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TRANSFER OF TOBACCO ACREAGE ALLOTMENTS AND ACREAGE-POUNDAGE QUOTAS

GOVERNMENT

Storage

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

NINETIETH CONGRESS

FIRST SESSION

ON

H.R. 6339, H.R. 6382, H.R. 6508, H.R. 6929,
H.R. 9215, H.R. 10671, H.R. 10963,
H.R. 11883, and H.R. 11990

AUGUST 16 AND 17, 1967

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CONTENTS

H.R. 6339, a bill to amend the Agricultural Adjustment Act of 1938, as amended, to authorize the transfer of tobacco acreage allotments and acreage-poundage quotas.....	Page 1
H.R. 9215, a bill to amend the Agricultural Adjustment Act of 1938, as amended, to authorize the transfer of tobacco acreage allotments and acreage-poundage quotas.....	3
H.R. 10671, a bill to amend the Agricultural Adjustment Act of 1938, as amended, to authorize the transfer of Flue-cured tobacco acreage allotments and acreage-poundage quotas.....	5
H.R. 11883, a bill to amend the Agricultural Adjustment Act of 1938, as amended, to authorize the transfer of Flue-cured tobacco acreage allotments and acreage-poundage quotas.....	6
H.R. 11990, a bill to amend the marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended.....	7
Statement of—	
Blount, Joe, Loris, S.C.....	46
Bone, R. Winslow, Nash County, N.C.....	71
Campbell, Phil, commissioner of agriculture, State of Georgia.....	8
Davis, Roy B., managing director, Bright Belt Warehouse Association, Inc.....	16
Edwards, A. C., Hookerton, N.C.....	64
Godfrey, Horace D., Administrator, Agricultural Stabilization and Conservation Service, U.S. Department of Agriculture.....	12
Hagan, Hon. G. Elliott, a Representative in Congress from the State of Georgia.....	15
Henderson, Hon. David, a Representative in Congress from the State of North Carolina.....	43
Hill, Whitford, Pink Hill, N.C.....	56
Ison, Louis, president, Kentucky Farm Bureau Federation.....	33
Kornegay, Hon. Horace R., a Representative in Congress from the State of North Carolina.....	8
Lanier, William L., president, Georgia Farm Bureau Federation.....	25
Lennon, Hon. Alton, a Representative in Congress from the State of North Carolina.....	11
Linkhaw, W. D., Lumberton, N.C.....	72
Marshall, W. F., Danbury, N.C.....	55
McAllister, Robert, Reidsville, N.C.....	62
Odom, Herman C., chairman, Georgia Agricultural Commodity Commission for Tobacco.....	28
O'Neal, Hon. Maston, a Representative in Congress from the State of Georgia.....	8
Page, Cordie, Conway, S.C.....	46
Pierce, Robert, Farmville, N.C.....	59
Pritchett, Bache, Reidsville, N.C.....	63
Reeves, Charles R., president, North Carolina Association of Farmer Elected Committeemen.....	57
Royster, Fred S., managing director, Bright Belt Warehouse Association, Inc.....	24
Russell, Charles E., North Carolina Farm Bureau Federation.....	54
Silverthorne, J. C., Merritt, N.C.....	67
Sloan, David, farmer and president, South Carolina Farm Bureau Federation.....	45
Smith, Dudley, representing Southern Maryland Farm Bureau and Maryland Tobacco Industry Council.....	51
Snodgrass, Frank B., vice president and managing director, Burley & Dark Leaf Tobacco Export Association, Inc.....	39

Statement of—Continued	Page
Stokes, S. J., Jr., president, Burley Farmers Advisory Council.....	36
Stuckey, Hon. W. S. (Bill), Jr., a Representative in Congress from the State of Georgia.....	44
Watts, Hon. John C., a Representative in Congress from the State of Kentucky.....	20
Whorton, Bryan, Merritt, N.C.....	66
Whorton, I. L., Merritt, N.C.....	70
Wiggins, E. J., Marion, S.C.....	47
Correspondence submitted to the subcommittee:	
Allen, W. A., Farmville, N.C., telegram of August 17, 1967.....	50
Caldwell, Mrs. Harry B., master, North Carolina State Grange, letter of August 16, 1967.....	48
Dechant, Tony T., president, Farmers Union, letter of August 16, 1967.....	49
Delano, Robert B., president, Virginia Farm Bureau Federation, letter of August 16, 1967.....	48
Freeman, Hon. Orville L., Secretary of Agriculture, letter of April 17, 1967, report on H.R. 6339.....	2
Holliday, Joseph W., Galivants Ferry, S.C., letter of August 15, 1967..	51
Horner, W. E., Sr., publisher, Sanford Daily Herald, letter of August 9, 1967, to Hon. Horace Kornegay.....	10
Lynn, John C., legislative director, American Farm Bureau Federation, letter of August 16, 1967.....	50
Miles, Robert L., extension agronomist, Cooperative Extension Service, College of Agriculture, University of Georgia, letter of August 4, 1967, to Homer S. Durden, Jr.....	32
Schnittker, John A., Acting Secretary of Agriculture, letter of August 16, 1967, report on H.R. 11883.....	6

TRANSFER OF TOBACCO ACREAGE ALLOTMENTS AND ACREAGE-POUNDAGE QUOTAS

WEDNESDAY, AUGUST 16, 1967

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

The subcommittee met, pursuant to notice, at 10:25 a.m., in room 1302, Longworth House Office Building, Hon. Watkins M. Abbitt, presiding.

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

Also present: Martha Hannah, staff.

Mr. ABBITT. The committee will come to order.

I want to express our regret and apologies for being late but the full committee had a very important matter before it and the chairman more or less suggested it might be well if we delayed starting our hearing briefly and be on hand, which we did. We had a vote on an important question. But, I appreciate all of you people here today. We want everyone to be heard and, as I said, we set aside tomorrow for those we do not hear today.

The hearing today is on H.R. 6339 by Mr. Abbitt, H.R. 6382 by Mr. O'Neal, H.R. 6508 by Mr. Kornegay, H.R. 6929 by Mr. Hagan, all of which are identical, a similar bill by Mr. Stuckey, H.R. 9215, H.R. 10671 by Mr. Jones of North Carolina, and a similar bill by Mr. Lennon, H.R. 10963, H.R. 11883, by Mr. Abbitt, and H.R. 11990 by Mr. Stubblefield.

