has been provided only for cotton, leases of certain kinds of tobacco, and transfers of producer rice allotments. 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. 6383 would not require additional funds and would vastly improve program operations at all levels of administration and for peanut 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,

JOHN A. SCHNITTKER,  
*Under Secretary.*

Mr. O'NEAL. I would like also to offer for the record a statement of the Honorable G. Elliott Hagan, of Georgia, one of the authors of this legislation.

Without objection it will be admitted into the record at this point.

I will also offer for the record a statement containing approximately 35 names of farmers in Grady County, Georgia, dated June 6, 1967.

Without objection it will be admitted into the record at this point.

I also have a statement by Joe S. Sugg, executive secretary of the North Carolina Peanut Growers Association which I will offer for the record.

Without objection, it will be made a part of the record at this point.

(The statement of Hon. G. Elliott Hagan, the statement dated June 6, 1967, and the statement of Joe S. Sugg follow:)

STATEMENT OF HON. G. ELLIOTT HAGAN, A REPRESENTATIVE IN CONGRESS FROM THE  
STATE OF GEORGIA

Mr. Chairman, I am privileged to present this statement today in support of H.R. 6383, which I jointly sponsored with my esteemed colleague, the Honorable Maston O'Neal.

This bill has gathered widespread support from agricultural leaders in Georgia. It will permit small farm allotments to be consolidated in order to justify large investments for mechanical facilities which are necessary for survival in view of the present labor situation.

The legislation will permit the owner of any farm with a peanut allotment to sell or lease all or part of the allotment to any other farmer and will permit the owner of a farm to transfer all or part of his allotment to any other farm owned or controlled by him.



As you know, peanuts is one of the most important crops in the Southeastern United States.

I urge approval of H.R. 6383. Thank you.

(The following petition, dated June 6, 1967, signed by 34 persons from Cairo, Ga., may be found in the files of the committee:)

We, the following farmers and residents of Grady County, would like to go on record as supporting bill HR 6383. We would like our desires to be expressed at the hearing of June 22 and 23.

STATEMENT BY JOE S. SUGG, EXECUTIVE SECRETARY, NORTH CAROLINA  
PEANUT GROWERS ASSOCIATION

I am Joe S. Sugg, Executive Secretary of the North Carolina Peanut Growers Association, with headquarters at 109 S.E. Main Street, Rocky Mount, North Carolina, with approximately 35,000 members located in 43 Eastern North Carolina counties having commercial peanut allotments.

We appreciate the opportunity of being able to present to this Committee our views on the most important subject of the lease, transfer and sale of peanut allotments.

The position of the North Carolina Peanut Growers Association with respect to this subject, as taken in 1964 and reaffirmed at our annual meeting in September, 1966 and reaffirmed by the Board of Directors in March, 1967, is that we favor the lease, transfer and sale of peanut allotments within the county boundaries. We vigorously oppose any transfer of allotments by any method across county or state lines. We feel that transfers within county lines would add to the flexibility of the peanut program, would give growers of peanuts and other commodities the privilege of consolidating their farming operations to the point of being more specialized and more efficient.

In determining the position of our association a mail survey was conducted in the state among the peanut growers, and the result of this survey was that the growers having allotments favored lease, transfer and sale within the county boundaries by a four to one majority. This is our position and we request a favorable report as we believe it is in the best interest of the peanut grower and the industry.

Respectfully submitted,

JOE S. SUGG,  
*Executive Secretary.*

Mr. O'NEAL. The Chair has a list of witnesses prepared by the clerk of the committee, Mrs. Gallagher, based upon requests made in advance of the meeting. We will abide by the order that Mrs. Gallagher is proposing.

We have some additional witnesses in the room who have come in this morning. We will be delighted to hear from them but I feel that it is only fair to keep the order prepared by the clerk of the committee in fairness to those who did make arrangements in advance. We hope and we expect to give everybody an opportunity to be heard this morning in the way that they would like to be heard.

The first witness on the list is Mr. Charles M. Cox, Assistant Deputy Administrator, State and County Operations, who is accompanied by Mr. J. E. Thigpen, who is Director of the Oils and Peanut Policy Staff, U.S. Department of Agriculture.

I might add that he is an old friend of mine, a constituent. I think that he has a farm in my district. His ancestral home is in my district. And it is with particular pride that I welcome Mr. Cox to the stand.

You may proceed, Mr. Cox.

Mr. Cox. Thank you very much, Mr. Chairman, for your fine remarks. I am pleased to be here. I have with me this morning Mr. James Thigpen, who is Director of the Oils and Peanut Policy Staff.

Mr. O'NEAL. I see Mr. Thigpen. I want to express to you a welcome.



STATEMENT OF CHARLES M. COX, ASSISTANT DEPUTY ADMINISTRATOR, STATE AND COUNTY OPERATIONS, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE; ACCOMPANIED BY J. E. THIGPEN, DIRECTOR, OILS AND PEANUT POLICY STAFF, U.S. DEPARTMENT OF AGRICULTURE

Mr. Cox. Mr. Chairman and members of the committee, I am Charles M. Cox, Assistant Deputy Administrator, State and County Operations, Agricultural Stabilization and Conservation Service, U.S. Department of Agriculture.

I am glad to appear before the committee to present the Department's views with respect to three bills; H.R. 2557, H.R. 6383, and H.R. 6930.

While there are some variations, the primary objective of these bills is to provide authority for transfer of peanut allotments by lease, sale, or by owner.

On April 27, 1967, the Department reported favorably on one of these bills, namely, H.R. 6383 by Mr. O'Neal. Of the three bills under consideration, we still favor H.R. 6383, although the bill that Congressman Hagan has introduced is substantially the same.

I would like to comment first on the provisions of H.R. 6383; then on certain provisions of the other two bills.

H.R. 6383 would authorize the Secretary to permit the transfer by sale or lease by owner of peanut acreage allotments provided he determines the effective operation of the program would not be impaired.

No transfer of allotment would be permitted (a) outside the State, (b) from a farm subject to a mortgage or other lien, unless agreed to by the lienholder, (c) from a farm to which a peanut allotment was transferred during the 3 immediately preceding years, or (d) until a record of the transfer had been filed with the county committee of the county to which transferred and such committee determined that it complied with provisions of law.

The bill, H.R. 6383, does not provide any restriction on transfers across county lines. Based upon our experience with the transfer of cotton allotments, we think it wise to restrict transfers by lease or sale to other farms within the county, except when the producers approve transfers outside the county by voting in a referendum. If H.R. 6383 is enacted, we would favor adding provision for such a referendum.

The Secretary is directed by H.R. 6383 to prescribe regulations to implement the legislation, including provisions for limiting the size of the resulting allotment on the receiving farm. We assume this would permit the Secretary to provide for adjustment of acreage transferred when the productivity of the receiving farm is substantially higher than that of the farm from which the allotment is transferred.

The Department has, on several occasions, recommended legislation to authorize the transfer, by lease or sale, of acreage allotments, base acreages and quotas for all commodities. The most recent recommendation was submitted April 17, 1967. The Department reached this position only after extensive study of the pros and cons of the question. We are convinced that transfer authority will permit the establishment of more economic-sized units of production, and will result in more efficient production. Small but capable and efficient farmers could



increase their crop acreage without incurring the heavy costs of buying additional and often unneeded land. Those who wish to discontinue growing the allotment crop could transfer their resources to other endeavors. While we still favor action to authorize lease and sale of all commodity allotments, base acreages and quotas, we have no objection to the authorization on a commodity-by-commodity basis.

Now, to the other bills, H.R. 2557 and H.R. 6930.

H.R. 2557 contains two provisions which we believe could best be covered by the Secretary in his regulations. One of these provisions specifies that the resulting allotment on the receiving farm cannot exceed the 1966 farm allotment by more than 100 acres. This leaves no flexibility to adjust through the years as changes in farming practices come about. The other provision prescribes June 1 through December 31 as the period for filing a record of any transfer with the county committee. Again we think it would be wise to leave this for determination by the Secretary, so that adjustments could be readily made when circumstances clearly indicate a need for change.

The provisions of H.R. 6930, as I have already indicated, are substantially the same as those of H.R. 6383, the bill on which the Department has already reported favorably. Like H.R. 6383, this bill does not **restrict transfers across county lines**. As stated previously, we think it wise to include a provision calling for producer approval by referendum before permitting transfers outside the county.

Mr. Chairman, I appreciate the opportunity of appearing before this committee.

I shall be glad to respond to any questions.

Thank you.

Mr. O'NEAL. Thank you, Mr. Cox. I wonder if you have any contribution, Mr. Thigpen, that you would like to make at this point.

Mr. THIGPEN. Not at this time, Mr. Chairman.

Mr. O'NEAL. Thank you.

Mr. Cox, as I understand it, the Department favors the legislation, but the principal suggestion is that, inasmuch as the bill does not call for the crossing of county lines, you recommend that it also provide for a referendum, as in the cotton situation.

Mr. Cox. This is correct.

Mr. O'NEAL. Is cotton the only commodity that provides for the lease and sale across county lines?

Mr. Cox. We have limited authority, Mr. Chairman, to transfer producer rice allotments in States where allotments are determined on a producer basis. This authority is confined primarily to situations where a producer is going out of business completely. Otherwise the transfer is limited to the immediate members of the family.

We also have some limited authority for the lease of tobacco allotments, but not for sale.

Mr. O'NEAL. Not sale?

Mr. Cox. No, sir.

Mr. O'NEAL. Would you care to comment on how the cotton provision is working?

Mr. Cox. Mr. Chairman, notwithstanding some misgivings on the part of many people with regard to how the authorization for the transfer and sale of cotton allotments might work out, we have been extremely pleased with the ease with which we have been able to ad-



minister this authorization, and with the ready acceptance of it by the farmers involved in it. We believe it is working extremely well.

Mr. O'NEAL. I was just wondering if you you had any statistics that would show how many counties are approving the referendum, and how many are opposing it.

Mr. Cox. I will be glad to supply this for the record. My recollection is that about one-half of them have approved the transfer across county lines.

Mr. O'NEAL. Of course, it takes a two-thirds vote for approval.

Mr. Cox. This is right.

Mr. O'NEAL. So that many of them are approving it by a majority vote, which is not sufficient to bring it about.

Mr. Cox. This is correct, Mr. Chairman.

Mr. O'NEAL. If you would provide that information for us—that is, provide us with those statistics—I think that it would add something to the record and would be of great interest to us.

Mr. Cox. We will be delighted to do so.

(The information follows:)

*Upland cotton: Number of counties voting to permit transfers of farm allotments by sale or lease across county lines*

| State               | Number of cotton allotment counties, 1967 | Number of counties approving cross-county transfer of allotments |                                              |                                       | Total counties |
|---------------------|-------------------------------------------|------------------------------------------------------------------|----------------------------------------------|---------------------------------------|----------------|
|                     |                                           | November 1965 referendum for 1966, 1967, and 1968                | May 1966 referendum for 1967, 1968, and 1969 | May 1967 referendum for 1968 and 1969 |                |
| Alabama.....        | 67                                        | 8                                                                | 1                                            | 0                                     | 9              |
| Arizona.....        | 11                                        | 5                                                                | 0                                            | 1                                     | 6              |
| Arkansas.....       | 72                                        | 20                                                               | 9                                            | 1                                     | 130            |
| California.....     | 13                                        | 3                                                                | 2                                            | 0                                     | 5              |
| Florida.....        | 27                                        | 16                                                               | 4                                            | 0                                     | 20             |
| Georgia.....        | 153                                       | 72                                                               | 8                                            | 7                                     | 87             |
| Illinois.....       | 3                                         | 1                                                                | 0                                            | 1                                     | 2              |
| Kansas.....         | 1                                         | 0                                                                | 0                                            | 0                                     | 0              |
| Kentucky.....       | 8                                         | 0                                                                | 0                                            | 0                                     | 7              |
| Louisiana.....      | 54                                        | 18                                                               | 2                                            | 1                                     | 21             |
| Mississippi.....    | 82                                        | 15                                                               | 4                                            | 0                                     | 19             |
| Missouri.....       | 16                                        | 4                                                                | 1                                            | 1                                     | 6              |
| Nevada.....         | 2                                         | 0                                                                | 1                                            | 0                                     | 1              |
| New Mexico.....     | 18                                        | 2                                                                | 1                                            | 3                                     | 6              |
| North Carolina..... | 77                                        | 55                                                               | 1                                            | 3                                     | 59             |
| Oklahoma.....       | 73                                        | 22                                                               | 5                                            | 3                                     | 30             |
| South Carolina..... | 46                                        | 9                                                                | 1                                            | 0                                     | 10             |
| Tennessee.....      | 55                                        | 24                                                               | 6                                            | 1                                     | 31             |
| Texas.....          | 246                                       | 60                                                               | 17                                           | 10                                    | 87             |
| Virginia.....       | 15                                        | 9                                                                | 0                                            | 0                                     | 29             |
| United States.....  | 1,039                                     | 350                                                              | 63                                           | 32                                    | 445            |

<sup>1</sup> Banton County voted in November 1965 referendum; does not have a 1967 allotment.

<sup>2</sup> Cumberland County voted in November 1965 referendum; does not have a 1967 allotment.

Mr. O'NEAL. Are there any questions from committee members?

Mr. Purcell.

Mr. PURCELL. Mr. Cox, I want to say that I think that your reason is a good one, that the sale or transfer of these allotments should be limited to the county lines unless the county approves it by referendum which is based primarily on a concern of disintegrating farm communities in the counties. As you realize, if there is a spreading out of these communities too much it will tend to take away from many of them the last vestige of hope of maintaining a sound agricultural



community. At least in my district it would have that effect. Some of the areas are primarily peanut-growing areas now and they really have that as about the last cash crop they are producing.

And my view is from what I have heard about it—I will agree with you—that if anything at all, to a lot of the older people in the county, it would give an additional reason to them to get the price of their allotment on top of the price of their land in trying to get out of the business. And in Texas this would be a real drastic action. I am saying no more than to agree with you, but I believe that it will prevent some of that, which you have in mind.

Mr. COX. We would be inclined to agree wholeheartedly with what you have said. It has been our experience in observing the operations of the cotton law that in those counties where it is evident that producers want to continue the production of cotton, the farmers who wish to sell or to lease find a ready market for their allotments. In those counties where farmers are going out of cotton production, it has been evident for a long time that the farmers are inclined to vote in the referendum to permit sale and lease across county lines in order that the farmers who have allotments for sale can find a decent price for the allotments that they would like to dispose of.

Mr. PURCELL. Thank you. That is all.

Mr. O'NEAL. Any questions, Mr. Hansen?

Mr. HANSEN. Mr. Cox, you state on page 2 of your testimony, "While we still favor action to authorize lease and sale of all commodity allotments, base acreages, and quotas, we have no objection to the authorization on a commodity-by-commodity basis."

Is this the problem of H.R. 6383?

Mr. COX. This is correct.

Mr. HANSEN. You would still then like to have your "druthers" but you will go along with this type of approach?

Mr. COX. Yes. We have taken this position previously.

Mr. HANSEN. Thank you. And on the last page of your statement we note you state that "One of the provisions specifies that the resulting allotment on the receiving farm cannot exceed the 1966 farm allotment by more than 100 acres which leaves no flexibility to adjust through the years as changes in farming practices come about."

Would you like to elaborate on that a bit?

Mr. COX. I believe that the statement speaks for itself. All we are saying is that this is permanent legislation, and we believe that matters of this kind might be left to the discretion of the Secretary, so that we could regularly make changes based on experience.

Mr. HANSEN. Your objection is to the limitation of 100 acres?

Mr. COX. Yes.

Mr. HANSEN. And this would also apply to the next statement in regard to the States specified where you say, "Again we think it would be wise to leave this for determination by the Secretary so that adjustments could be readily made when circumstances clearly indicate a need for change"?

Mr. COX. This is correct, sir.

Mr. HANSEN. Is there any real reason why this could not be set by law?

Mr. COX. These are not insuperable objections, Mr. Congressman. These are our suggestions. We believe that they would provide more



ease in administration over a long period of time. Sometimes, as you know, it is rather difficult and rather slow to get a change or an amendment to the law. We think this will make it easier to administer.

Mr. HANSEN. As to H.R. 6383 and H.R. 6930, you state that you deem it advisable to have a provision for a referendum for transfers outside of the county?

Mr. Cox. Yes.

Mr. HANSEN. How would you handle such a referendum?

Mr. Cox. Precisely in the same way that we handle the referendums on cotton at the present time. In those counties where farmers have not already voted in favor of transfers across county lines, producers are asked to vote on whether they would favor it. We would propose to do the same thing with regard to peanuts.

Mr. HANSEN. In this case you would submit to the farmers concerned in any given county a referendum asking that certain acreage be transferred from that county?

Mr. Cox. Yes.

Mr. HANSEN. Have you experienced any difficulty in parochial pride, so to speak, in having people OK transfers from their county?

Mr. Cox. I have tried to indicate in response to a question from Congressman Purcell that I think it depends very much upon the economy in the particular county. I think if they were interested in continuing to grow peanuts in that county, that they could develop a reasonable price for the allotment and interest on the part of other farmers to get the allotment. I think that there would be very little disposition to permit the allotment to move across county lines.

On the other hand, if the peanut economy in the county was going down and there was no demand for the peanut allotment in the county, I think that the disposition on the part of the farmers would be to vote to permit it to move across county lines in order that those farmers who want to dispose of their allotments could get a better price for the allotment.

Mr. HANSEN. So then you think that if it could be shown the people of a given county that they would be or could be economically better off to dispose of the allotment then probably they would approve a transfer, otherwise, they would not.

Mr. Cox. This is correct.

Mr. HANSEN. Thank you, Mr. Chairman. That is all.

Mr. O'NEAL. Are there any other questions?

Mr. Rarick.

Mr. RARICK. As I understand it, Mr. Cox, in the testimony that you have given this morning, you recommend that this bill give the farmers some say-so in the use of the referendum as to the sale or the lease or the transfer of the peanut allotments, is that correct?

Mr. Cox. This is correct.

Mr. RARICK. The bill itself, H.R. 6383, provides that the authorization on the part of the Secretary would be to permit the transfer or the sale or the lease by the holder of the property. If the bill were to be amended to provide for a farmer referendum, do you feel that the Secretary should still be authorized to permit this?

Mr. Cox. I do not believe that I quite understand your question.

Mr. RARICK. As the law now reads, the Secretary of Agriculture is the czar or the final determiner as to whether or not to permit these



sales or transfers. He can stop the sale or the transfer if he sees that it is not in the best interests of the national economy or so determines.

Mr. COX. Yes.

Mr. RARICK. If we are now to amend the bill to provide for a referendum, we leave the determination up to the local farmers in their own county, do you feel then that we need the Secretary to have that power?

Mr. COX. We think that we would certainly favor authorization to the Secretary to permit the transfer. Our only recommendation is that we believe it would be wise for the Secretary to be guided by the wishes of the farmers in the particular county whether or not the allotment should move across the county lines.

Mr. RARICK. Let us say that if the farmers do not want to sell the allotments, the Secretary of Agriculture is not going to force them to sell them.

Mr. COX. This is correct. And this would be true, Congressman Rarick, under either version of the bill.

Mr. RARICK. Well, then, where the farmers in a county would choose to sell or to transfer their allotments, under what circumstances could the Secretary still refuse or prohibit such a transfer?

Mr. COX. Within county transfers, none.

Mr. RARICK. Then you feel that the bill prohibits it?

Mr. COX. Yes.

Mr. RARICK. We would still be giving something to the farmers to sell?

Mr. COX. This is correct.

Mr. RARICK. Certainly the city people have been talking about these referendums, at least they sound like giving something to choose from, and yet when we choose, we still have to get our vote approved by "big brother" Government here in Washington. Do you feel that it would be easier, if we had a referendum, that we still have the last say-so in the Supreme Court, in other words, in the hands of the Department of Agriculture here in Washington?

Mr. COX. On this matter, yes.

Mr. RARICK. I have no further questions.

Mr. O'NEAL. Is this principally because of the danger that it could bring about overproduction?

Mr. COX. I do not believe that overproduction would be a major concern, Congressman O'Neal.

Mr. O'NEAL. Upon what grounds do you think that the Secretary might fail to approve the transfer?

Mr. COX. I cannot conceive of a situation where he would refuse to approve these transfers on the basis of the programs for peanuts that we have at the present time.

Mr. O'NEAL. This brings me to another question that I had in mind. Has the Secretary used this discretion in failing to approve any cotton transfers?

Mr. COX. No, sir.

Mr. O'NEAL. None at all?

Mr. COX. None.

Mr. O'NEAL. He prefers to have it in the case of an emergency?

Mr. COX. That is right.



Mr. O'NEAL. There are two other matters that I would like to ask a little more about.

One is the matter of the commodity-by-commodity consideration, which is a problem. This is because commodities do vary so greatly in their problems. It would be best to take them up one at a time, to tailor them to the provisions to meet the problems of the commodity; do you not think so?

Mr. Cox. Our position has been that we would favor one overall bill giving the Secretary authority to deal with all of these commodities on a discretionary basis, but we do not object to the procedure that the committee has followed of taking these up one at a time and deciding whether or not the Secretary should have authorization or not.

Mr. O'NEAL. Getting back to another matter, I will ask you this—and I will ask you to comment on it—would this bill be of any benefit, possibly, to new growers where there are young men who have decided to go into farming and for people who are now renting or sharecropping peanut lands—would it give them some security in the ownership of a peanut allotment?

Mr. Cox. We certainly think it would. This is one of the reasons that we favor this. As you know, the investment that is required for the growing of peanuts at the present time, is very, very expensive. We believe that young farmers, farmers who do not have peanut allotments, and the farmers who have inadequate allotments would have some opportunity in a situation of this kind to acquire needed allotments, to have an economic production.

Mr. O'NEAL. In my own district a great deal of the land and the peanut allotments are owned by people who do not farm—they are widows and people who have inherited these lands, and these allotments, and the actual growing of the peanuts is done by sharecroppers. These are not sharecroppers in the traditional sense, because they are people who have investments themselves—they are not the one gallus farmers. And there is a considerable investment in machinery, and if the owner of the land or of the allotment, if the rules and regulations of the Department are changed, this man who has a great investment, yet he is just a sharecropper, would find himself out in the cold, and if he could actually lease for a period of time or buy the allotment, he would have a great deal more security, is that true?

Mr. Cox. This is a valid observation; yes, sir.

Mr. O'NEAL. It would also permit a young man, just starting out in life at least to buy into the program where he cannot get it in any other way?

Mr. Cox. It would, because the amount of peanut allotments available to new farms is extremely small, as you well know.

Mr. O'NEAL. Thank you. Are there any further questions?

Mr. Abbott, we certainly desire to give you this opportunity. We are glad to have you here. We know of your great interest in this matter.

Mr. ABBOTT. I noticed in your statement, Mr. Cox, with reference to the report on H.R. 6383 it states:

The Secretary would be required to prescribe regulations to implement the legislation including provisions for limiting the size of the resulting allotment on the receiving farm. It is assumed this authority would permit the Secretary



to provide for adjustment of acreage transferred when the productivity of the receiving farm is substantially higher than that of the farm from which the allotment is transferred.

I note that you say that it is assumed. What objection is there to writing that into the bill?

Mr. COX. We would not object to writing in the authority for the Secretary to make the adjustment when the allotment is moved from low productivity to a high productivity farm. We were trying to make the record clear, Congressman Abbitt, that we believed—

Mr. O'NEAL. May I interrupt long enough to say that our esteemed colleague, Mr. Burleson, of Texas, is here, and we invite him to come up and join the subcommittee.

Mr. BURLESON. This is all right. I will have a seat right here and when you get to me, that will be fine.

Mr. O'NEAL. Please go ahead, Mr. Cox.

Mr. COX. I was saying that we would not object to writing this particular authorization into the bill. We were trying to make the record clear that we believed that the overall authorization in the bill is such that we do have this authority by regulation at the present time.

Mr. ABBITT. I might say, frankly, Mr. Chairman, that some of us are not pleased with the way that the Secretary has exercised his discretion in the past, particularly as to the price support program for peanuts.

Are you familiar with the language that was used in the bill providing for the sale of allotments recently passed by the full committee here?

Mr. COX. Which bill is this?

Mr. ABBITT. The tobacco bill.

Mr. COX. Yes, sir.

Mr. ABBITT. I think it would be a great improvement rather than to depend upon the discretion of the Secretary. It states:

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 acre being transferred and dividing the result by the normal yield established for the farm to which the allotment is transferred.

Do you not think that this is advisable?

Mr. COX. Mr. Chairman, I certainly would have to testify that it is desirable, because this is precisely what we are doing in the case of some types of tobacco allotment transfers under the lease authority we have now. It is precisely the same authority, the same procedure, rather, that we are following in the case of cotton at the present time. We would have no objection to writing a provision in as you are proposing, that is, into this bill.

Mr. ABBITT. It would be more important for the peanut legislation as a matter of fact, than for others, because peanuts are produced over a much wider area. While it does not apply to my area particularly, there are other sections to which it would apply. You would not let them transfer it across county lines?



Mr. Cox. We want to make it clear that we want the authority of this kind that you are describing and we propose to exercise that authority, under the general authority the Secretary has in the bill, but we certainly have no objection to writing it in specifically.

Mr. ABBITT. Are you familiar also with the provision in the tobacco legislation which stated that when you transferred it could not be more than 50 percent of the cropland?

Mr. Cox. Yes, sir.

Mr. ABBITT. I am just asking about that.

Mr. Cox. I am not sure that the figure of 50 percent would be wise in the case of peanuts. I would prefer to consult with some of our people in the Department to see what the percentage should be.

Mr. ABBITT. I am not sure about that, either.

Mr. Cox. Mr. Thigpen may want to comment on that.

Mr. THIGPEN. Some of the growers who are here might be able to answer that. We might ask them on that point. Offhand, it would be reasonable to apply it to peanuts, but I think they are more familiar with the conditions than we are.

Mr. ABBITT. I know about it in relation to tobacco but I do not know enough about the peanut situation to say definitely about that. It is more or less a problem that we should have them comment on and give us the benefit of their views.

Mr. O'NEAL. Are you through, Mr. Abbitt?

Mr. ABBITT. Yes.

Mr. O'NEAL. I have a question that you might answer, Mr. Thigpen, or Mr. Cox might answer. You were reading this provision which I understand is the language for the administrative ruling at the present time. Is this predicated upon the proposition that an allotment could only go to an existing farm which has an existing allotment that grows peanuts? What about it going to a new farm where nothing has been established in the way of a production record?

Mr. Cox. In the case of cotton, I believe we are limited, as I recall it, to transferring to a farm that has an established allotment.

Mr. O'NEAL. Do you think that is good, or do you think that should be changed so that the farm which has never grown peanuts might grow them if it is within the same county?

Mr. Cox. My inclination, Mr. Chairman, would be not to put this restriction in the bill.

Mr. O'NEAL. In other words, you think that it would be all right to have it go to the farm that does not have a history?

Mr. Cox. Yes.

Mr. O'NEAL. Thank you for being with us.

We will have to move along.

The next witness is Mr. Randolph Carter, executive secretary of the Virginia-Carolina Peanut Association of Suffolk, Va.

Mr. ABBITT. I would like to welcome Mr. Carter. He is from my district. He has been associated with the peanut program for many years in our area. I want to welcome him here.

Mr. O'NEAL. We are very glad to hear from you now, Mr. Carter.



STATEMENT OF W. RANDOLPH CARTER, EXECUTIVE SECRETARY,  
VIRGINIA-CAROLINA PEANUT ASSOCIATION

Mr. CARTER. Mr. Chairman and members of the subcommittee: My name is W. Randolph Carter, executive secretary of the Virginia-Carolina Peanut Association.

I am speaking today not only on behalf of the peanut shellers that I represent in Virginia and North Carolina, but also for peanut groups in all three peanut-producing areas in the United States. The following groups have joined in this statement: The Southeastern Peanut Association, representing the peanut shellers in Georgia, Florida, and Alabama, and the Southwestern Peanut Shellers Association, representing peanut shellers in Texas, Oklahoma, and New Mexico.

We are opposed to the proposed legislation that would permit the sale or lease of peanut acreage allotments within a State. Our people feel that peanut allotments belong in the counties where they are presently situated. At the present time peanut acreage allotments within the peanut-producing counties are spread among many farmers in many communities. If the sale or lease of allotments were permitted as proposed, we fear the movement of this acreage to a few counties where the peanuts would be produced under irrigation. Fewer growers, fewer communities, and fewer counties, therefore, would benefit if this should occur.

There might be some short-lived financial advantage to those selling or leasing their allotments, but in the long run we believe that the effects would be detrimental.

Over the long range, value of the land would be decreased thus lowering its subsequent sale value as well as the annual income from it. Tax valuations to the State, county, and school districts would likewise decrease substantially. We just do not believe that a plan permitting movement of peanut allotments out of a county is sound economically when you look past the first year.

We believe further that the sale or lease of allotments out of a county would add additional complications to the unemployment problem. Peanuts are the principal cash crop of thousands of farmers. Without the income provided by peanuts, many of our farmers will be forced to seek employment in off-the-farm jobs. A large percentage of these farmers are past 50 years of age and are not trained in trades or skills unrelated to farmwork. Even though these people will not sell their own farm allotments, some of their neighbors whose allotments they have been working, will sell and eventually the acreage allotment available to them will be so small that it is no longer a profitable operation and they will be forced to get out of farming. I think that this is a matter that Mr. Purcell touched on a few minutes ago. In many cases these will be men who have farmed all of their lives and know no other way to earn a livelihood.

If this proposed legislation becomes law, we believe that a large portion of our present acreage would be transferred to areas to be produced under irrigation. Peanut yields on irrigated acreage of 3,600



pounds to 4,000 pounds per acre are commonplace while the yield on dry land is not half as great.

We do not think it reasonably possible under the proposed legislation to make appropriate adjustments in transferred acreage allotments to allow for this. In other words, when the same farm is converted from dry land to irrigation, we can expect a more than doubling in the yields per acre. It must be assumed, therefore, that our surplus would become an increasing cost problem if this legislation is passed.

If the arguments are valid that the sale or lease of peanut acreage allotments should be permitted within a State, then exactly the same line of reasoning is applicable to the sale or lease of acreage allotments between States. There is no magic about a State boundary line. We believe, gentlemen, that the adoption of the proposed legislation would pave the way for subsequent legislation to permit the sale or lease of peanut acreage allotments among States.