(H.R. 6339, the departmental report thereon, H.R. 9215, H.R. 10671, H.R. 11883, the departmental report thereon, and H.R. 11990, follow:)

[H.R. 6339, 90th Cong., first sess.]

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

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

"(a) Notwithstanding any other provision of law, the Secretary, if he determines that it will not impair the effective operation of the tobacco marketing quota or price-support program, (1) may permit the owner and operator of any farm for which tobacco acreage allotment or acreage-poundage quota is established under this Act to sell or lease all or any part or the right to all or any part of such allotment or quota to any other owner or operator of a farm for transfer to such farm; and (2) may permit the owner of a farm to transfer all or any part of such allotment or quota to any other farm owned or controlled by him.

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

made and such committee determines that the transfer complies with the provisions of this section.

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

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

"(e) The transfer of a portion of the farm allotment or quota which was established under minimum farm allotment or quota provisions for tobacco or which operates to bring the farm within the minimum farm allotment or quota provisions for tobacco shall cause the minimum farm allotment or quota to be reduced to an amount equal to the allotment or quota remaining on the farm after such transfer.

"(f) If the normal yield established by the county committee for the farm to which the allotment is transferred does not exceed the normal yield established by the county committee for the farm from which the allotment is transferred by more than 10 per centum, the transfer shall be approved acre for acre. If the normal yield for the farm to which the allotment is transferred exceeds the normal yield for the farm from which the allotment is transferred by more than 10 per centum, the county committee shall make a downward adjustment in the amount of the acreage allotment transferred by multiplying the normal yield established for the farm from which the allotment is transferred by the acreage being transferred and dividing the result by the normal yield established for the farm to which the allotment is transferred.

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

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

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

"(j) 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."

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

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

DEAR MR. CHAIRMAN: This is in reply to your requests of March 7 and 9, 1967, for reports on H.R. 5702,¹ a bill "To remove the five-acre limitation on the amount of tobacco allotment acreage which may be leased"; H.R. 6339, a bill "To amend the Agricultural Adjustment Act of 1938, as amended, to authorize the transfer of tobacco acreage allotments and acreage-poundage quotas"; and H.R. 6496,

¹ See hearings before the Subcommittee on Tobacco of the Committee on Agriculture entitled "Lease, Sale, and Transfer of Certain Tobacco Acreage Allotments", Feb. 15 and Apr. 18, 1967 (Serial F).

a bill "To amend the Agricultural Adjustment Act of 1938, as amended, to authorize the transfer of tobacco acreage allotments and acreage-poundage quotas."

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

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

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

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

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

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

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

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

Sincerely yours,

ORVILLE L. FREEMAN, *Secretary.*

[H.R. 9215, 90th Cong., first sess.]

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

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

"(a) Notwithstanding any other provision of law, the Secretary, if he determines that it will not impair the effective operation of the tobacco marketing quota or price support program, (1) shall permit the owner and operator of any farm for which a tobacco acreage allotment or acreage-poundage quota is established under this Act to sell or lease all or any part or the right to all or any part of such allotment or quota to any other owner or operator of a farm for transfer to such farm; and (2) shall permit the owner of a farm to transfer all or any part of such allotment or quota to any other farm owned or controlled by him.

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

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

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

"(e) The transfer of a portion of the farm allotment or quota which was established under minimum farm allotment or quota provisions for tobacco or which operates to bring the farm within the minimum farm allotment or quota provisions for tobacco shall cause the minimum farm allotment or quota to be reduced to an amount equal to the allotment or quota remaining on the farm after such transfer.

"(f) If the normal yield established by the county committee for the farm to which the allotment is transferred does not exceed the normal established by the county committee for the farm from which the allotment is transferred by more than 10 per centum, the transfer shall be approved acre for acre. If the normal yield for the farm to which the allotment is transferred exceeds the normal yield for the farm from which the allotment is transferred by more than 10 per centum, the county committee shall make a downward adjustment in the amount of the acreage allotment transferred by multiplying the normal yield established for the farm from which the allotment is transferred by the acreage being transferred and dividing the result by the normal yield established for the farm to which the allotment is transferred.

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

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

"(i) The Secretary shall prescribe regulations for the administration of this section.

"(j) 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."

[H.R. 10671, 90th Cong., first sess.]

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

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

"318. (a) Notwithstanding any other provision of law, the Secretary, if he determines that it will not impair the effective operation of the flue-cured tobacco marketing quota or price-support program, (1) may permit the owner and operator of any farm for which a flue-cured tobacco acreage allotment or acreage-poundage quota is established under this Act to sell or lease all or any part or the right to all or any part of such allotment or quota to any other owner or operator of a farm for transfer to such farm; and (2) may permit the owner of a farm to transfer all or any part of such allotment or quota to any other farm owned or controlled by him.

"(b) Transfers under this section shall be subject to the following conditions: (1) no allotment or quota shall be transferred to a farm in another State; (2) no allotment or quota shall be transferred, except by lease, to a farm in another county; (3) a transfer of allotment or quota by lease may be made to a farm in another county only if that county is contiguous to the county from which the transfer is made; (4) no transfer of an allotment or quota from a farm subject to a mortgage or other lien shall be permitted unless the transfer is agreed to by the lienholders; (5) no sale of a farm allotment or quota from a farm shall be permitted if any sale of allotment or quota to the same farm has been made within the three immediately preceding crop years; and (6) no transfer of allotment or quota shall be effective until a record thereof is filed with the county committee of the county to which such transfer is made and such committee determines that the transfer complies with the provisions of this section.

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

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

"(e) Marketing quota, pound for pound, shall be the basis for transfer under an acreage-poundage program, with the acreage allotment for both farms being adjusted on the basis of the farm yields. When an acreage program rather than an acreage-poundage program is in effect, 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, and if the normal yield for the farm to which the allotment is transferred exceeds the normal yield for the farm from which the allotment is transferred by more than 10 per centum, the county committee shall make a downward adjustment in the amount of the acreage allotment transferred by multiplying the normal yield established for the farm from which the allotment is transferred by the acreage being transferred and dividing the result by the normal yield established for the farm to which the allotment is transferred.