We urge that the committee reject the proposed legislation.

Now, in addition to this statement which we have prepared, I was told by Mr. Reagan, who is on the witness list, that he will be unable to be here. He is in Oklahoma this morning. He has authorized me, in addition to the statement I have, to say that the Texas, Oklahoma, and New Mexico area would be willing to allow the sale or lease of allotments within the county, but restricted to county lines.

And in that connection, Mr. Chairman, Mr. John Green, who is executive secretary of the Southeasten Peanut Shellers Association of Georgia, furnished you with a letter around the first of May, setting forth the minutes of a meeting which had occurred at Blakeley, Ga.

Mr. O'NEAL. Yes, I have that here.

Mr. CARTER. And his association at that time passed two resolutions which was composed of growers as well as peanut shellers, the executive committee of the Peanut Shellers Association from Alabama and Georgia. And the two resolutions that they passed at that time were (1) that the sale or lease of peanut acreage allotments be permitted only within the county, legislation to include features which would regulate any acreage transfer on a poundage production basis with adjustment in acreage when yield differentials exceeded 10 percent. And (2) and I think this is very important—"that no legislation should reach the floor of Congress without being agreed upon by the leaders of the peanut industry in all production areas; that unless such agreement prevails, all legislation should be dropped."

This was voted on in that particular meeting, which was attended by the growers and shellers without a dissenting vote—no negative votes on it. A few people elected not to vote but it was a unanimous resolution.

(The document referred to follows:)

The joint session of sheller-grower representatives was convened at 11:30 a.m. with L. Foy Hays, Chairman, Executive Committee, Southeastern Peanut Association presiding.

Representing the Alabama Peanut Producers Association and Alabama Farm Bureau were E. C. Brooks, W. H. Brown, E. F. Calhoun, M. D. Dawsey, Fred Denman, John Dorrill, Melton Flowers, T. Lewis Knox, James Earl Mobley, W. O. Patterson, James Stubbs, Cecil Tindal and Billy Carter.

The Georgia Commodity Commission for Peanuts and the Georgia Farm Bureau were represented by Andrew Avery, C. K. Cox, George P. Donaldson, Boyce



Dyer, Claude Fletcher, Orthello Hudson, W. J. McKemie, Maylon Nicholson, J. R. Odom and A. J. Singletary.

The GFA Peanut Association was represented by E. F. Calhoun, R. G. Daniel, D. H. Harden, Roy Malone and James Stubbs. (Messrs. Calhoun and Stubbs are members of the Boards of Directors of both the GFA Peanut Association and Alabama Peanut Producers Association.)

The Alabama and Georgia Cooperative Extension Services were represented by Dean Bond and J. Frank McGill, respectively.

The question of legislation to allow transfer of peanut acreage allotments received lengthy and detailed discussion. A number of individual views were presented, ranging from recommendations that no peanut legislation be considered in 1967 to that of full endorsement of Bill H.R. 6383 recently introduced by Congressman Maston O'Neal of Georgia. However, most of those assembled held positions somewhere between the two extremes, many thinking along the lines of H.R. 2557, introduced on January 17, 1967 by Congressman McMillan of South Carolina, but with strong reservations as to some provisions set forth therein, particularly that which would permit the transfer of acreage across county lines. The large majority of those present were emphatically opposed to any provision which could result in a sizable and sudden loss of peanut production acreage to any particular locality and to the Southeast in general, at the same time, opposing any provisions which would possibly create relative advantages acreage- and production-wise, for other peanut areas over the Southeast.

Prior to luncheon recess, Chairman Hays, stating that a resolution was needed to express the general feeling of the group on the matter of acreage transfer, called on Mr. Mobley, Mr. McKemie and Mr. Harden to appoint three representatives from their respective organizations to form, along with three sheller representatives, a Resolutions Committee for this purpose.

The session was reconvened at 1:10 p.m. and the special committee presented the following resolution, subsequently adopted by the full assembly without a dissenting vote.

Resolved:

(1) That the sale or lease of peanut acreage allotments be permitted only within a county, legislation to include features which would regulate any acreage transfer on a poundage production basis, with adjustment in acreage when yield differentials exceed 10 percent; and

(2) That no legislation should reach the floor of Congress without being agreed upon by the leaders of the peanut industry in all production areas; that unless such agreement prevails, all legislation should be dropped.

Mr. O'NEAL. I think I have the one before me that you were referring to. I am not sure that there was any request from Mr. Green that this be admitted into the record. Actually, the whole communication contains a great deal that is not germane to this question so that I do not introduce it into the record.

Mr. CARTER. Yes. That was it. In a letter in June Mr. Green said, "We would appreciate your bringing to the attention of the committee action taken by the Southeastern Peanut Shellers and Peanut Growers Association at a joint meeting held in Blakeley, Ga.; on April 27, 1967, he requested that I bring that to you.

Mr. O'NEAL. Thank you. I am very glad you did.

Mr. CARTER. Are there any questions that I could answer?

Mr. O'NEAL. Are there any questions?

Thank you, Mr. Carter.

Mr. CARTER. Thank you.

Mr. O'NEAL. I understand, Mr. Burleson, that you wish to introduce some people who are farther down the list. I am trying to get to that now.

We will be very glad to hear from you at this point.



### STATEMENT OF HON. OMAR BURLESON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. BURLESON. Mr. Chairman and members of the subcommittee, I am most grateful for your courtesy. In addition to hearing my constituents who are here to testify on the bill before you, I shall not do more than introduce them.

First, I would like to introduce those who are accompanying the two gentlemen who will testify briefly, and who have statements. First, may I introduce Mr. Malcolm J. Lee, of Hico, Tex.—please stand, Mr. Lee, and the others, as I call your names.

Next is Mr. Bob Cathey, from Dublin, Tex., a past president of the farmers union of his county.

Next is Mr. Dick Palmore, of Dublin, Tex., who is president of the Young Farmers Organization.

And Mr. Chairman, may I now introduce Mr. Lindell F. Coan, who is president of the Comanche County Farmers Union, and Mr. Joe Morgan, a past president, of Route 1, De Leon, Tex. These gentlemen wish to make brief statements.

Again, Mr. Chairman, I am grateful to you for your courtesy.

Mr. O'NEAL. We are glad to have you here with us and to have these other gentlemen present.

You may proceed. We will be glad to hear from you now.

### STATEMENT OF LYNDELL F. COAN, DE LEON, TEX.

Mr. COAN. I am Lyndell F. Coan, a peanut farmer of Route 1, De Leon, Comanche County, Tex., and I speak for the farmers, merchants, and professional men and women of Comanche County. These people have selected me to represent them in this matter and have contributed the money to pay my expenses on this trip. I speak for about 1,500 producers in my area of the State.

The purpose of my appearance before this committee is to express our concern and opposition to proposed agricultural bills which would authorize transfer of allotments by sale or lease. We believe this procedure would be a blow to the economy of our area and would add to the commodity surplus problem immediately and greatly. The following are some of our reasons:

We believe that peanut allotment would immediately be purchased and moved to new and more productive land in irrigated sections of the State. Such action would remove the major source of income from Comanche County, and would serve to increase total peanut production in the State. The surplus of this commodity would thereby be increased, thus adding to a problem which we desire to eliminate.

A provision for leasing and selling allotments would open the door for dealers and other persons who are not farmers, to trade in allotments and to profit at the expense of the farmer.

This bill would cause big farmers to get bigger, and the family farmer would suffer. It may be argued by some that we need larger operations for more efficiency. I should like to state that we are already moving in that direction in an orderly and natural manner, and without the confusion and hardship that this bill would cause.



The shellers in De Leon, Gorman, and Comanche have spent millions for plants to handle our crops. The loss of allotment resulting from this bill would cause undue hardship on them, and possibly business failure.

We think that the changes which will come about should this bill become law, would interfere with current land conservation programs now in effect.

The bill as written is vague, indefinite, and incomplete, and will open the door to administrative decisions not necessarily intended by the Congress.

We suggest that the peanut program is working well, and that we are making good progress toward decreasing its cost to the government. We request that you leave it in the hands of experienced producers, and leave the production in the areas which have earned it down through the years.

We respectfully request that you allow this proposed legislation to die in this subcommittee, and I thank you for the privilege of appearing before you and I am willing to try to answer any questions that you might have.

Mr. O'NEAL. Thank you.

We will next hear from Mr. Morgan before we ask questions.

#### STATEMENT OF JOE MORGAN, DE LEON, TEX.

Mr. MORGAN. Thank you, Mr. Chairman.

Mr. Chairman, members of the committee, I am Joe Morgan, of Route 1, De Leon, Tex., and I am a peanut farmer.

I am here to testify in opposition to H.R. 6383, on behalf of the peanut farmers and businessmen of Comanche County, Tex., and surrounding area.

It is our belief that the sale or lease of allotment would be harmful to our peanut program. We believe that it would greatly increase our surplus and cause confusion and additional expense to the Department of Agriculture.

I think that we should say that our area has been producing peanuts on a commercial basis since 1907. We helped to pioneer the industry in Texas, and have provided it with research and progress. We have made it into a stable and profitable profession and now we think that other areas are trying to profit by our years of development. We feel that we have earned our place in this commodity, and that this proposed bill will cripple our program and cause a hardship to our agricultural community.

I should also like to say that we feel that this hearing, although not, perhaps, on purpose, has been so timed that full testimony for our position may not be heard. The farmers in our area are in their busiest season planting peanuts.

I do not think that farmers know anything about this bill. I have not heard about it.

We have almost 60,000 acres of peanuts in the De Leon area and our economy is geared to their production and processing. The acreage control and price support program is important to us. We think that this bill would be harmful to our program, and to the industry as a whole. The resulting increase in production would destroy all the



gains we have made toward balancing production with consumption.

We urge you to consider the defeat of H.R. 6383.

Thank you for your time and attention, and our group will try to answer any questions that you may have.

Mr. O'NEAL. Thank you. We are glad to have both of you here and the contribution that you have made to this discussion.

I want to assure you and any others who may have any thought along this line that this bill was introduced as long ago as March 1 and I have been seeking for months and months an opportunity of having these hearings. And I am having it at this opportunity, it being the first opportunity granted by the chairman of the committee, the Honorable W. R. Poage, of Texas. I thought that the bills had been given widespread publicity. They have been mentioned in a good many farm magazines. And I assure you that there was no timing involved with any thought of any inconvenience to anybody.

Mr. MORGAN. I did not intend any part of that.

Mr. O'NEAL. The next thing I have to say is in the nature of a question. I just wondered what your disposition would be if the bill did call for a referendum, an approval by two-thirds of the growers in the county, before these things could cross county lines. What would your position be on that, that two-thirds of your people, if they wanted to do it, could vote to do so.

Mr. COAN. Mr. Chairman, I think that possibly, as an alternative, our county might go along with that; but we definitely feel that would be of damage to our program, on account of our surplus program.

Mr. O'NEAL. Excuse me for interrupting you at this point. Did you hear the comments made by Mr. Cox and Mr. Abbitt, with reference to the way the cotton program works, and the administrative rules that have been issued and might be written into this bill? Is that any such thing that you are afraid of?

Mr. COAN. Yes, sir. I did. This bill, as it is written, I do not see any justification for it.

Mr. O'NEAL. It is not in the bill. I mean, if it were put into the bill, would it not disabuse your mind of any worry, so far as overproduction is concerned?

Mr. COAN. Certainly, if it is restricted to county lines and on an adjustment basis as to the production of peanuts from one farm to another, that is, it would come nearer in line.

Mr. O'NEAL. You would be in favor of writing that into this legislation—that is, such rules as Mr. Abbitt suggested and such rules as Mr. Cox suggested, that now exist in the cotton program, that would prevent the overproduction; in other words, if we are to have the bill, you certainly would want that in.

Mr. COAN. Yes, sir. I would feel safe in saying that if we have to have the bill, we must have those safeguards written in.

Mr. O'NEAL. Would you have any objection to the bill in any way if it had a provision that it not cross county lines?

Mr. COAN. Well, sir, about 3 weeks ago we had a meeting of about 26 farmers. We took a vote on that.

Mr. O'NEAL. On this particular thing that I am mentioning now, about whether it cross county lines?



Mr. COAN. The question that you raised. There were 19 of them who voted that they would not consider being in favor of any kind of transfer of allotments. Six of them said that they would consider it and would go along with it within county lines, and with restrictions as you have stated.

Mr. O'NEAL. These 19 do not want any transfer at all or any transfer of lease at all from anybody, even if it is their next door neighbor?

Mr. COAN. No, sir. They feel that. I think that the majority of these farmers who are my neighbors feel like our program is good, and we would like to leave it like it is, as set.

Mr. O'NEAL. Thank you very much.

Are there any questions by members of the committee?

Mr. Purcell.

Mr. PURCELL. I have just one question.

I do not have enough peanut growers in my area to become excited about this, for whatever reason; but under the present circumstances what is your attitude, or the majority of the attitude of the people around you, on having a new farmer come in or having an option to enlarge an operation—how do you get him to be able to come in if we do not have something?

Mr. COAN. The way that I see it—and I think that this probably is the way that most farmers look at it—if we are allowed to sell our allotments—say that a man is about to retire—there will be enough competition in the price of the allotment so that he can sell his allotment and keep his farm—he can sell it anywhere—and if it goes across county lines, it will leave our community completely.

Mr. PURCELL. I am talking about limiting it to the county.

Mr. COAN. I see. Then it will be transferred, for instance, and I will give you this example. My father retired this past year. He had a farm. He would like to live on the farm and sell his allotment. Although I rent the farm. He will not do it. If he does sell that allotment to another man—his average production is about 25 bushels per acre—he can go within 5 miles of this place and go immediately to 100 bushels per acre. We have an outside interest in people who have the backing, who can get the financing, and if they are allowed to bid against one another in competition for the price of the allotment, it will go as high as \$500 an acre, or maybe higher—I do not know, because it will be like gold or like oil to a man who can buy it. I, as a farmer, had to start from scratch, as does a young farmer. I could buy the place easier than I could buy the allotment if the allotment is allowed to be sold without the land. I could buy the place for \$200 an acre. And if this is allowed to be sold in competition with other interests, the allotment would bring more money than the land would bring.

In my operation as a new farmer, if he wants to come in, I can buy the land easier than I can buy the allotment.

Mr. PURCELL. Buy the land with the allotment on it, is that it?

Mr. COAN. Yes, sir.

Mr. PURCELL. That, in your judgment, is a reasonable and fair way to provide that somebody could start farming. He can buy the land, in your judgment, with the allotment attached to it?

Mr. COAN. Yes, sir.

Mr. PURCELL. That is all. Thank you.

Mr. O'NEAL. Mr. Rarick.



Mr. RARICK. Mr. Coan, as I understand your statement, you are really worried about these areas in a State or in a county that are more fertile or more productive than in other parts of the county or other parts of the State—you feel that these people who can get a higher production would be in a better position to buy in on these allotments in the lower productive areas, and then switch the allotments to the higher productive areas and grow more peanuts with a resulting overproduction which may cause a lessening of the price to you folks, is that it?

Mr. COAN. Yes, sir; that is right.

Mr. RARICK. You have been asked several questions about county referendums. I do not know whether you are qualified to speak on that?

Mr. COAN. I would not say that I would be qualified to speak for all of the counties in Texas. I have done a lot of work with my neighbors. We have the No. 1 production county in Texas. I have had contacts with a good majority of the growers in my community. The ones that I have contacted are standing with the same thinking that I have presented.

Mr. RARICK. Let me ask you this. Do you know of any areas in Texas where the cotton crop is being replaced with another kind of marketable crop?

Mr. COAN. I do not know that I can answer that very well with real accuracy. I know that in Comanche County that our cotton played out years ago. We have a very small acreage. They sold their allotments or are now selling their allotments in that county. In other counties I do not know what they are replacing it with.

Mr. RARICK. I am from Louisiana. The only thing that they have not taken from us is welfare and the like. We still have those. I assume that you feel that in these local counties where somebody is going to buy, that there will be the temptation to sell, causing the market to be thrown out of balance.

Mr. COAN. I believe that is the thinking—that is right. I would not say that it is exactly satisfactory as a balance, but we are trying to maintain a balance. Even I as a peanut farmer, if you show me that money, I might sell.

If one, or two, or three farms sell out in our county, it hurts the county's production, it hurts the county's economy. It cuts down the business for the towns, the mills, and so forth and so on—any way you go at it. That is, when you switch that out. If you switch it to more productive land, any way you go at it, you are going to increase your production of peanuts.

They tell me in the USDA this year the reason that we were not entitled to any increase in price was on account of the surplus problem which we have. I believe that the peanut industry has worked together to try to hold that surplus problem in line as much as any other. We think that the peanut program and the peanut farmers must be in good condition, because the cotton farmers certainly are wanting peanut allotments. Everybody you talk to wants a peanut allotment. We think that we would like to keep it in good condition. We do have problems, of course. But anything that we can do to further the cause, certainly we are willing to do.

Mr. RARICK. May I make one last statement? Mr. Morgan and Mr. Coan have come in to testify and have announced that they are here



speaking for the people back home, their home folks raised the money to send them up here and to pay their expenses. Sometimes we look upon our visitors with suspicion because we may be financing our own lobbying, but it is a real thrill to have American farm people send their own folks up here at their own expense, without any subsidy and with no 2-percent money. I am sure that what they say is reflected in their representation. For we see the Honorable Omar Burleson sitting there beside them, and they say that a Congressman is reflective of his constituency. I think that the people in that part of Texas are well mirrored in their American spirit in Washington. I think we should compliment them.

Thank you.

Mr. COAN. Thank you.

Mr. O'NEAL. Are there any further questions?

I have still one question, I think.

You would regard your section as a low-yield peanut production section compared to the rest of the country?

Mr. COAN. Yes, sir. Our yield is very much varied. We have had a lot of research. We have learned to do a lot of farming better. And we are getting the yields up real fast.

Mr. O'NEAL. All right. If these leases and sales were restricted to the county itself, any change, any increased production in your section would not contribute very much to the national problem of overproduction, would it?

Mr. COAN. No, sir; I would not imagine so.

Mr. O'NEAL. I have one more question. Let us forget about the national production for a moment and just let me ask you this: If the allotment went from a 25-bushel farm to a 100-bushel farm, according to the statistics that you gave, would that help or hurt the economy of your county?

Mr. COAN. It probably would at that particular time help the economy of the county, if we do not hurt the overall peanut program.

Mr. O'NEAL. Yours is a very low-producing area?

Mr. COAN. Yes.

Mr. O'NEAL. You have a variation in production and with this variation would you say that is peculiar to your county and to your section of Texas?

Mr. COAN. I think that it would be found in other counties in other sections of the State of Texas, but there is more variation in Comanche than there is in the southern portion of the State.

Mr. O'NEAL. Yours is an extreme case?

Mr. COAN. We have land that is in production which in a good year will do 20 or 25 bushels per acre and in a poor year 15 bushels per acre. And right across the fence from that there will be a place that will produce 75 or 80 bushels per acre.

Mr. O'NEAL. You would not think that many counties in the United States would have this wide variation, would you?

Mr. COAN. I do not think so, but I am no authority on that. I have not been around enough.

Mr. O'NEAL. You agree that in your particular instance it would help the economy of the county to go from 25 to 100 bushels per acre?



Mr. COAN. It would certainly help the economy of our county. We are more afraid to accept this because we do not want to hurt our overall peanut program.

There is one other thing that maybe somebody else will cover but, if I may, if this kind of legislation does take place what protection would a sharecropper or a rental farmer have where he is renting the land and his landlord sells the allotment that he is working?

Mr. O'NEAL. Before you leave that, Mr. Coan, this is the point that I was trying to get an expression on from Mr. Cox. I believe that he agreed that as it now stands the sharecropper or the renter has no security at all, because he is subject to a change of tenure by the landlord or the one who owns the allotment and that if he could lease the allotment for some number of years or even buy the allotment that he would have more stability and more security.

Mr. COAN. Yes, sir. I heard him make that statement. If there is not any protection to keep an outside man or a dealer from beginning to work this, that is the statement that I made a while ago about it, that I could buy the land easier than I could buy the allotment.

Mr. O'NEAL. Thank you very much. All of this is a great contribution in helping solve this problem.

Mr. BURLESON. May I make one request? I have just been advised from my office that a telegram is there from Mr. Wilson, who is manager of the Southwestern Peanut Growers Association, which covers Texas and Oklahoma, opposing the bill as now written, and with your permission, Mr. Chairman, may I submit this telegram and two others and a letter for the record at this point?

Mr. O'NEAL. Certainly. Without objection, they will be made a part of the record at this point. You may furnish them to the reporter.

Mr. BURLESON. Thank you again, Mr. Chairman, and your subcommittee for hearing us.

(The telegrams and letter referred to follow:)

COMANCHE, TEX., June 26, 1967.

HON. OMAR BURLESON,  
House Office Building,  
Washington, D.C.:

We the Comanche Junior Chamber of Commerce wish to go on record as being strictly opposed to H.R. 6383 which proposes the sale, lease or transfer of peanut acreage allotments. This position is taken in consideration of the best interest of the people of this locality. Please refer this information to the House Agriculture Committee.

ARTHUR I. DAVIDSON, *Vice President.*

CHAMBER OF COMMERCE,  
Comanche, Tex., June 26, 1967.

Congressman OMAR BURLESON,  
Washington, D.C.

DEAR CONGRESSMAN: The Comanche Chamber of Commerce is unalterably opposed to H.R. 6383 on the sale, lease or transfer of the peanut acre allotments. Please convey our feelings to the committee.

WAYNE PINKERTON, *President.*



SOUTHWESTERN PEANUT GROWERS ASSOCIATION,  
*Gorman, Tex., June 29, 1967.*

HON. OMAR BURLESON,  
*Rayburn Office Building,  
Washington, D.C.:*

Will appreciate your conveying to Agriculture Subcommittee holding hearings on peanut acreage Southwestern Peanut Growers Association's opposition to Congressman O'Neal's bill No. H.R. 6383. Understand hearings are being held today and tomorrow.

ROSS WILSON, *Manager.*

DUBLIN NATIONAL BANK,  
*Dublin, Tex., June 1967.*

HON. OMAR BURLESON,  
*Washington, D.C.*

MY DEAR MR. BURLESON: Reference is made to the proposed legislation to permit the transfer of peanut allotment within the county. Because peanut production is of vital importance to the economy of this area, I feel that such transfers might tend to adversely effect our economy.

Sincerely,

LUSK T. RANDALS.

Mr. O'NEAL. We will now move along.

Next we will listen to Mr. R. G. Daniell, director of the GFA Peanut Association of Metter, Ga., who is accompanied by Mr. Dalton Harden, manager of the GFA Peanut Association, Camilla, Ga., and Mr. Roy Malone, director, GFA Association, Dexter, Ga.

We will be glad to hear from you now.

STATEMENT OF R. G. DANIELL, DIRECTOR, GFA PEANUT ASSOCIATION, METTER, GA.; ACCOMPANIED BY DALTON HARDEN, MANAGER, GFA PEANUT ASSOCIATION, CAMILLA, GA.; AND ROY MALONE, DIRECTOR, GFA PEANUT ASSOCIATION, DEXTER, GA.

Mr. DANIELL. Thank you, Mr. Chairman and members of the subcommittee.

I am R. G. Daniell, and I am a peanut grower and a member of the board of directors of the GFA Peanut Association. On my right is Roy Malone of Dexter, Ga., who is also a director, and on my left is Mr. Dalton Harden, who is manager of the GFA Peanut Association, from Camilla, Ga.

Mr. O'NEAL. If you will permit me to interrupt, I should like to say that Mr. Harden is one of my very fine constituents.

Mr. DANIELL. Thank you for that additional comment.

Mr. Chairman and fellow members of the Subcommittee on Oilseeds and Rice, I am R. G. Daniell from Metter, Ga. I am one of 10 directors of GFA Peanut Association, Camilla, Ga.

I live on a farm in Candler County, which is in southeast Georgia, and produce peanuts on a peanut allotment of 60 acres on my farm.

On June 13 in a directors' meeting I was appointed on a committee with Mr. Roy Malone, another director of GFA, and Mr. D. H. Harden, the manager of GFA Peanut Association, to testify on June 22 before the Subcommittee on Oilseeds and Rice for bill H.R. 6383



which will permit the sale, lease or transfer of peanut acreage allotments.

In our testimony we hope to point out to the subcommittee the need for the sale, lease or transfer of peanut allotments. The GFA directors are in favor of the sale, lease or transfer of peanut allotments across county lines, but not across State lines. In support of our position we would like to point out:

(1) Peanut allotments were originally established on farms when the one-mule plow was very common in the production of peanuts.

(2) Many peanuts were planted on farms during World War II at the request of the Government because of the added need for oil and meal.

(3) Many peanut allotments are on farms not well suited for the production of peanuts.

We would like to point out something about four and five points. They got there largely during wartime.

(4) A peanut allotment is a result of the farm operator growing peanuts in the base period.

(5) The urgent need for increase in acreage per farm so as to be large enough to be a profitable unit for the production of peanuts.

That is one of the primary points that make for a need for an economic unit.

Peanut allotments were first established in the middle thirties when 95 percent of the peanut farmers in our area used mules to pull the plows, planters, and so forth, in the production of peanuts. Only the picker was powered with a gasoline engine in the harvesting of peanuts in our area.

When mules were being used to pull the plows needed in the production of peanuts it was thought that one man with one mule could properly plant and cultivate about 10 acres of peanuts and 15 acres of corn. The peanuts were harvested for commercial use, generally the only cash crop. The corn was harvested for home use, including the feeding of the mule. A farm was known for its number of mules. In other words, we had one-mule farms, two-mule farms, et cetera. These were the types of farms that were in operation when peanut allotments were first established. Therefore, peanut allotments were small, based on the amount of peanuts that could be produced by one person.

Peanut allotments were discontinued during World War II because of the critical need for additional oil. During World War II it was decided that there should be as much increase as possible in the production of peanuts. Peanut growers in the old peanut producing areas were encouraged to produce more peanuts. Even farmers outside of the old peanut producing areas were encouraged to plant peanuts.

In the States that are considered the Southeast area, which are Georgia, Florida, Alabama, Mississippi, and South Carolina, there were about 1,100,000 acres of peanuts being grown in 1941. During the war, and before allotments were reestablished in 1949, in some years as many as 1,750,000 acres of peanuts were produced in this area, or an increase of approximately 60 percent.

Many peanuts were grown in areas that normally had not been growing peanuts before the war. They were being grown on many farms that the land was not suitable for the production of peanuts. When allotments were reestablished in 1949 all farms that had grown peanuts



in the past 3 years were given a peanut allotment. This caused some farms to receive peanut allotments that were not suitable for the production of peanuts.

For example, in the State of Mississippi that now has a State allotment of 7,528 acres peanuts are being grown on only 55 farms that have an allotment of 478 acres. In the State of Arkansas which has a State allotment of 4,202 acres there are only 75 farms planting peanuts that have an allotment of 626 acres. If you do not plant peanuts 1 out of 3 years you lose your allotment. Because peanut growers in Mississippi and Arkansas were unable to sell, lease, or transfer their allotments they have lost 10,626 acres. This acreage is being held for Mississippi and Arkansas and there is no way for farmers to use it.

I would like to say right there that there has been some comment of what would happen to the person who has an allotment and those who do not have an allotment. This is certainly a two-sided question. The fellow who has an allotment and wants to sell it is certainly entitled to consideration as well as the person, we will say, who is buying the allotment to increase his total acreage.

There are many farms in good peanut producing counties that will not produce high yields per acre. The land can be clay land, land that is too steep for peanut equipment to be used effectively and there are other types of land not suitable for the production of peanuts. In reviewing peanut yields in fringe areas you will generally find them lower than yields in the bigger peanut producing counties.

I think that I ought to say right here that this bugaboo of overproduction is one that concerns all of us. We certainly feel that we are concerned with the question of overproduction as such as anybody and the price that we get. Mr. Cox fully explained the remedy for that, the same way as we have in the transfer of tobacco at the present time and also in cotton. And going from a low yield to a higher yield we thoroughly agree that that should be in the bill.

The yield of peanuts is higher in sandy, loamy soil. Sandy, loamy soils are more common in the coastal plain areas in the Southeast than in the Piedmont region and north of the Piedmont region.

I think the biggest need for the sale, lease, or transfer of peanut allotments is to provide a way that a peanut farmer can get enough acreage allotment to justify the equipment needed to grow peanuts.

For a farmer to produce a crop of peanuts without begging or borrowing from his neighbor he will need the equipment listed in the following comparison of the cost of producing 20 acres of peanuts and the cost of producing 100 acres of peanuts. These costs are based on the equipment and the materials that the peanut grower needs on a farm to produce a crop of peanuts.

Those are attached to the statement giving you an itemized list of the equipment and the materials.

He will need a 50-horsepower tractor, a rotary stalk cutter, harrow, bottom plow, fertilizer spreader, set of cultivators and planters, a spray machine, a machine to apply land plaster, a dusting machine, a shake with plow-up attachment, a combine or picker, two wagon trailers for drying, a dryer, a 1½-ton truck, a shed for the dryer and a shed for the equipment when it is not in use.

The figures that we have compiled in one of the most efficient areas indicate that this will total approximately \$22,415 in the period listed in the exhibit there on the costs.



The materials needed to produce 20 acres of peanuts are lime, fertilizer, seed, herbicide, dust for thrips, land plaster, dust for leaf spot, dust for chewing insects, gas, oil, gasoline, and electric current. This will amount to \$1,430 for materials needed for the production of the 20 acres of peanuts.

That is also itemized in the exhibit, which is No. 1.

By having only 20 acres we will assume that the equipment will last 10 years. The interest on the cost on the equipment for 1 year at 7½-percent will be \$1,681.13. Depreciation on the equipment for 1 year will be \$2,241.50 and the materials needed for the 20 acres of peanuts will be \$1,430. The total cost for the production of the 20 acres of peanuts will be \$5,352.63 or a cost of \$267.63 per acre. There are only a very few farmers who make this much per acre on their peanuts.

And they lose in many cases, because they are unable to get the customs people to move in on these small areas.

The same farmer could plant, cultivate and harvest 100 acres of peanuts with the same equipment. On the 100 acres the interest on the money borrowed to buy the equipment would be the same as on the 20 acres, \$1,681.13. The depreciation on the equipment would be the same as on the 20 acres, \$2,241.50, but the materials would go up approximately five times, or \$7,120. Add about \$220 a year for upkeep on the equipment because of the larger acreage that the equipment will be used on. To produce a crop of peanuts on the 100 acres it would cost approximately \$11,292.63. This is an average of \$112.92 per acre.