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

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

into account in establishing allotments or quotas for subsequent years for the farm to which such allotment is leased. The lessor shall be considered to have been engaged in the production of tobacco for purposes of eligibility to vote in the referendum.

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

"(i) 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."

[H.R. 11883, 90th Cong., first sess.]

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (a) of section 318 of the Agricultural Adjustment Act of 1938, as amended, is amended to read as follows:

"(a) Notwithstanding any other provision of law, the Secretary, if he determines that it will not impair the effective operation of the tobacco marketing quota or price-support programs, (1) may permit the owner and operator of any farm for which a flue-cured, fire-cured, dark air-cured, or Virginia sun-cured tobacco acreage allotment or acreage-poundage quota is established under this Act to sell or lease all or any part or the right to all or any part of such allotment or quota to any other owner or operator of a farm for transfer to such farm; and (2) may permit the owner of a farm to transfer all or any part of such allotment or quota to any other farm owned or controlled by him."

SEC. 2. Subsection (e) of section 318 of the Agricultural Adjustment Act of 1938, as amended, is amended by changing the period at the end thereof to a colon and adding the following: "*Provided, That, notwithstanding the provisions of section 316(c) and section 317(f) relating to lease and transfer of allotments and acreage-poundage quotas, whenever acreage-poundage quotas are in effect for any kind of tobacco as provided in section 317 of the Act (except in the case of burley and other kinds of tobacco not subject to section 316), the transfer shall be on a pound-for-pound basis and the acreage allotment for the transferee farm shall be increased by an amount determined by dividing the number of pounds transferred by the farm yield for the transferee farm, and the acreage allotment for the transferor farm shall be reduced by an amount determined by dividing the number of pounds transferred by the farm yield for the transferor farm.*"

SEC. 3. Subsection (g) of section 318 of the Agricultural Adjustment Act of 1938, as amended, is amended to read as follows:

"(g) Under the provisions of this section not more than ten acres of fire-cured, dark air-cured, or Virginia sun-cured tobacco allotment may be transferred to any farm and the total acreage of all kinds of tobacco allotted to any farm after transfer shall not exceed 50 per centum of acreage of cropland in the farm."

DEPARTMENT OF AGRICULTURE,
Washington, D.C., August 16, 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 for a report on H.R. 11883, a bill to amend the Agricultural Adjustment Act of 1938, as amended, to authorize the transfer of flue-cured tobacco acreage allotments and acreage-poundage quotas.

This Department recommends that the bill be passed.

Public Law 90-51, approved July 7, 1967, further amended the Agricultural Adjustment Act of 1938, as amended, by adding a new section 318, which authorizes leases for a period not to exceed five years and the sale and transfer of farm

acreage allotments and acreage-poundage quotas for fire-cured, dark air-cured, or Virginia sun-cured tobacco. H.R. 11883 amends this section to include flue-cured tobacco along with these other types. It also changes slightly the general provisions regulating the lease and sales of all four of the tobaccos covered. Henceforth transfers would be on a pound-for-pound basis when acreage-poundage quotas are in effect, as they are now for flue-cured tobacco only. Flue-cured tobacco would be treated differently from the other three types covered only in one respect. Transfers of flue-cured tobacco would be subject to the 50 percent of cropland limitation applicable to the other three, but not to the 10-acre limitation also applicable to them.

In its report of April 17, 1967, the Department recommended that H.R. 6339, which would authorize the transfer of acreage allotments and acreage-poundage quotas for all kinds of tobacco, be passed. In testimony before the Subcommittee on Tobacco on April 18, 1967, in connection with bills (H.R. 6496 and H.R. 7256) authorizing the sale and transfer of farm acreage allotments and acreage-poundage quotas for fire-cured, dark air-cured, and Virginia sun-cured tobacco, the Department recommended that the words "Fire-cured, dark air-cured or Virginia sun-cured" be deleted so that the authority would apply to all kinds of tobacco.

This 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. 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. For 1967, tobacco acreage allotment have been established for 543,930 farms. The total acreage allotted is 965-544 acres. This represents an average of 1.78 acres per farm. It is apparent that many of these allotments do not constitute efficient operating units. Transferability of allotments will reduce production costs and improve the incomes of small producers who desire to continue to produce by permitting them to acquire additional allotments without the heavy costs involved in buying additional land. At the same time, it will make it easier for those who do not wish to continue the production of the commodity to transfer their resources into other enterprises.

Enactment of H.R. 11883 would not require additional funds.

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,
Acting Secretary.

[H.R. 11990, 90th Cong., first sess.]

A BILL To amend the marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of section 313(g) of the Agricultural Adjustment Act of 1938, as amended, is amended to read as follows:

"Notwithstanding any other provision of this section, the Secretary may convert the national marketing quota into a national acreage allotment by dividing the national marketing quota by the national average yield for the five years immediately preceding the year in which the national marketing quota is proclaimed and may apportion the national acreage allotment, less a reserve of not to exceed 1 per centum thereof for new farms, for making corrections in old farm acreage allotments, and for adjusting inequities in old farm acreage allotments, through the local committees among farms on the basis of the factors set forth in subsection (b), using past farm acreage and past farm acreage allotments for tobacco in lieu of past marketing of tobacco; and the Secretary, on the basis of the factors set forth in subsection (c) and the past tobacco experience of the farm operator, shall through the local committees allot that portion of the national acreage allotment reserved for new farms among farms on which no tobacco was produced or considered produced during the last five years."

Mr. ABBITT. It is customary to hear the Department first, but there are two Members of the House here that have an important meeting they want to get to. Without objection, we would like to hear from those first. Mr. O'Neal has to make a quorum. We appre-

ciate your being here. We know your vital interest, and we will be glad to hear from you at this time.

**STATEMENT OF HON. MASTON O'NEAL, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF GEORGIA**

Mr. O'NEAL. Thank you, Mr. Chairman. I did not have a statement to make. I did want to express my interest by my presence, and also I have handed you a statement of the Honorable Phil Campbell, our commissioner of agriculture, State of Georgia, which I would request be made a part of the record.

Mr. ABBITT. Without objection, that statement will be made a part of the record, and I herewith hand it to the clerk.