So you have \$112.92 as against \$267. This is shown in exhibit No. 2.

We would like to add another reason why a peanut farmer should be able to sell, lease, or transfer a peanut allotment and that is a peanut allotment is something created by the farmer himself. An allotment is based on a farmer growing peanuts for 1 or more years in the base period. The size of the allotment depends directly on the number of acres of peanuts planted and harvested during the base period. Since a peanut allotment is something created by the farm operator why shouldn't he be able to dispose of it without selling his farm.

As speaking in the beginning, I am a director of the GFA Peanut Association. The GFA Peanut Association was organized in 1937 to assist peanut growers in marketing their peanuts. At the present time we are providing a market to about 15,000 peanut producers for all or part of their peanut production each year. Our current membership of active members is about 35,000.

Mr. Chairman, the improvement in the economic well-being of the peanut farmer is the basic reason for our support of this legislation.

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

In closing this statement I would like to make a statement for the Georgia Farm Bureau Federation. I had a telephone call from Mr. Lanier. He had expected to be here this morning, but was unable to make it. I am speaking for the Georgia Farm Bureau Federation now.

They are wholeheartedly in support of this bill, what we have been referring to as the O'Neal bill. It was approved—at least I am going to say that the peanut allotment was approved at the Georgia Farm Bureau Convention in November without a dissenting vote.

I am authorized as chairman of the legislative committee for the Georgia Farm Bureau Federation to have to go into the record the unqualified support of this bill. Goodness knows that with the cost of equipment, the cost of production going up, the economic condition



of the peanut farmers stands in need of improvement. We believe that this bill will do that.

Thank you. We will try to answer any questions that you may have. (Exhibits 1 and 2 follow:)

## EXHIBIT 1

*Equipment minimum for 20 acres of peanuts*

|                                               | <i>Approximate cost</i> |
|-----------------------------------------------|-------------------------|
| Tractor, 50 h.p. -----                        | \$5,000                 |
| Rotary cutter -----                           | 400                     |
| Harrow -----                                  | 450                     |
| Bottom plow -----                             | 575                     |
| Fertilizer spreader -----                     | 350                     |
| Set of cultivators and planters (4 row) ----- | 1,000                   |
| Spray machine -----                           | 200                     |
| Machine to apply land plaster -----           | 240                     |
| Duster -----                                  | 350                     |
| Shed for equipment -----                      | 2,000                   |
| Shaker with plowup attachment -----           | 600                     |
| Combine picker -----                          | 3,800                   |
| Wagon trailer for drying, 2 -----             | 1,200                   |
| Dryer (LP gas) -----                          | 750                     |
| 1½-ton truck -----                            | 4,500                   |
| Shed for dryer -----                          | 1,000                   |
| <b>Total -----</b>                            | <b>22,415</b>           |

*Cost of producing 20 acres of peanuts*

|                                                                                                         |              |
|---------------------------------------------------------------------------------------------------------|--------------|
| Lime (9 per ton at rate of ton per acre) -----                                                          | \$180        |
| Fertilizer (\$40 per ton at rate of 400 lbs. per acre, 4 tons) -----                                    | 160          |
| Seed (28 cents per lb., 100 lbs. per acre) -----                                                        | 560          |
| Herbicide (\$10 per gal., 1 gal. per acre) -----                                                        | 200          |
| Dust for thrips (\$2.25 per gal., 1½ qts. per acre) -----                                               | 20           |
| Land plaster (\$20 per ton, 500 lbs. per acre) -----                                                    | 100          |
| Dust for leaf spot (\$7.40 per hundred, 4 times 1,400 lbs.) -----                                       | 102          |
| Dust for chewing insects (\$7.90, 100 lbs., 1 time, 20 lbs. per acre, 25 percent chance of these) ----- | 8            |
| Gas, oil, gasoline, electric current -----                                                              | 100          |
| <b>Total -----</b>                                                                                      | <b>1,430</b> |

## EXHIBIT 2

*Comparing the out-of-pocket cost of a grower who grows 20 acres of peanuts with a grower who grows 100 acres of peanuts*

|                                                     |                  |
|-----------------------------------------------------|------------------|
| The grower that grows 20 acres of peanuts:          |                  |
| \$22,415.00 times 7.5 percent interest equals ----- | \$1,681.13       |
| Depreciation -----                                  | 2,241.50         |
| Materials -----                                     | 1,430.00         |
| <b>Total -----</b>                                  | <b>5,352.63</b>  |
| <b>Cost for 1 acre -----</b>                        | <b>267.63</b>    |
| The grower that grows 100 acres of peanuts:         |                  |
| \$22,415.00 times 7.5 percent interest equals ----- | 1,681.13         |
| Depreciation -----                                  | 2,241.50         |
| Materials -----                                     | 7,150.00         |
| Repairs of equipment -----                          | 220.00           |
| <b>Total -----</b>                                  | <b>11,292.63</b> |
| <b>Cost for 1 acre -----</b>                        | <b>112.92</b>    |



Mr. O'NEAL. Mr. Malone or Mr. Harden, do either of you wish to make any statements?

Mr. HARDEN. I believe that covers it.

Mr. O'NEAL. Mr. Malone.

Mr. MALONE. I will wait for any questions that may be presented.

Mr. O'NEAL. I do not believe that the Chair has any question at this point.

Do any of the members have questions?

Mr. Purcell.

Mr. PURCELL. Do you have any figures as to the average production per acre?

Mr. MALONE. I have for my home county. We have averaged in my home county 9.5. We have an average yield that varies a little from year to year of about 1,300 pounds.

If I may at this time make a further observation on some previous testimony. There has been mention made of the difficulty of establishing new farmers in the business of farming. In my area there is more reluctance to sell land than there are allotments. A lot of the young people who have fallen heir to lands desire to farm, have the physical factors in the farm but they cannot generate allotments that would sustain them in the farming operation. So here would be an opening for these people who could come in any buy the allotments.

If we look at the economic impact of this thing and we look at it being confined to county lines there is an example in Laurens County, with small allotments with diversified type farming situations where they come in and swap or trade allotments, a fellow who has 10 acres of cotton and peanuts can trade with a neighbor for his cotton to make him sustain himself in his farming operation in the area of cotton and his neighbor becomes proficient in peanuts. They can take their resources and make them go much further if they have this opportunity.

Further on the economic impact, if we look at the surplus problem, the alarm that might be expressed by some that the higher producers are going to garnish the peanut acreage and are going to add to the surplus, I am wondering if it might not possibly decrease over the years in that the greater producers are taking the technology and the know-how and putting it to work. And if you use the poundage to acreage transfer that is working similarly with the cotton program and you take these low yields in acreage that have tremendous potential for increase in production and you move them over on a poundage transfer basis to these other farms, then the potential is not nearly so great and if we look at the future years, then this surplus bugaboo does not really loom as large as it might be made to appear.

In our county we think that as diversified as we are with small allotments this could have a place for increasing the efficiency in farming and up the income for the farmers.

Thank you.

Mr. DANIELL. In further answering your question about the allotments in the southeastern area, I am not sure about Alabama; it is 20 for Georgia.

Mr. PURCELL. How many pounds in a bushel all told? Someone testified that he had 25 bushels per acre and you say 1,300 pounds.

Mr. DANIELL. We go by tons and hundreds. I understood from Mr. Cox when I asked him that it is 30 pounds to the bushel, so that 15



bushels would be, as mentioned previously, 450 pounds, as I understand it—30 pounds to the bushel it was stated.

Mr. PURCELL. Thank you.

Mr. O'NEAL. Are there further questions?

Mr. ABBITT.

Mr. ABBITT. Not at this time. I should like to allow time for the other witnesses.

Mr. O'NEAL. Let me ask Mr. Malone as to what he was saying a few minutes ago, if this is what he was saying. Is it true that in some areas because of the inability to transfer the peanut allotment, and because of the many years that the program has been in existence, that allotments are now in the hands of people who have no desire to farm at all and, therefore, they rent them out or sharecrop them out. Is that true in your area?

Mr. MALONE. That is true to some extent. We have 2- and 3-acre allotments. They cannot afford the equipment necessary to do an adequate job of producing and harvesting. They are isolated with small acreages. They cannot really get a custom person to come in and do a timely job. So they have difficulty.

Mr. O'NEAL. Thank you very much.

The next witness is a gentleman who is well known for his interest in the peanut industry.

We are delighted to have Mr. William V. Rawlings, executive secretary of the Virginia Peanut & Hog Growers Association with us.

Mr. ABBITT. I would just like to say that I have known Mr. Rawlings for many, many years. He has contributed much to the industry. No one has worked any harder than he has for the peanut growers. He well deserves this credit. I am proud to have been associated with him in this work.

Mr. WAMPLER. I, too, want to add my words of welcome to Mr. Rawlings. While I live in the opposite end of the State from him, and so far as I know there are no peanuts produced in my district, at least none commercially, I do know that his judgment is highly respected in the peanut industry. Along with the other members of this subcommittee I am very happy to welcome him here this morning.

#### STATEMENT OF WILLIAM V. RAWLINGS, EXECUTIVE SECRETARY, ASSOCIATION OF VIRGINIA PEANUT & HOG GROWERS

Mr. RAWLINGS. Thank you, Mr. Chairman and members of the subcommittee, I will be very brief.

My name is William V. Rawlings and I am the executive secretary and general counsel of the Association of the Virginia Peanut & Hog Growers.

I have had the privilege of serving in this capacity for some little over 18 years.

I am appearing here today on behalf of our association and the board elected by the peanut producers in the major peanut producing counties of Virginia.

Our board considered the legislation that is now before the committee as late as Monday, June 19, of this year. Prior to that the executive committee of our association had given thought and discussion to the several bills on May 2, and our position is that we will support



the sale and lease of peanut allotments within a county subject to three provisions, most of which have been discussed previously in some detail.

We feel that it is very important that these provisions to be included in the amended version of the bill by Congressman O'Neal.

Congressman Abbitt brought out in some detail the provision that is in the tobacco legislation to absolutely assure that the lease or the sale of peanut allotments would not result in any increase in production.

Although we are making some gratifying increases in consumption of peanuts, the application of new technology and newer machinery and equipment and know-how makes this possible, we are continuing to increase yields per acre at a faster rate than we are able to increase consumption. And we should like that the provision suggested by Congressman Abbitt be added to the bill.

We do not particularly like the language which states when it is determined by the Secretary that the yield is substantially higher. We think the adjustment should be mandatory if there is as much variation as 10 percent in yield.

Mr. O'NEAL. Will you yield at that point?

Mr. RAWLINGS. Yes.

Mr. O'NEAL. Of course you heard it said that this language was taken directly from the cotton bill or the tobacco bill?

Mr. RAWLINGS. Yes.

Mr. O'NEAL. The question I have is—and I am asking it out of ignorance, because I simply do not know—in the tobacco bill which was passed by the House a few weeks ago which applies to a number of types of tobacco, but not Flue-cured tobacco, was this same provision that you are discussing now, written into that bill?

Mr. RAWLINGS. It is my understanding that it was.

Mr. ABBITT. If you will yield.

Mr. O'NEAL. Yes.

Mr. ABBITT. What I read was taken from the tobacco bill, not the cotton bill.

Mr. O'NEAL. Is it any different, or is it the same?

Mr. ABBITT. I just do not know.

Mr. O'NEAL. As I understand it, it is an administrative ruling that affects cotton and it is written into the law with respect to tobacco—that the language is the same.

Mr. RAWLINGS. Right.

Mr. O'NEAL. Is that your understanding?

Mr. ABBITT. That is my understanding.

Mr. RAWLINGS. We would like to have it written into the bill instead of depending upon an administrative ruling.

Mr. O'NEAL. Thank you.

Mr. RAWLINGS. In other words, we want to have the possible loopholes closed that might conceivably result in increased production from acreage allotments. While I am on that point, I have studied these bills the best I could, and I want to suggest to the subcommittee that careful attention be given to the fact that if we do go this route and you transfer a substantial acreage from low-producing farms to high-producing farms, you are transferring, say, from 1,000-pound yield farms to 2,000-pound yield farms, you are transferring half an acre



instead of an acre. As I understand it unless we also consider some amendment to the minimum national acreage allotment, which is at 1,600,000 acres, we have a problem.

The point I am making is that, although we transfer the individual farm allotment on an individual basis, unless we look at the minimum national allotment in the existing legislation, we will still end up with 1,610,000 acres, and we could be in trouble with increased production.

Quite frankly, I do not have the answer to it. I have been unable to find where that is wrapped up. It could be in some of the bills.

Mr. O'NEAL. If it went from a low-yield farm to a high-yield farm, it puts a restriction on it. I can't imagine it happening, but I do not see how it could be from a high-yield back to a low-yield farm. It certainly could not be a threat to overproduction.

Mr. RAWLINGS. No, sir, I agree thoroughly with that. I do not think it would be. But I also agree that I think that it would be unreasonable that these allotments would go from a high-yield to a low-yield farm.

Mr. O'NEAL. I cannot imagine that.

Mr. RAWLINGS. The point I was trying to make is that if you just take one allotment, the low-yield farm has an average yield of 1,000 pounds per acre, and if he leased the farm to a farm with 2,000 pounds yield per acre, in transferring that, it is our feeling that instead of 1 acre he gets one-half acre to avoid increased production. It is our feeling that that aspect of the bill should be carefully looked at, if it is not already in the bill.

Mr. O'NEAL. Do you have any suggested language?

Mr. RAWLINGS. No, sir; but I will be delighted to work on it.

Mr. O'NEAL. Would you make it available to the subcommittee during our deliberations?

Mr. RAWLINGS. That is right.

Mr. O'NEAL. Thank you very much.

Mr. ABBITT. Let me see if I follow you. As I understand it you said it would be the same effect, that this could happen, that you would have, say, transferred 200 acres to X farmer, but than there would be 200 acres left that somebody else would raise next year?

Mr. RAWLINGS. Under the minimum national allotment provision in our legislation now. I do not see how you can get around it.

Mr. ABBITT. Then you would have 200 acres additional production unless something is written in to take care of this.

Mr. RAWLINGS. That is right.

Mr. ABBITT. I had not thought of that.

Mr. O'NEAL. When do you think that you could submit this suggested language?

Mr. RAWLINGS. I will be available from today right on, sir. I am not under any compulsion to get back home. I will be glad to spend as much time as necessary here.

Mr. O'NEAL. As I understood it, you were simply going to write it out and to give it to the subcommittee for our use in executive session.

Mr. RAWLINGS. Right.

Mr. O'NEAL. All right. If you could do it today or tomorrow, fine. We will meet again at 10 o'clock in the morning in executive session. It does not mean that we will come up with any solution at that time, but we still would like to have this as soon as possible.

Mr. RAWLINGS. I will be glad to do that, sir.



There are two other points our growers have strongly recommended; that any transfer, even though it is within a county, be subject to referendum approval of the growers in that country before authorization is given for the sale and transfer in the county.

Mr. O'NEAL. In this connection, do you like the language that is in the cotton program?

Mr. RAWLINGS. It is my understanding that the cotton bill, where you have a referendum, that you transfer within the county. What we are proposing here is that the transfer, sale or lease be restricted to within the county, not across county lines.