(The statement of Commissioner Campbell follows:)

**STATEMENT OF PHIL CAMPBELL, COMMISSIONER OF AGRICULTURE, STATE OF
GEORGIA**

With the increasing labor shortage on Georgia farms, and small tobacco allotments, Georgia tobacco farmers are facing crucial times.

The diminishing supply and increasing costs of farm labor is making mechanization a must in the production, harvesting, and curing of tobacco; small operators must increase the size of their operations if they are to survive as tobacco producers.

The capital investment necessary to mechanize makes it necessary for a producer to be able to obtain a larger acreage-poundage allotment to maintain an economical unit.

House Resolution 6382 provides a means whereby tobacco farmers may establish and maintain economical units.

Similar legislation for cotton has proven to be beneficial to all segments of the cotton industry and the entire economy in cotton producing areas.

Therefore, I respectfully request that the Tobacco Subcommittee recommend passage of House Resolution 6382 for the benefit of the tobacco industry in Georgia and other tobacco producing areas.

Thank you for the opportunity of being able to present my views in support of this resolution.

Mr. ABBITT. Now, Mr. Horace Kornegay, who is vitally interested in our tobacco programs, and always attended our meetings. I know he has an important meeting waiting for him. We appreciate your being here. We will be pleased to hear from you at this time.

**STATEMENT OF HON. HORACE R. KORNEGAY, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF NORTH CAROLINA**

Mr. KORNEGAY. Thank you very much, Mr. Chairman. First, I would like to express my appreciation to you, Mr. Chairman, and members of the subcommittee for calling and holding these hearings on a subject that is of great interest and I think vital to the health and prosperity of the Flue-cured tobacco farmers.

For the record, my name is Horace Kornegay and I am a Member of Congress representing the Sixth District of North Carolina. Now, as the chairman and members of the subcommittee know, I am the sponsor of legislation which would provide for the sale and transfer of tobacco acreage allotments. My bill, H.R. 6508, was introduced into the House of Representatives on March 2, 1967. The provisions of my bill, Mr. Chairman, as well as those of several other Members that have been introduced into the House and are now pending before this body, in my opinion, will prove beneficial to a vast number of farmers.

And it will benefit those who need help the most, the thousands of farmers with very small tobacco allotments, those with allotments too small for the farmer to operate profitably.

The Agricultural Stabilization and Conservation Service of the Department of Agriculture now allots a total acreage of 932,755 acres for the growing of tobacco. This is broken down to 538,390 individual allotments, or an average tobacco allotment of only 1.73 acres per farm.

Circumstances beyond the control of the farmer have made it impractical for him to grow 1.73 acres of tobacco—and of course, many of our farmers have even much less than that amount—and come out with a profit. Tobacco, by its very nature, is a high labor crop. It takes more than 400 man-hours to produce and sell an acre of Flue-cured tobacco.

With a small acreage allotment, a farmer cannot afford the investment—if he could get the credit—to mechanize his planting, harvesting, curing, and marketing of tobacco. Added to his dilemma in not being able to mechanize his operations is his difficulty in finding available labor to help plant, harvest, cure, and market his tobacco, even under the new increased minimum wage structure.

For example, as one of my constituents informed me earlier this year, he went on to say:

I have over seven acres of tobacco allotment and even though I have the equipment, barns, et cetera, I had to give up growing tobacco because the farmer can make more money working in a mill eight hours a day, plus the fringe benefits, than he can working in the hot tobacco fields.

So, I contend that if we are going to retain our family farms, we have to help make it possible for some of our farmers to stay on their farms and to make a decent living. Although my bill and those similar to it are not and cannot be a final solution to our dwindling farm population, they certainly could be a help to those who are still willing to stay on the farm and make it a career. Tobacco acreage cuts in 1963, 1964, and 1965 have reduced many growers' allotments to the point where they are economically unfeasible. This is particularly true in the area of North Carolina which it is my privilege to represent.

In the three counties of the Sixth Congressional District, there is a total of 14,411.36 acres of tobacco allotted to 6,437 farms. More than four-fifths of the total acreage is allocated to farms with 3 acres or less of tobacco. And only 193 out of the 6,437 allotments are more than 7 acres. In today's economy, these allotments cannot support a family.

Since 1962, farmers have been permitted to lease their tobacco acreage. Experience under the limited lease and transfer authority—which heretofore has been restricted to 1 year with a 5 acre limit to a farm—has shown that flexibility is desirable. Extensive use has been made of leasing agreements. Just last year some 80,000 acres were leased.

My bill, H.R. 6508, would simply extend the transfer provision and make these yearly rental or lease agreements permanent. It would allow a farmer to buy enough additional acreage so that he could make his farm unit more economical. On the other hand, it would permit another farmer to sell his allotment and thereby be reimbursed for an asset which for some has become a liability. As one farmer said in a letter to me: "we are not tobacco farmers. Our tobacco allotment is a burden to our farm operation."

Another farmer, in my home county, wrote me and said: "It has become almost impossible to secure farm labor. With this shortage of labor, we are faced with two alternatives: sell out, and go to public work; or mechanize and remain in the farming business. I prefer to farm. However, I cannot afford to mechanize for Flue-cured tobacco farming without an allotment large enough to make it a sound investment. I will need to purchase more allotment if I am to continue tobacco farming."

The bill I have offered would restrict the sale and purchase of tobacco allotments within the county where the allotment is located. I want to emphasize, Mr. Chairman, this particular limitation, for I cannot support any legislation that would permit the sale of tobacco allotments outside the county of the location of the allotment. The vast majority of the farmers of my district support this position.

In summary, let me again thank you for the courtesy of allowing me to appear here today and offer my support for legislation which will greatly aid the tobacco farmer.

Recently, I received a letter from a North Carolinian, who is a newspaper publisher by profession, but who also is a farmer on the side and has a tobacco allotment. He has asked that I offer his letter to this subcommittee for inclusion in the record. And with your permission, Mr. Chairman, I offer the letter from Mr. W.E. Horner, Sr., of Sanford, N.C.

Thank you very much.

Mr. ABBITT. Without objection, it will be made a part of the record. (The letter referred to follows:)

THE SANFORD DAILY HERALD,
Sanford, N.C., August 9, 1967.

HON. HORACE KORNEGAY,
Member of Congress,
House Office Building,
Washington, D.C.

DEAR SIR: Thank you for your letter of July 21 stating hearings on your bill to permit sale of tobacco allotments would be held August 16-17, and inviting me to appear.

I will be out of the country on those dates.

Please file this letter with the committee, and perhaps you will read it to them:

1. As a tobacco farmer, 11 acres, I am in favor of the principle of selling tobacco allotments with proviso they must remain in the county of origin.
2. I am dealing with Lee County Board of Education on my farm. We find the school board, if they buy the farm, cannot sell the allotment. It can be transferred to me to another farm, but I wish to get out of farming. It surely appears reasonable that on any farm land sold to any public body having the rights of eminent domain that they could sell the allotment without it having to follow the previous owner around.

It is my sincere hope the committee will approve your bill. It is a good bill, and in my opinion desired by just about every tobacco grower that I know of.

Yours truly,

W. E. HORNER, Sr.

Mr. ABBITT. We appreciate so much your fine statement and your interest in the work of our subcommittee. Any questions? .

Thank you very much.

Mr. KORNEGAY. Thank you very much, Mr. Chairman.

Mr. ABBITT. I cannot recall Congressman Lennon missing a single open meeting of our Tobacco Subcommittee since he has been a Member of the House. He called me this morning to say he was chairman of a very important subcommittee that started hearings at 10 o'clock this morning and could not be here. I understand one of the

members of his staff, Mr. Jones, is here with a statement from Mr. Lennon and if you will bring that statement up to the clerk, without objection, we will enter that as a part of the record. Appreciate Mr. Lennon's deep interest in our problem. He has helped us over the years he has been a Member of the Congress. Thank you very much.

(Congressman Lennon's statement follows:)

STATEMENT OF HON. ALTON LENNON, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF NORTH CAROLINA

Mr. Chairman and members of the committee, I appreciate the opportunity to make a statement concerning H.R. 11883, the Chairman's bill, H.R. 10963, the bill I introduced, and related bills.

As the Chairman and some of the Committee Members know, since becoming a Member of the House eleven years ago, I have been vitally interested in all matters concerning flue-cured tobacco. You, Mr. Chairman, have, from time to time, graciously commented upon my regular attendance at the Tobacco Subcommittee meetings related to our flue-cured tobacco program.

It is easy to identify myself with all aspects of the flue-cured tobacco program, as this commodity is grown in all eight counties in southeastern North Carolina which I have the honor to represent. There are a total of 17,832 flue-cured allotments in my Congressional District with an acreage allotment of 48,489 acres and a poundage allotment for these counties of 98,532,862 pounds. After adjustments for undermarketings and overmarketings, there are 54,990 acres allotted with a poundage allotment of almost 113 million pounds.

I am aware that the Secretary of Agriculture and the Administrator of the Agriculture Stabilization and Conservation Service have on several occasions, both officially and otherwise, stated that we should move to a program that would permit the sale and lease of crop allotments across county lines and, for that matter, anywhere within the boundaries of a state. I also know this Committee will consider legislation introduced by Members of the House Committee on Agriculture, as well as Members of this Subcommittee, which would permit the sale or lease of tobacco quotas within a county, across contiguous county lines, and anywhere within a state.

With this information, I felt obligated to ascertain the basic thinking of the tobacco growers in my District. Accordingly, I introduced H.R. 10963 and mailed copies of same to approximately one hundred persons, along with a legislative analysis of the five principle objectives in the bill. These individuals included members of the Boards of County Commissioners, members of the ASCS Committees, County Farm Agents, the Presidents of the Farm Bureaus and the Masters of the Grange at the county and township levels, as well as numerous growers throughout the District.

The answers indicated an almost unanimity of opinion with respect to the proposal to remove the 5-acre limitation, and, while there was a slight degree of division of opinion, generally those favoring the present leasing system indicated strong views that leases should be extended at least three years and even possibly five years.

The replies to our inquiries clearly indicated support of the basic five objectives of the bill with the exception of one county which, incidentally, has the largest number of tobacco allotments although having less tobacco acreage than one of the other counties.

One of our counties has 3,056 allotments with an acreage allotment of 6,269 acres, and it has 1,090 allotments with an acreage allotment of one acre or less. There are a total of 4,869 allotments of one acre or less in our District, which constitutes 27% of the allotment total.

It is possible that the Subcommittee will make a determination that no action should be taken at this time. On the other hand, the Subcommittee may deem it wise to report a bill to the full Committee to extend the leases to three and possibly even five years and also to remove the 5-acre limitation restriction.

If the Committee finds it is in the best interest of our growers that allotments be sold, then under no conditions should the sale be authorized to cross county lines; neither should such purchased allotments be resold within a period of 3 to 5 years, in order to reduce the possibility of speculation.

As you know, the question of leasing allotments across county lines involves various factors, as some knowledgeable growers have indicated. Careful consideration should be given any legislation that would permit the sale of allot-

ments within the boundaries of counties, as well as the leasing of allotments across county lines, since many growers feel this ultimately will substantially affect land values and collateral businesses in their respective counties.

It has been suggested, and, I believe properly so, that in the event legislation is enacted to permit allotment sales or leases within a county or across county lines, it should be subject to a farmers' referendum.

I have complete confidence in the Subcommittee, several of whose Members have a personal and intimate knowledge of all the factors involved in this type of legislation. I am certain this Subcommittee is going to make a judgment from its study as to what is in the best interest of the total flue-cured tobacco economy and the majority of our tobacco growers.

Mr. ABBITT. Now, fortunately we have Mr. Horace Godfrey, who we all know and we are pleased you could come here and will be glad to hear from you and anybody you care to have with you.

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

Mr. GODFREY. Thank you, Mr. Chairman and members of the committee.

I am Horace Godfrey, Administrator, Agricultural Stabilization and Conservation Service, U.S. Department of Agriculture. I have with me today, Wear Schoonover of the Office of General Counsel and Claude Turner and Joe Todd of our Tobacco Policy Staff.

We are glad to appear before the committee to present the Department's views with respect to a number of bills relating to tobacco marketing quotas. I would like to make a brief statement first, and then we will attempt to answer any questions the members of the committee care to raise.