Mr. O'NEAL. You want a referendum even if it is within the county?

Mr. RAWLINGS. Yes.

Mr. O'NEAL. I did not understand that.

Mr. RAWLINGS. The second recommendation that we would make is that before any version of this bill would go to the floor that we make every effort to get as near unanimous agreement within the industry as possible. We would prefer that the bill go on the floor either on the Consent Calendar or with a suspension of the calendar.

Mr. O'NEAL. I think that we can all see the advantage of that.

Mr. RAWLINGS. Right, sir.

That completes my statement. I am very pleased to have appeared before the subcommittee this morning. I will be glad to follow up along the lines that you have suggested.

Mr. O'NEAL. Thank you.

Mr. Abbitt.

Mr. ABBITT. I would like to ask a couple of questions to clarify the situation.

As I understand it, you are in favor of legislation that would permit the sale or the lease of peanut allotments within the county, provided these three things are taken care of: One is the guarantee in the bill itself that there be no surplus as a result of the transfer, that is, by writing in the law something like that which is in the tobacco legislation, plus taking care of the minimum national allotment. Then, secondly, that you have a referendum as to whether or not there will be a sale or a lease within the county. And the third, of course, that you thought that something might happen to our peanut program on the floor of the House, that all segments be in substantial agreement before any action is taken.

Mr. O'NEAL. Perhaps, try to get a closed rule. [Laughter.]

Mr. ABBITT. I might say this, that in our tobacco legislation we got it on the consent calendar, because we did not put it in until we put every safeguard in the bill that was suggested by any substantial grower or person in the trade. Of course you know everything was in the bill.

Let me ask one other question. Do you favor limiting the lease or the sale to a farmer who does not have an allotment?

Mr. RAWLINGS. That was not discussed by our board, sir.

Mr. ABBITT. What is your personal view?

Mr. RAWLINGS. Personally I cannot see that it would create any real problem. A young farmer may get on a farm that previously had been a dairy farm with no peanut history. He might not qualify for a new grower allotment. It might be the only way in a situation like this that he could get into producing peanuts. I cannot see that it would do



the program any harm and it would give some degree of flexibility to the program.

Mr. ABBITT. I want to commend Mr. Rawlings for his statement. I know of his great interest in the peanut program. It has certainly been a great help, his appearing here.

Mr. RAWLINGS. I have brought with me today Mr. G. B. Ligon, who is president of the Association of Virginia Peanut and Hog Growers and Mr. Bailey Ashby, who is the president-elect of the association. It may be that they may want to add to the statement that I have just made.

Mr. O'NEAL. Will they stand and come forward? If they have anything to contribute, all right.

#### STATEMENT OF G. B. LIGON, PRESIDENT, ASSOCIATION OF VIRGINIA PEANUT & HOG GROWERS

Mr. LIGON. Mr. Chairman and members of the committee, we are the ones who are paying Mr. Rawling's full salary, and he has been speaking for us.

Thank you.

#### STATEMENT OF BAILEY ASHBY, PRESIDENT-ELECT, ASSOCIATION OF VIRGINIA PEANUT & HOG GROWERS

Mr. ASHBY. I have no comments. He has fully covered our position.

Mr. O'NEAL. Thank you very much.

We have a number of other gentlemen here who are very interested in this matter. We would like to have them to come around at this point.

They are Mr. Bob Cathey of Dublin, Tex., Mr. Malcolm J. Lee of Hico, Tex., Mr. Dick Palmore, of Dublin, Tex., Mr. W. E. Ruble, Charlotte, Tex., Mr. Stanley Brauche, of Charlotte, Tex., Mr. Steve Ridgway, Pleasanton, Tex., Mr. Charles Darden, Smithfield, Va., and Mr. Jack Hall, of Windsor, Va.

I am assuming that you are all together, because you are on the same list, although some come from Texas and some from Virginia.

Mr. ABBITT. I would like to say that Mr. Jack Hall has on a number of occasions appeared before the subcommittee. He is a fine fellow. He is a very hard worker.

Mr. O'NEAL. I called them all at one time because I had been requested to do so. I understood that they had one principal spokesman and that the others might contribute to the discussion as led by the spokesman.

Who is the spokesman?

#### STATEMENT OF A. JACK HALL, PRESIDENT, VIRGINIA FARMERS UNION

Mr. HALL. Mr. Chairman and members of the subcommittee, there are three additional members who are farmers. We are all farmers. That is one of the requirements for membership in the Farmers Union. We have to be producing farmers. There are three more who have just arrived.



Mr. O'NEAL. We would like to have them sit as near up here as possible.

Would you give us their names?

Mr. HALL. They are Mr. Joseph Barlow, Mr. Robert Holland, and Mr. Robert Taylor.

Mr. O'NEAL. I perceive that Mr. Reuben Johnson is with them. We are delighted to have him here.

Do you have any statement to make?

Mr. REUBEN JOHNSON. With this many farmers in town it does not require the services of their hired lobbyist. [Laughter.]

Mr. O'NEAL. All right. Thank you. You may proceed, Mr. Hall.

Mr. HALL. I would like to make a few preliminary remarks before I read my statement.

As has been stated by my Congressman, I am particularly happy to be here. I have two members on this committee.

I have been president of the Virginia Farmers Union for about 7 years and also on the board of directors of the National Farmers Union and have served on the Peanut Committee of the National Farmers Union.

We are here because we are concerned with the fate, particularly farmers. We thought that it would be wise to bring these farmers here. They all appear at their own expense or their neighbors' expense. The organization is not paying their cost of coming here. We regret that no more are here than there are. We would like to have had more. But we are in the midst of a wheat harvest and small grain harvest. We had some rain, thank goodness, this past week on Monday. And peanuts need cultivating. And growing peanuts, you know, is essential.

As you know, you have heard so much about the professionals. We call ourselves professionals and come before the various committees of the Congress at various times.

I think it is appropriate at this time that we hear from some of these people.

You have already heard from two of them. I only met these gentlemen yesterday afternoon, from Texas. Mr. Coan, I believe made a statement, and the other gentleman was Mr. Morgan.

At this time I would like for Mr. Dick Palmore of Dublin, Tex., to have a word or two to say.

#### STATEMENT OF DICK PALMORE, DUBLIN, TEX.

Mr. PALMORE. Thank you, Mr. Hall, and Mr. Chairman and members of the subcommittee.

I am Dick Palmore, living near the town of Dublin, Tex. I am 27 years old, married, and have two children.

I am president of the Young Farmers Organization of Texas. I am also a member of the Southwestern Peanut Growers Association. I am a member of the Texas Farmers Union and the West Cross Timbers Peanut Growers Association.

I am farming land on a rental basis.

Last week I talked to my landlord. I asked him would he be for this bill, H.R. 6383 if it were passed. He said that basically he would be against it but that if we could get \$200 to \$500 an acre for the allotment that he would be for it. So that you can see where that would put me as a rental farmer—out of the picture.



It is hard enough to farm nowadays as it is without having that added financial burden.

The average age of farmers in our county is about 58 years old. It will not be many years until these farmers will be retiring.

We have a number of young farmers like myself, who would like to get into farming. They can now get into farming as these older farmers phase out of the picture.

But if this bill or any other bill is around where we have the right to sell or to transfer the peanut allotments within the county or across the county lines, it will put a financial burden on us boys.

I will give you a little bit of history about my county. In 1966 our county harvested 12,580 acres of peanuts with an average yield of 1,329 pounds per acre. This represents about one-third of the agricultural income of my county. And this is the only cash crop that is grown in my county. So you can see that if a bill of this sort were allowed to pass that it would put an economic burden upon my county.

Thank you.

Mr. O'NEAL. Thank you.

Mr. HALL. The next gentleman that I would like to call upon is Mr. W. E. Ruple, of Charlotte, Tex.

#### STATEMENT OF W. E. RUPLE, CHARLOTTE, TEX.

Mr. RUPLE. Mr. Chairman and gentlemen, I am a farmer. My farmers chipped in and helped me get up here. I will pay a little of the expenses.

I am happy to be here.

I would like to tell you the problem involving my county if we had a county or statewide transfer.

First I will take the State. I am glad that I do not have to make up my mind like you do. I am not God.

Anyway, in my country—may I use round figures?

Mr. O'NEAL. Yes.

Mr. RUPLE. We have 25,000 acres of peanut allotment. About 14,000 is under irrigation. We have underground water which is very abundant. It is under the total county.

What regulates the irrigation in that county is that if you do not have at least 100 to 125 acres of peanut allotments you cannot afford a well and the equipment necessary. If approximately 11,000 acres were put under irrigation, to give you some figures from the county, the county average yield is about 2,500 pounds per acre and in dry land the 10-year average yield is about 450 pounds per acre and you get five, or more than five times production. But that is not the problem. You could regulate this.

Whenever anything comes up in the newspapers about buying and selling allotments of peanuts, the real estate operators move in and start trying to buy cheap brushy land—and it is pretty land—that is, pretty poor land until you put the peanut allotment on it, and then they can get into business and they can make a quick kill. And it puts myself and this type of gentleman out of business.

I am a sharecropper. I am a renter. I cannot afford to pay for the land and to pay income tax on it. I have to pay income tax. And so it makes it impossible.



On the State level in the South Plains of Texas there are hundreds of thousands of acres up there that are the most beautiful lands you have ever laid eyes on. They used to make money on cotton. Now they cannot. They have their eye down my neck, because I am making a little profit.

If you go across county lines, that other 10,000 acres moves to the South Plains of Texas, and you will see peanuts piled up like they pile grain up right now in the open which does not have to have cover, because it does not rain very often. You would not have a market.

I am against any bill for buying and leasing peanut allotments. The fact is I do not think personally that it can be regulated.

And the real estate promoters, your cooperative farmers, are sitting waiting. They see this beautiful low ash ground with neutral soil. And they see that when the time comes they can pounce on the acreage and buy this allotment and put it under whatever sized operation they need. And it puts the family man out of business.

I have a son, by the way, who is 16. He has told me, "I will not farm." He has said that emphatically. I have made no comment on my part as yet, because I am not going to encourage that boy into a welfare job.

Frankly, anybody who has been on a small job with the income you get is almost on welfare. If my son is going into farming and I encourage him I want him to go into a going situation.

This is a local thing that I am talking about.

As to the national outlook, I do not mean this personally, but this came from Dean Patterson who told me this 2 years ago, from the University of Texas, who has recently resigned. That man told me 2 years ago that if this present trend continues the farming know-how will be retired by 1972 and that there will not be any productive capacity in the Nation to carry us on through and there will be famine in the year 1980. That is something to think about.

I definitely am against the buying and selling of peanut allotments. I do not think it can be held out of the hands of the corporate farmers and the money men who see an opportunity for a quick profit.

Thank you.

Mr. O'NEAL. Thank you.

Mr. HALL. Next is Mr. Steve Ridgway of Pleasonton, Tex.

#### STATEMENT OF STEVE RIDGWAY, PLEASONTON, TEX.

Mr. RIDGWAY. I have not much to say, Mr. Chairman and members of the subcommittee.

My name is Steve Ridgway.

I am on the school board down there. We always get jumped on about our taxes being too high.

If this peanut allotment is put out like it is suggested it will hurt our economy there. I know it will. It will hurt the whole county.

Mr. O'NEAL. Could you be more specific?

Mr. RIDGWAY. Yes. When the big-moneyed men come in as was referred to a while ago, and take this land away from the farmers and we are farmers—it messes up our whole community.

Mr. O'NEAL. A big-moneyed man may offer it for rent now if he wants to rent the land.



Mr. RIDGWAY. They are not wanting to rent. They want to buy. Some are coming in and renting the land. They are getting it to the point where we cannot rent it hardly. It is hard enough for us to rent it any longer.

Mr. O'NEAL. You would be better off if you owned it.

Mr. RIDGWAY. That is for sure.

Mr. O'NEAL. Would you not like to have the opportunity to try and buy it?

Mr. RIDGWAY. Well, now, we could, of course, years ago, but not now.

Mr. O'NEAL. You have no security at all now so long as you do not own the allotment, is that not right?

Mr. RIDGWAY. That is about right.

Mr. O'NEAL. With the changes in Government regulations, cropland adjustment programs, the whims and desires of people on allotments, it can put you out in a moment, can it not?

Mr. RIDGWAY. That is just about right.

Mr. O'NEAL. Would you like to have some security?

Mr. RIDGWAY. That is true. It is hard for a young man to get into agriculture. It takes too much money. He cannot afford that much or to borrow that much money. Unless you inherit, you are out. You are not making enough money to operate the farm. That is, probably not enough to own it. You do the one, but not the other.

I am on the FHA board in two counties. I see these small dryland farmers come in who are in trouble. They are in bad trouble. And when they come to us, which is the last resort, for money to operate, if they do not have a peanut allotment, that is the only thing we have left, they are out of luck. We cannot help them.

Mr. O'NEAL. It was my idea to give them some way of acquiring one.

Mr. RIDGWAY. It will not help the farmer if this bill is passed. It will open the doors to the big-city man. It is going to push the little farmer out. I do not know them. I have been raised on the peanut program ever since I have been knee high. The way I see it, it is a program that is working. Why not leave it alone.

Thank you

Mr. O'NEAL. Thank you very much.

Are there any questions?

Mr. HALL. Yes, Mr. Cathey, of Dublin, Tex., rather, Mr. Brauche. He states that he concurs in the statements made. We will now hear from Mr. Cathey.

Mr. O'NEAL. Thank you.

#### STATEMENT OF BOB CATHEY, OF DUBLIN, TEX.

Mr. CATHEY. Mr. Chairman and members of the subcommittee, I am Robert Cathey, from Dublin, Tex., and I am also president of the Erath County Organization. I am also the district director which covers our district No. 4, which covers 44 counties.

In these 44 counties we have among them the top eight producing counties in the State of Texas in the production of peanuts.

I have no other means of livelihood than through agriculture. I would like to discuss some of the things of the small rural businessman in our neighborhoods.



These peanut allotments may mean a lot to our community centers, our small rural towns, and our colleges. In Springville, which is in Erath County, we have the State experiment station for peanuts. They have done a wonderful job in our production and also in getting the type of peanuts that will grow better.

I have several letters from rural businessmen, some of which I would like to read and the others to be entered into the record at the end of my testimony.

This one is from the Henderson Sales Co., of which Mr. Joe B. Henderson is the head. He helps buy peanuts. He helps the farmers in many, many ways. He says on June 6, 1967:

*To Whom it May Concern:*

I would like to comment on House bill No. 6383 introduced by Mr. O'Neal in regard to the sale of peanut allotments within the States. I would like to register my opinion as against the law permitting the sale of peanut allotments at all.

Now I will say that Mr. Henderson owns a farm also, with a peanut allotment on it. He rents this farm. He states further:

I have been associated with the peanut industry for 25 years and have watched it grow from infancy to a multimillion dollar business in central Texas. The economy of so many of our community is based upon the peanut business. The growing, processing and warehousing all involves quite an economic program for any community. What could very easily happen is that a farmer with some age would be inclined to sell his allotment at an attractive price and that allotment could be moved across the State. If enough farmers did this it would disrupt peanut mills, warehouses and scatter the know-how of the industry.

"Should there come a time for an additional volume of peanuts, new allotments could be set up for added production.

In 1965 I have been told that the Department of Agriculture lost some \$40 million in peanuts that had to go to the crushers. That is a sign that we are getting very close to a large surplus problem.

Also, these areas will go into the hands of the larger and integrated operators. And when they get through with it, it could set the price.

The housewife today holds the purse strings of this Nation. It is very likely that if her costs go up continuously for things of this nature that she might have the strength politically to do something. This bill would be very detrimental to our way of life.

Thank you.

Mr. O'NEAL. I thought she already had a lot of political strings. [Laughter.] Thank you very much.

Mr. HALL. We will next hear from Mr. Lee.

**STATEMENT OF MALCOLM LEE, HICO, TEX.**

Mr. LEE. Mr. Chairman and gentlemen of the subcommittee, I am a farmer from Erath County, Tex. I have a small farm down there. I have a small allotment on it. And also I rent lands.

I have a son who is 22 years old. He rents land. We work together in order to harvest peanuts. And if this comes about that we have to buy our allotments, something like that, I would not be financially able to put it into operation and keep myself in operation and him, also.

So if this bill passes that will put us both out of business because we would not be financially able to operate as we are operating now.

My son has 100 acres and I have 75 acres. Together we work and harvest that many acres.



Thank you.

Mr. O'NEAL. Thank you.

Mr. HALL. Mr. Chairman and members of the committee, I express our appreciation for your patience. I hope that we have been able to throw some light on how growers feel in reference to this question before us and as to how they feel as we have indicated. And I would truthfully say that this is my honest belief from my experience in Virginia that over 90 percent of the growers have this opinion on this proposition before us.

I have no way of knowing what the position of individual farmers in Texas is, but at our convention of the National Farmers Union, in Oklahoma City in March of this year, this was unanimously passed that the Farmers Union's position would be to oppose the transfer by lease or sale of any allotments on a basic commodity. And in line with that, if you will permit me, I will read why we did this. Or I will insert it in the record.

(The information follows:)

**Marketing Quotas:** National marketing quotas should be allocated to states, counties and farm families, including new producers, by farmer-elected committees and boards of farmers so that each state, county and farm or ranch will receive its fair part.

Adoption of marketing quotas and marketing orders should be conditioned upon approval by a simple majority of the producers voting in a referendum. This should be done in a manner that will encourage and promote the owner-operator family farm.

Adjustments of quotas or allotments should be consistent with the objective of strengthening the family farm structure of agriculture with adequate minimums below which there should be no further reduction.

Priority should be given to families entering farming and so-called hardship cases where additional quotas or allotments are needed to make a fully sufficient family farm unit.

Protection should be afforded individual farm units from encroachment by large factory-in-the-field operations. Adjustments of quotas and allotments should be managed in such a way as to assure that they are not subject to becoming a part and parcel of vertically integrated production, processing and marketing units.

Marketing quotas should be expressed in terms of commodity units such as bushels and pounds where approved by producers.

Acreage allotments based on crop history, soil conservation practices, tillable acres and other factors should be used either singly or in combination with bushelage and poundage quotas where preferred by producers.

Mr. HALL. Mr. Chairman, the farm programs are established for two reasons. We found ourselves in a depressed economic position back in the thirties. Something had to be done. And these programs were evolved and have been developed and have evolved for the last 25 or 30 years, something that has been the envy of the world which has been created here. We were able to feed our people and to grow the necessary fiber and food for them.

I am not one of these who says that I am chained by the Department of Agriculture, because we chose our program. We have a chance to disapprove of them if we do not like them. We do not like some of the administrative ideas that we get from the Department once in a while but at least we can go there and talk about them and maybe get them corrected. This is why we are here today.

We think that this bill, H.R. 6383 by Mr. O'Neal of Georgia, would be harmful to the programs that we have developed over the years, but we owe a responsibility to the taxpayers of this country



and this Nation if we are going to be afforded price supports on our farm commodities—we owe the responsibility at least to keep the costs down to the taxpayers. I did not know whether you had heard that from farmers before or not, but that is the position of the National Farmers Union.

We believe in producing for our needs and what we can sell at a profit; if you please. That is, in our domestic economy, and what we can share for export to all of the various nations for their needs.

Just a few months ago we were told that our surpluses were gone. What the purpose of all this was, I do not know. It came up in the election last year in November that the surpluses were gone. That was by intimation. They did not come out and say that. But it was implied. But now we can unchain the farmer and let him loose. That we would be in an era of increased production, because of the food needs throughout the world.

American agriculture cannot produce the fiber and the food and sell it at world prices and enjoy American standards of living. I think we all recognize that. No one else, like in industry, is asked to produce weapons or to help develop anything that they are asked to produce at such prices except at cost plus a profit.

We have gone to a 40-hour week—40 hours in the morning and 40 hours in the afternoon to keep our heads above water. [Laughter.]

I want to have more peanut acreage, of course. But I have sense enough to know that if I get more acreage I am going to increase the overall average supply of peanuts in Virginia, in North Carolina, in Georgia, and the Nation. And if we get that allotment I am going to get it from someone else. It may be true that some of this allotment may not be wanted or is economically feasible for somebody to have it. However, the economic problem that is facing this Nation today is for the relief of congested areas, the urban areas up in the north and the western parts of our great country. A great proportion of our farmers have been displaced and have located in the cities. They have completely gone out of business. A great proportion of the farmers who have moved from the South are untrained, ill-equipped to go into the urban areas of the North and try to find a job. And you have what? You have such places as Harlem. You have all of these riots. And all of these terrible messes. And we have them in the South, too.

And then you are asked to appropriate money to provide these people with a living. And you have to do it. We cannot let people starve to death in this country where there is an abundance of food.

I can name you a State in such a condition that you can go into which I am ashamed of. I am puzzled that you can go into one State and find people who are not getting an adequate diet and right across the road there is a farmer who is prosperous, growing a tremendous amount of food.

If these people were kept in employment in things that they know and in the things that they can do, then we would be contributing to the national health, safety and welfare that we hear so much about. That is the kind of contribution that we want, that these people would be given the opportunity to earn a living.

It is not a good way in 1967 to treat the people of America who have contributed most to the bountiful standards of living that this country enjoys to have this happen. I am talking about the American farmer.



This is a wrong means, I think, of doing this. I think that all of our farmers are afraid of this, that it will increase the aggregate of the supply of peanuts on the market.

We recently were accused of an increase in the price of our peanuts. Many farmers are disturbed about this. We have not had a raise in price. I can understand the Department's dilemma with the Bureau of the Budget, with other people on their necks as to the cost of the program which has advanced.

I have the greatest admiration for Mr. Rawlings—he is president of our association, although we differ with him on this position—however, I think that if added publicity is given to it in Virginia that all of our people, if given an opportunity to express their opinion, would oppose transfer of peanut allotments through sale. Although I do not know what it would be. I know I think I know what it would be. I have not heard any people who would be for it.

We have these people working, they are producing, they are not rioting—they are not on welfare—they are raising their children.

This man who would likely be forced out has made the money to educate a boy or a girl and to instill him with the ideas of decency and the like. Most of these boys and girls are going to college. I do not know how we are going to continue to send them there but we are doing it. And then they are going into industry and into commerce and into trade and are becoming good citizens.

Up until 1940 the farm program I think was designed primarily with the interests of the people in mind and no sociology in the mind. To make rural Americans happy people, but since 1940 they have gone into economics, people are no longer considered necessary. Plow them under.

Mr. O'NEAL. May I ask you a question in connection with the bill? If the referendum were in the bill and it passed—

Mr. HALL. If the referendum what?

Mr. O'NEAL. If the referendum provision was in the bill which required two-thirds vote before the allotments could leave the county, how would your particular county vote?

Mr. HALL. I do not know, sir, but I would assume that it would lose if all of the farmers—

Mr. O'NEAL. You would have nothing to worry about then.

Mr. HALL. What do you say?

Mr. O'NEAL. If it failed to pass—if the growers of your county did not approve the transfer of these allotments—if they did not approve it by two-thirds vote, they would not leave your county and you would have nothing to worry about, would you?

Mr. HALL. I did not finish my sentence that I was going to make. If all of the farmers in the county voted and were required to vote as a requirement, it would not pass. However, if the bill came up—the farmers are busy people—and the fellow is not going to rent his allotment or to lease his allotment or to buy his allotment, he would not be concerned about it and would stay at home, because it would not affect him. He says, "I am not going to sell my land—I am not going to buy any." But don't for one minute think that peanut producers in my area would not be affected by what producers do in other areas. This fact is the reason why we have a good peanut program today. This fact is why peanut producers vote over 95 percent to keep the program we have.



But, listen, why do we need to do this in the first place. You can already get all of the peanut allotments that the State has allocated without any trouble. I rent three farms, lease them, besides my own, and put them all on one work sheet. I can transfer that acreage over here. I am entitled to do that. I can put it on higher productive land if I want to do so. And the peanut industry has worked with us favorably in trying to keep the supply in line with the demand, particularly in the processing, and successfully so on the importation of peanuts from abroad.

To answer your question, I cannot conceive of anyone, a peanut producer at this time wanting this sort of a program with the supply picture that is facing us, because we are going to have to take some means of either reducing the amount of peanuts produced in this country or we are going to lose the program.

I am going to file my statement and let it go at that.

I am afraid that if this bill or any other bill, if we bring it before the full House—and we have some distinguished members here—and one introduced a bill to eliminate peanuts as a basic commodity—it happened in 1956—I spent all day and all night and all day the next day trying to get that thing rescinded and we did it by six votes because the urban people do not realize our problems so much. We have not been able to educate them.

I would be very much concerned to get peanuts stuck out there like a sore thumb. We are here to do the best we can. Our testimony may not be as polished as some. We do not have the educational background, probably, to properly present it. We do know how to farm. We are the best in the world.

I conclude our statement with that. Thank you and the subcommittee for giving us your attention.

(The prepared statement of A. Jack Hall follows:)

#### STATEMENT OF A. JACK HALL, PRESIDENT, VIRGINIA FARMERS UNION

I am, A. Jack Hall, President of Virginia Farmers Union, who would like to support the position of the National Farmers Union as being against the Sale and Lease of Peanut Acreage Allotments.

We believe these Bills that would permit the Sale and Lease of Peanut Acreage Allotments are against the best interest of the family size farmer because it:

1. Reduces the value of the farm. (Peanut Allotments are used as a guide line in determining farm values.)
2. Reduces the yearly farm income.
3. Increases the burden of paying taxes and other debts.
4. Drives the farmer out of farming.
5. Would require the farmer to be rehabilitated—go on welfare—or become a member of the poverty program.
6. No. 5 is an additional cost to our government and will eventually bring unhappiness to the farm family.

Non-farm interest would buy up these Peanut Allotments and thereby further dilute the farmer's voice in his fight to maintain his farm programs and his efforts to receive parity of income.

Rich people would buy these Peanut Allotments as:

1. Investments, and
2. Recreation (Hunting, fishing, horses, and etc.)

Mr. Chairman, we are against the Sale and Lease of Peanut Acreage Allotments because big farm interest would buy up many of these Allotments. At first, the big farm interest would like this but on the first county reassessment made the family farm would be worth less now that the Allotments were gone and the large farmer with additional Allotments would find his farm assess higher which would demand from him more taxes.



Peanuts are one of the basic commodities and therefore have a Price Support Program. The greater the surplus produced the more Commodity Credit Corporation will lose.

The Sale and Lease of Peanut Acreage Allotments would add to the cost of the Peanut Program to the government.

Peanut producers have made many attempts to reduce the cost of the Peanut Program such as:

In 1958, the Virginia-Carolina and the Southwest peanut producers tried to get a Bill passed for a Self Help Program. Self Help Programs allows producers to work with the Secretary of Agriculture in converting their surpluses and to pay part or all of the diversion cost of these surpluses. We failed in this attempt.

In 1960, a 10-man national committee worked out several versions of a Self Help Program hoping to have it ready to insert in the 1961 Farm Bill. Congress saw fit to do away with Title I of the 1961 Farm Bill which in turn eliminated the producers Self Help approach.

In 1961, the Virginia-Carolina peanut growers asked Secretary Freeman to appoint a Peanut Advisory Committee to work with him on reducing the cost of the peanut program. Secretary Freeman appointed this committee and:

In 1962, on February 1st and 2nd, this Peanut Advisory Committee met in Washington with the meeting being presided over by Assistant Secretary of Agriculture, Dr. James Ralph. At this meeting the Virginia-Carolina and Southwest peanut growers submitting resolutions to the Secretary asking for a Self Help Program that would either reduce or eliminate the cost of the peanut program to the taxpayer and that a sub-committee be appointed to work up such a program and bring it back to the full committee for discussion. The sub-committee was not appointed.

In 1967, Secretary Freeman appointed a peanut sub-committee to function as the producers asked for in 1962.

Now, with all the efforts for the last ten years on the producers part in which he tries to assist in reducing the cost of the Peanut Price Support Program, why would anyone ask that a Bill be passed to further add to the peanut surplus and which in turn would cost CCC more money. Some may ask how the Sale and Lease of Peanut Acreage Allotments would add to surpluses and cost—well, dry land allotments now produce about 5 or 6 hundred pounds per acre. Should you permit these acreages to be moved to irrigated land the production would increase to from 3,000 to 4,000 pounds per acre. There are many thousands of acres of peanut allotments in the dry land areas that would be bought and/or leased if permitted.

In closing Mr. Chairman, we would like to ask that these Bills be defeated because if they are passed it would:

1. Reduce the farmer's yearly income.
2. If extended beyond county lines it would effect the economic status of the county.
3. Bring about eventually unhappiness to the farm family.
4. Effect tax income.
5. Force many to leave the farm because of low yearly income.
6. Add to the cost of the Peanut Price Support Program.
7. Eventually it might cause loss of Peanut Price Support Program because of additional surplus.
8. We need—the community needs—the county needs—the State needs and yes, the United States needs a Peanut Price Support Program for the benefit of the producers, the economy and to have a strong and healthy agriculture.

I thank you.

Mr. O'NEAL. Thank you very much. We are very glad to have had you. We appreciate this contribution.

I understand a while ago that there was one statement which was read into the record and the gentleman said that he had others that he wanted to submit for the record. I understand that they have been submitted to the reporter and were submitted at that time for inclusion in the record.



(The documents referred to follow:)

HENDERSON SALES CO.,  
Dublin, Tex., June 20, 1967.

To Whom It May Concern:

I would like to comment on house bill No. 6383 introduced by Mr. O'Neal in regard to the sale of peanut allotment within the state. I would like to register my opinion as against a law permitting the sale of peanut allotment at all.

I have been associated with the peanut industry for twenty five years and have watched it grow from infancy to a multi-million dollar business in central Texas. The economy of so many of our community is based upon the peanut business. The growing, processing and warehousing all involves quite an economic program for any community. What could very easily happen is that a farmer with some age would be inclined to sell his allotment at an attractive price and that allotment could be moved across the state. If enough farmers did this it would disrupt peanut mills, warehouses, and scatter the know how of the industry.

Should there come a time for an additional volume of peanuts new allotments could be set up for added production.

Yours very truly,

JOE B. HENDERSON.

DUBLIN NATIONAL BANK,  
Dublin, Tex., June 19, 1967.

Mr. MASTON O'NEAL,  
Chairman, Oil, Seeds, and Rice Subcommittee,  
House of Representatives, Washington, D.C.