First, let me state the Department's position on the bills authorizing the transfer of tobacco acreage allotments and acreage-poundage marketing quotas by lease and sale. The Department has, on a number of occasions, recommended legislation to authorize the transfer by lease or sale of acreage allotments and quotas for all commodities. It is our view that the transferability of allotments will reduce production costs and improve the incomes of small producers who desire to continue to produce a commodity by permitting them to acquire additional allotments without the heavy costs of buying additional land. At the same time, it will make it easier for those who do not wish to continue the production of the commodity to transfer their resources into other enterprises.

[Public Law 90-51, approved July 7, 1967, amended the Triple A Act by adding a new section 318, which authorizes leases for a period not to exceed 5 years and the sale and transfer, to other farms in the same county, of farm acreage allotments and acreage-poundage quotas for Fire-cured, dark air-cured, or Virginia sun-cured tobacco. In testimony before the committee on April 18, 1967, we recommended that the bill then being considered be amended by deleting the words "Fire-cured, dark air-cured, and Virginia sun-cured", so that the authority would apply to all kinds of tobacco.

The Department's position remains unchanged. We favor legislation to authorize the transfer, by lease or sale, of farm acreage allot-

ments and acreage-poundage quotas, for all kinds of tobacco. A number of bills relating to transfers have been referred to the committee.

Some of the bills would authorize the transfer by lease or sale of allotments and quotas for all kinds of tobacco to other farms in the same State. Others apply only to Flue-cured tobacco and limit transfers within the same county. Still others authorize transfers across county lines—if the counties are contiguous—and in the same State. There are other bills which would authorize the transfer of burley tobacco allotments by annual lease—to other farms in the same county.

The Department favors H.R. 11883 over the other bills which would authorize the transfer of tobacco acreage allotments and acreage-poundage quotas. This bill amends the new section 318 of the Triple A Act to include Flue-cured tobacco, with Fire-cured, dark Air-cured and Virginia Sun-cured tobacco. It also provides that transfers will be on a pound-for-pound basis—when acreage-poundage quotas are in effect—as they are now for Flue-cured tobacco. This is consistent with the provision now in effect under the authority to transfer Flue-cured allotments and quotas on an annual basis. The bill adds a restriction that the total acreage of all kinds of tobacco allotted to any farm after transfer shall not exceed 50 percent of the acreage of cropland in the farm. Present legislation already provides that not more than 10 acres of Fire-cured, dark Air-cured or Virginia Sun-cured tobacco allotments can be transferred to any farm. This is not changed.

The Department recommends two amendments to H.R. 11883. First, we recommend that the words “Flue-cured, Fire-cured, dark air-cured, or Virginia Sun-cured” in line 10 on page 1 and line 1 on page 2 be deleted—in order to make the authority to transfer allotments and quotas by lease or sale apply alike to all kinds of tobacco.

We recommend also that the bill be amended to permit the transfer of allotments and quotas across county lines—within the same State—when approved by two-thirds of the producers in the county—voting in a referendum. This provision is now in effect for cotton and is working well.

I would like to make some comments on H.R. 11990, which Congressman Stubblefield introduced at the request of the Department. Since this bill does not pertain to the transfer of allotments and quotas—but rather to the simplification of present legislation relating to apportionment of the national marketing quota among the several States—the committee may prefer to ask questions and hear from other witnesses concerning the transfer of allotments and quotas—before taking up this bill.

Under present legislation, the national marketing quota—in pounds—less a small reserve for establishing allotments for “new” tobacco farms—is apportioned among the several States—on the basis of the total production of the particular kind of tobacco in each State during the preceding 5 years—plus in applicable years, the normal production on the acreage diverted under previous agricultural adjustment and conservation programs—with such adjustments as the Secretary determines to be necessary to make correction for abnormal conditions of production—for small farms—and for trends in production—giving due consideration to seed bed and other plant disease during the 5-year period.

State marketing quotas—in pounds—are then converted into State acreage allotments—acres—on the basis of average yield per acre in the State during the preceding 5 years—and each State acreage allotment is apportioned to individual farms in the State.

Under H.R. 11990, the national marketing quota would be converted into a national acreage allotment by dividing the national quota by the national average yield during the preceding 5 years. The national acreage allotment—less a reserve not to exceed 1 percent for making corrections, adjusting inequities, and for establishing allotments for “new” tobacco farms—would then be apportioned among individual farms on the basis of the past farm acreage allotments, past plantings, and other factors.

To illustrate, 288,000 farms in 435 counties in 14 States have burley tobacco allotments. Records must be maintained and reports compiled to determine the normal production of the acreage diverted under our various programs on each farm. Also, determinations must be made as to what adjustments are needed to correct for abnormal conditions of production—for small farms, for trends in production, and for seedbed and other plant disease. All of this paperwork would be eliminated under H.R. 11990—and all farm allotments for the preceding year would be increased or decreased by applying a uniform national factor.

In summary, H.R. 11990 does not change any basic provisions of the acreage allotment program. It merely eliminates a lot of unnecessary paperwork. The resulting farm allotments will be the same under either system.

Mr. Chairman, that concludes our statement and we will be glad to respond to any questions.

Mr. ABBITT. Thank you very much, Mr. Godfrey. I appreciate your calling my attention to H.R. 11990. As I understand it, so far as H.R. 11883 is concerned, you recommend that we amend that on page 1 by striking out, line 10, Flue-cured, Fire-cured, dark Air-cured, or Virginia Sun-cured, and thereby let the bill apply to all tobacco.

Mr. GODFREY. That is our recommendation, sir.

Mr. ABBITT. And then on—

Mr. GODFREY. On line 1, on page 2, the same deletion be made.

Mr. ABBITT. Yes. Now, there was another amendment about crossing county lines.

Mr. GODFREY. Yes, sir. We would recommend that the bill be amended further to permit transfer across county lines after the producers within the county voted to permit this to take place. But still limited within the State.

Mr. ABBITT. Any questions? Mr. Jones?

Mr. JONES. Yes, please.

Mr. Godfrey, 11883, to pursue your last statement, transfer across county lines, that means the sale whether it is leased or not, does it not?

Mr. GODFREY. Yes, sir; it does.

Mr. JONES. Now, directing your attention to page 2 of 11990, line 3, it says: “For adjusting inequities in old farm acreage allotments”. Is that designed to attempt to improve the acreage-poundage allotments of those who in the original 5 years were unable to satisfy or rather supply a reasonable—

Mr. GODFREY. This is a provision that was written into the original act to permit correction of errors and adjustment of inequities that

may have existed because of furnishing of erroneous data and at one time we had a substantial acreage available for adjustment. Particularly during World War II there was a period in which we could not get adequate acreage planted and we permitted substantial adjustments.

Mr. JONES. Well, my question more specifically is this. You are familiar with the acreage I am referring to, I am sure. The farmer through no fault of his own, flooding and other conditions, the base years, the first 5 years of the program, rather, the first part of the program, was unable to come up with on the old record the equivalent of 80 percent of the poundage without arriving at anything of the plus factors. Is there anything in this bill which would give the Department authority to improve the situation for these people?

Mr. GODFREY. No, sir. There is nothing in here that would do anything for this particular group of people.

Mr. JONES. What legislation would be necessary to do that?

Mr. GODFREY. It would take an amendment to—I will have to check with Mr. Schoonover, our counsel here, but I believe it would take an amendment to the acreage-poundage provisions of the act which superseded actually this provision here.

Mr. JONES. That is all.

Thank you, Mr. Chairman.

Mr. ABBITT. Thank you very much.

Mr. GODFREY. Thank you.

Mr. ABBITT. We will not have the privilege of hearing Mr. Joe Todd and Mr. Turner.

Appreciate your being here. All three of you, Mr. Schoonover, too. We have a statement from Mr. Hagan of Georgia, who is always interested in our work here. We appreciate so much his statement and without objection, the statement will be filed.

(The statement referred to follows:)

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

Mr. Chairman, it is a distinct pleasure for me to testify on behalf of the Tobacco Acreage Allotment Bill, which I had the privilege of co-sponsoring with the Honorable Maston O'Neal and Watkins Abbitt.

It is clear to all interested persons that this legislation which would allow small farm allotments to be consolidated to justify large investments for mechanical facilities, is absolutely necessary for farm survival in view of the current labor situation.

The facts and figures have shown that the present five-acre lease and transfer limitation has worked an undue hardship on our farmers in this country.

This bill, which has gathered widespread support from tobacco farmers in the First District of Georgia and other sections of the United States, would remedy this inequitable situation.

I am willing to leave this matter to the astute wisdom of my distinguished colleagues on this Sub-committee, in the firm belief that you will act favorably on this proposal. Thank you.

Mr. ABBITT. I am just going to call these people as we get to them.

The next one I have on my list is Mr. Fred S. Royster, managing director, Bright Belt Warehouse Association. I have not seen Mr. Royster here this morning. It would hardly be a tobacco hearing without our friend. We will call him a little later.

The next on the list is Mr. Roy B. Davis, tobacco marketing agent, Virginia Department of Agriculture and Commerce.

Mr. Davis is from our area, right in the heart of the Flue-cured tobacco, and is well versed in the problems of our market. We appreciate your coming in and giving us the benefit of your knowledge and experience.

Mr. WAMPLER. Will the chairman yield? Mr. Chairman, I would like to also add my welcome to our friend, Mr. Davis. He has a long record of outstanding service to agriculture and to the various tobacco programs. I recall some years back he served on the PMA as a State committeeman and he is versed not only in the problems of tobacco that is grown in his area but also of burley tobacco, which is grown in my area. I want to say I am delighted to have him before the committee this morning.

STATEMENT OF ROY B. DAVIS, JR., MANAGING DIRECTOR, BRIGHT BELT WAREHOUSE ASSOCIATION, INC., ACCOMPANIED BY S. HOLLIS SHOMO, DIRECTOR OF MARKETS, STATE OF VIRGINIA

Mr. DAVIS. Thank you, Mr. Chairman, Mr. Wampler.

Mr. Chairman, gentlemen of the committee, I am Roy B. Davis, Jr., tobacco marketing agent of the Virginia Department of Agriculture and Commerce. I appreciate this opportunity of representing our commissioner, the Honorable Maurice B. Rowe, at this hearing to discuss the transfer of Flue-cured and burley tobacco acreage allotments and acreage-poundage quotas by lease or sale and presenting the views of the Virginia Department of Agriculture and Commerce on these matters. Mr. Chairman, with your permission, I would like to present to the subcommittee the director of our division of markets in the department, Mr. S. Hollis Shomo.

Mr. ABBITT. I had not seen Mr. Shomo. So pleased. Why do you not come up here and sit with Mr. Davis. We would appreciate it very much. I some way overlooked you sitting back there.

Mr. DAVIS. Tobacco allotments were established for the farms in the several tobacco producing areas on the basis of the historical use of the land on the farms for the production of tobacco. Except as it might be applicable in consideration of eligibility for a new farm allotment or in rare instances in minor adjustments of established allotments, the experience, ability, or need of the owner or operator of the farm was not a consideration for the assignment of the production right to a tract of land.

This principle, followed in the original concept of the production adjustment program for tobacco, not only awarded the production right to the farm on the basis of its historical contribution of tobacco production but established an economic base for the community in which the farm was located. From this economic base the community institutions—stores, churches, schools, and local governments—derive their support.

Approval of any proposal to permit the sale of the allotment assigned to a farm without full consideration of the land which earned this allotment and for which the allotment was established would make the allotment a negotiable instrument and give the present tenant the right to transfer the economic base of one community to another and thus the power to destroy those institutions which depend on this economic base for their survival.

Approval of legislation to permit the sale of allotments would abolish the principle under which the tobacco program has operated successfully through the years and substitute the principle that the allotment belonged to the man who at a given moment is shown as the owner of the land to do with as he pleased without regard to the effect on others.