DEAR Mr. O'NEAL: I would like to register my opposition to Bill HR 6383.

It is my feeling that transfer of peanut allotment out of our County would be a serious imposition to the communities in this County and would vitally reduce our agricultural income.

Yours very truly,

T. C. GRANBERRY, Executive Vice President.

CHAMBER OF COMMERCE, DUBLIN, TEX.,  
June 8, 1967.

To Whom It May Concern:

The growing and processing of peanuts are vital to the economy of Erath County. The growers and processors depend heavily upon the income from the 1800 acres of peanuts allotted to this county. Fertilizer dealers and general merchants are largely dependent on peanuts.

We would be greatly hurt by any misfortune, legislative or otherwise, which might befall our peanut growing industry.

Sincerely yours,

DUBLIN CHAMBER OF COMMERCE.  
BILL HARDIN, President  
W. D. RALEY, Manager.

C. E. LEATHERWOOD INSURANCE AGENCY,  
Dublin, Tex., June 19, 1967.

To Whom It May Concern:

It is my considered judgment that any law which would permit the sale or lease of peanut allotments outside the counties where currently held would be very harmful to the economy of our town and our country. I think it would be hurtful to my own business and to every businessman in our town and I would like to go on record as being opposed to any such law.

Sincerely yours,

LEATHERWOOD INSURANCE AGENCY.  
C. E. LEATHERWOOD, Owner.



## DUBLIN DEVELOPMENT LUNCHEON CLUB,

Dublin, Tex., June 20, 1967.

To Members of the U.S. Congress,  
Washington, D.C.

DEAR SIR: At a meeting of the Dublin Development Club on Friday, June 16th a motion was made, seconded and unanimously passed that this organization is on record as being opposed to the sale or lease of peanut acreage allotments outside the county where the allotments originate.

It is the opinion of this group that the sale or lease of such allotments would be very detrimental to the interests of our area.

Respectfully yours,

DUBLIN DEVELOPMENT CLUB,  
GLEN DUNCAN, *President*.  
EVERETT HIGHTOWER, *Secretary*.

DUBLIN, TEX.,  
June 9, 1967.

To Whom It May Concern:

The economy of Erath County is greatly dependent on the peanut crop in our county as a vital source of income. Almost every business in the county—agricultural and general business—is affected to some extent, directly or indirectly, with the peanut industry and the revenue it brings into the county.

We certainly would not like to see legislation passed which might adversely affect the peanut growing industry in Erath County.

Thank you,

DARREL E. ALLISON.

DUBLIN INSURANCE AGENCY,  
Dublin, Tex., June 19, 1967.

To Who It May Concern:

In regard to the *Bill* introduced by Mr. O'Neal of Georgia. In which he proposes the sale and transfer of Peanut acreage within the state.

I would like to say that this would be very wrong for our part of the state and many others. Due to our Community being a farming community and peanuts our chief crop. It would hurt our community very much and take many dollars out of our town should the farmer decide to sell the acreage that they now have. It would cause many hardships on the businessmen and their employees should the peanut acreage be transferred from our community.

For these reasons we think you should take a long look at what you are thinking about to do and the harm that it can do to our community and others like it.

Thank you,

EVERETT HIGHTOWER.

Mr. O'NEAL. The House is in session at this point. We will have to bring this to a close. And before we do, I have a few other statements that I would like to offer for the record.

One is a statement from Mr. Jimmy Carter, of Plains, Ga., president of the Southern Peanut Warehousemen's Association; another statement is in the form of a letter from Mr. Joe Bryan, of Damascus, Ga.; another is a letter from the Honorable W. Harvey Jordan, of Leary, Ga., who is a member of the house of representatives of Georgia.

Without objection, these will be made a part of the record at this point.

(Three telegrams and a statement, in addition to the letters and statement referred to above, follow:)

STATEMENT OF JIMMY CARTER, PLAINS, GA., PRESIDENT OF SOUTHERN PEANUT  
WAREHOUSEMEN'S ASSOCIATION

Mr. Chairman, the Southern Peanut Warehousemen's Association is an association of warehouse owners, many of whom also are producers of peanuts in



the southeastern peanut belt. There are approximately fifty warehousemen who are members of the association.

The members of the association have not been polled as to their individual positions on HR 6383, but the provisions of the Bill were discussed at some length at a recent Board of Directors' meeting. It was the unanimous opinion of the eight members of the Board of Directors of the Southern Peanut Warehousemen's Association that the Association not take a position either for or against this proposed legislation. The Board of Directors did vote unanimously, however, in favor of amending the present Bill as it is written, to require a referendum of the growers in each county before any acreage can be transferred out of the county. Acreage allotments should not be transferred from one county to another without the favorable vote of a majority of the peanut producers in the county from which the acreage allotment is to be transferred. We urge the members of the Subcommittee to give favorable consideration to the referendum feature if a majority of the members of the Subcommittee favor reporting HR 6383 to the full Committee.

As a grower and as a warehouseman, I can visualize some serious hardships developing in counties being raided, so to speak, by wealthy land owners in other counties by transferring peanut acreage allotments out of a county that depends heavily upon peanuts as a money crop. A peanut warehouseman has a sizable investment in his warehouse and a majority of the warehouseman's income depends directly upon the storage of peanuts. The transfer of a large number of peanut acreage allotments out of a county could easily bankrupt a warehouseman in that county.

The Subcommittee should consider the disastrous economic consequences of a transfer of a large number of acres from one county to another and should certainly consider placing a limit on the number of acres that can be transferred from one county to another should HR 6383 be approved by Congress.

In summary, Mr. Chairman, the Southern Peanut Warehousemen's Association does not take a position either for or against HR 6383. The Association, however, strongly urges that if the Bill is approved by Congress, that it be amended by requiring approval of a majority of peanut producers in each county by referendum before transfer of any acreage allotments. Under the present law, the transfer of cotton allotments is handled in this manner. Southern Peanut Warehousemen's Association takes the position that some limitation should be placed on the number of peanut acres that can be transferred from one county to another.

We appreciate the opportunity of expressing our views on HR 6383.

DAMASCUS PEANUT CO.,  
Damascus, Ga., April 14, 1967.

HON. MASTON O'NEAL,  
House Office Building,  
Washington, D.C.

DEAR MR. O'NEAL: I have read your bill H.R. 6383 and I am very much opposed to it in its present form. If it called for a referendum by the counties, as the cotton bill, then I think it could be beneficial to the peanut growing counties. As it now reads, I am of the opinion that many acres would be sold out of our county and thus wreck our economy, since we are greatly dependent on peanuts as a cash crop.

If it did nothing else it could drastically raise rent of peanut acreage. Some acreage is now renting for more than the original cost of the land and in most cases for about 20% of the present value.

A majority of the peanuts in Early county are being grown by people other than the owners and they have their life savings invested in equipment and most of them are heavily indebted. If this bill is passed as it now reads many of these people could be plunged into bankruptcy over night.

I have heard this bill discussed by many people and no one is at all pleased with it.

I sincerely hope that you will consider these facts and amend this bill for a referendum by the counties.

Sincerely yours,

JOE BRYAN.



HOUSE OF REPRESENTATIVES,  
Leary, Ga., June 5, 1967.

HON. MASTON O'NEAL,  
*Chairman, Oilseeds and Rice Subcommittee, Committee on Agriculture, Longworth House Office Building, Washington, D.C.*

DEAR MASTON: In regard to the hearings on H.R. 6383 to permit the sale, lease, or transfer of peanut acreage allotment, I would like to submit a statement for the record.

This same rule now applies to cotton and has been used in our county and surrounding counties to a good advantage especially to the smaller farmer. For example, I know of a case in Quitman County. This widow lost her husband three years ago. She has a son who was a senior in high school this year. She tried to rent her peanut allotment and all she received in 1966 crop year was \$12.50 per acre. I think they were taking advantage knowing this boy could not go to school and farm. If we had had the same rule on peanuts then as we have on cotton, she could have rented her peanut allotment in a neighboring county. For instance, our county has peanut allotments that rent from \$40.00 to \$60.00 per acre.

You might think that this farm could have gone in the CAP program and this lady tried to get it in that program. She was number 6 on the list but when they got to her, no money was available other than enough to take care of a little corn acreage.

I understand the Southeastern Peanut Association is against this program. I am in the peanut business and am also a member of the Southeastern Peanut Association and I can not see why they would be against it other than from a selfish standpoint. I do not see why cotton should be handled one way and peanuts another way. If it is fair for one crop, it is fair for another one.

This is a Resolution that should be passed or more money put into the CAP program to take care of the farmers who have small acreage that does not warrant buying high priced equipment to farm the small allotment.

I am also a farmer and have one of the largest peanut allotments in the state. I do not want you to think, from my statements, that I am looking for more peanut allotment. I have as much allotment as we can work but I do want what is fair and what will take care of the old and smaller farmers. I realize that the government farm program is inclined to want to get rid of the small farmer but some of these people were born and raised on these farms and will want to stay there until they die.

Please pass this Resolution and do not force some of the older and smaller farmers off their farms.

Yours very truly,

W. HARVEY JORDAN.

UVALDE, TEX.,  
June 26, 1967.

HON. GRAHAM PURCELL,  
*Longworth Building,  
Washington, D.C.:*

We want to go on record as being opposed to the sale, lease or transfer of peanut acreage.

JOSEPH B. SMYTH,  
*President, Agricultural Supplies of Batesville Inc.*

PEARSALL, TEX.,  
June 26, 1967.

HON. GRAHAM PURCELL,  
*Longworth Building,  
Washington, D.C.:*

I am peanut farmer. Am opposed to sale or lease peanut allotments. Request this be entered on record.

ERNEST LIVELY.



CHARLOTTE, TEX.,  
June 26, 1967.

HON. GRAHAM PURCELL,  
Longworth Building,  
Washington, D.C.:

I am opposed to sale or lease of peanut allotment. I request this be entered on record.

FRANK A. GEYER, Jr.,  
Peanut Farmer.

STATEMENT OF JOHN W. GREENE, EXECUTIVE DIRECTOR, SOUTHEASTERN PEANUT ASSOCIATION

My name is John W. Greene and I am the Executive Director of the Southeastern Peanut Association, membership of which is composed of the 57 commercial peanut shelling and/or crushing plants located in the States of Alabama, Florida and Georgia.

In behalf of this organization, I respectfully submit a statement in opposition to H.R. 6383, a Bill to amend the Agricultural Adjustment Act of 1938, as amended, to authorize the transfer of peanut acreage allotments.

We believe that the proposed legislation, if enacted, would retard the current healthy growth of the peanut industry and be highly detrimental to the economic well-being of numerous communities and localities now dependent, either wholly or in large part, on the production and handling of peanuts. The provision of the Bill to permit transfer of peanut acreage across county lines could and probably would cause sweeping changes in patterns of production, leaving, in many instances, now thriving communities economically depressed. This possibility would prevail to some extent in the Virginia-North Carolina production area, more so in the Southeast, and drastically so in the Southwest where transfer of dryland acreage to counties with available water for irrigation would result in per-acre production increases as high as 500 percent.

It is inconceivable that the Department of Agriculture, already concerned with the relatively low cost involved in the support of peanut prices, would favor the sudden and sizable increase of tonnage that would surely result, should transfers be permitted on a straight-acre basis. It is logical to assume, therefore, that the Secretary, under the provisions of Section 358a(g) of the proposed amendment, would "deem necessary" certain adjustments in transferred acreage to prevent additional costs to the Federal Government. Adjustments would most likely be made on a poundage-production basis. Such action would result in losses of peanut acreage. We cannot believe, Mr. Chairman, that any production area, any county, any community or any grower would relish the thought of losing peanut acreage. An acre of peanuts, possessing the potential of outproducing in food, feed and fiber any other farm enterprise on a per-acre basis, is too valuable an asset to be lost. It would appear that the world need for food and our Nation's position of leadership require more peanut acreage—not less!

We greatly fear that subject legislation, as proposed, would ultimately lead to the opening of old wounds within the industry; renewal of old and bitter squabbles concerned with price differentials, minimum acreage and other differences of the past, pitting segment against segment and area against area—a sorry prospect, indeed, for an industry which has made such marvelous strides in progress and is the epitome of cooperation in solving current and monumental problems. Of all the commodities, peanuts is the example praised and pointed to by leading officials of the Department of Agriculture. Quoting one in high position, "The peanut program is an excellent program; the industry is in good shape." In view of the foregoing, we gravely question the advisability of necessity for legislation, as proposed in H.R. 6383.

On April 27, 1967, the 14-member Executive Committee of the Southeastern Peanut Association met to discuss H.R. 6383 and other similar legislation now pending in the House. The Committee was generally opposed to these Bills, but withheld actions until positions of southeastern growers could be heard during a joint sheller-grower session which followed. Present were 29 officials representing the southeastern grower groups; the Alabama Peanut Producers Association, Georgia Commodity Commission for Peanuts, the Alabama and Georgia Cooperative Extension Services, and the Alabama and Georgia Farm Bureaus.



After detailed and lengthy discussion the shellers were in accord with the growers that transfers of acreage within a county would be mutually acceptable and satisfactory to the operational needs of the great majority of growers in the Southeast. To this end, the following resolution was overwhelmingly adopted by the joint group without a dissenting vote:

"Be It Resolved: (1) That the sale or lease of peanut acreage allotments be permitted only within a county, legislation to include features which would regulate any acreage transfer on a poundage production basis, with adjustment in acreage when yield differentials exceed 10 percent; and

"(2) That no legislation should reach the floor of Congress without being agreed upon by the leaders of the peanut industry in all production areas; that unless such agreement prevails, all legislation should be dropped."

Mr. Chairman, we are most emphatic in our recommendation that peanut acreage allotments be retained within the counties to which they are currently assigned, and under no circumstances would we approve the transfer of acreage across county lines.

We further recommend that any legislation permitting sale or lease of acreage, even within a county, be so worded as to minimize possible interpretations by administrative agencies contrary to the intent of said legislation; that provision be included to prevent vast assimilations of acreage to the detriment of the commercially successful family-type peanut farm. H.R. 6383 lacks the necessary limitations to meet these concluding recommendations. Thus our opposition is clear to H.R. 6383, as proposed.

Thank you.

Mr. O'NEAL, I have other communications which I am not sure that the authors intended to be submitted for the record so I do not think that I will offer them at this point.

Are there other matters to be gone into at this time?

I did not mean to preclude questions by members of the subcommittee of the gentlemen who are at the witness table right now.

Are there any questions that any of you have?

Mr. RARICK, I would just like to compliment Mr. Hall and the other gentlemen with him for their statements. None of them have come up here under subsidy. I think that their presentation today certainly shows that as long as we have good men on the soil that the future of our country is going to be safe. I certainly compliment you gentlemen.

Mr. O'NEAL. Thank you, gentlemen.

There are no further witnesses who have indicated any desire to be heard. So we will bring this session of the subcommittee to a close.

The committee will stand adjourned, then, until tomorrow morning at 10 o'clock, at which time we will go into executive session.

(Whereupon, at 12:30 p.m. the subcommittee recessed to reconvene in executive session at 10 a.m., Friday, June 23, 1967).



There is a great deal of feeling in regard to the subject of the proposed amendment, and it is not surprising that the subject should be brought up at this time. The subject is of great importance, and it is not surprising that it should be brought up at this time.

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