While the effect on others not directly concerned with an enterprise is not a consideration in the sale or other disposition of the assets of an enterprise in our free enterprise system, we must recognize that the assignments of production rights through allotments and marketing quotas is at variance with the free enterprise principle and subject to other considerations. Though established as a result of free enterprise actions taken by the operator during the base period, the action of the Federal Government through the assignment of production rights has brought the public interest into the picture and the operation of the program has enhanced the value of these production rights. From this standpoint I do not believe that the Federal Government, as the protector of the public interest, should now neglect this public interest and grant the opportunity to transfer these production rights to an individual even though he is recorded as the owner of the land for which they were established. To do so would make possible a situation where the economic base of a community, which was created by action of the Federal Government through the enactment and implementation of the allotment and marketing quota program for tobacco, could be transferred to another community by the action of an individual or individuals for their own private gain without regard to the effect on others in the community who share in the economy of the community.

The original concept of the allotment program provides for the reduction or elimination of an allotment on a farm if the crop was not produced over a period of years. Implementation of this provision allows the transfer of these unused allotments to all other producers on a proportionate basis and provides a means by which economic forces can act to bring about shifts in the production area. This provision enables changes to be made without the disruption that would accompany the outright sale and permanent transfer.

Proponents of the sale of allotments point out the need for this legislation on the grounds that operating units need to become larger for the increased use of machinery and improved production efficiency. I recognize the need for larger operating units for these reasons. However, I would submit that this is being accomplished through the lease and transfer program. Action by the Congress this year to permit through lease the transfer of Flue-cured tobacco to a farm in amounts up to 50 percent of the cropland on that farm will enable this program to operate more effectively to accomplish the above goals. A further liberalization of this provision to include burley tobacco and to extend the lease period to a maximum of 5 years would further increase the effectiveness of this program and enable growers to use their resources to the extent desired without destroying the basic concept that has contributed to the continued acceptance of this production adjustment principle.

I would, therefore, urge that you make the above-mentioned changes in the lease and transfer program but pass over the proposals which

would provide for the outright sale of allotments in Flue-cured and burley tobacco.

I thank you.

Mr. ABBITT. Thank you very much, Mr. Davis, for a good statement. Would you give us an idea of how the producers of Flue-cured tobacco in your area feel about this particular legislation regarding the sale of allotments or Flue-cured?

Mr. DAVIS. Basically, I would suggest that the position by and large, would be one determined by the particular situation on the producer's farm. The most widespread expression that I know of comes from the resolutions, I believe, of the Virginia Farm Bureau, which state their opposition to this outright sale at the present time. Further expressions by groups in the area have generally been in opposition to the outright sale.

Mr. WAMPLER. Mr. Davis, you are aware, I assume, that I have introduced legislation along with other members, to provide for the leasing of burley allotments. This is not permitted under the present law. I was very much interested in your statement on page 3 that you felt that if we changed the law to provide for leasing of burley allotments and to extend this lease period to 5 years, that this would help bring about the desired goals that you set forth in your statement. Is that correct?

Mr. DAVIS. Certainly it would enable those growers, Mr. Wampler, with the resources, land, labor, equipment to produce more tobacco, to acquire this on certainly up to 5 years if this be the limit. At the same time it would retain this economic base in the community from which it came for such value as it might be to that community.

I think one of our real problems and one thing that makes us interested in getting larger allotments is to improve the efficiency of production, and frankly I am for this, and as a Flue-cured tobacco grower I have operated this way through both the rental of farms and grown the tobacco on those farms and almost to the maximum extent under the present lease and transfer provision. And I would submit that this liberalization of lease and transfer provision which you have accomplished through allowing Flue-cured growers to transfer to their farms up to 50 percent of their cropland for tobacco, and the 5-year term, would enable us to operate quite efficiently. And an expression by several leaders in your area where we produce the burley have indicated their desire to have such a program.

Mr. WAMPLER. I am glad to hear you say that, because certainly my contact with the growers and with the grower organizations and the Virginia Farm Bureau seem to indicate that there is a unanimity of thinking on this particular point, and I do appreciate your comments this morning.

Mr. DAVIS. Thank you, sir.

Mr. ABBITT. Mr. McMillan?

Mr. McMILLAN. Mr. Davis, did I understand you to say that the Farm Bureau of Virginia did not believe in permitting farmers to make an outright sale?

Mr. DAVIS. This is, as I understand it, one of their resolutions. I hope that in the course of these hearings they will be here to testify.

Mr. McMILLAN. The Farm Bureau in my State endorsed this bill. I was wondering if there is any reason why Virginia Farm Bureau would feel differently on this subject.

Mr. DAVIS. Well, certainly, Mr. McMillan, I would prefer that they would comment on the why that they made such a statement.

Mr. McMILLAN. Thank you.

Mr. ABBITT. Mr. Stubblefield?

Mr. STUBBLEFIELD. No questions.

Mr. ABBITT. Mr. Jones?

Mr. JONES. Yes.

Mr. Davis, I am sure you were present a moment ago and heard Mr. Godfrey, who I assume is speaking for the administration at this moment, advocate and suggest that the bill be amended to permit the sale widespread throughout the confines of a State. I direct this question to you. If the Congress in its wisdom should decide that this idea of selling is good and beneficial to all concerned, could you speak for your Department or Farm Bureau that it would be far more preferable in view of the statement you made about the economy of a given county to confine that sale of allotments within a county?

Mr. DAVIS. Well, certainly, Mr. Jones—and I would want to clear one point initially, that I am speaking only for the Department and not for Farm Bureau—certainly in terms of maintaining an economic base, it would be preferable to confine it to county limits, although a county comes to mind, if I might use it for illustration, in Virginia, formerly in Congressman Abbitt's territory, but now transferred to our Fifth District, which has in it three tobacco markets that we might use as an example. Now, if in the process of the sale of these allotments the tobacco shifts from one of these market areas to one of the other two, naturally you will see a detrimental effect on the economy of the city from which this allotment moves. So, while confining this to county lines would certainly have less detrimental effect on the economic base, there are also many situations where the country store would be adversely affected. It is not that I am overly concerned with the transfer because I think in the course of production economic factors should rein. The position that we have taken in the Department is based largely on whether or not as a matter of principle the Federal Government after having established these economic bases for the several communities and thereby introduced the public interest, should at this time transfer this opportunity, shall we say, to individuals who could act without the public interest in mind.

Frankly, as a producer, I have heard some of the figures that some people suggest might be paid for these allotments if the bill was passed. As a producer acting in my own selfish interest, I might far rather sell them for some of the figures that I have heard, but this would destroy the base of the county store, the church, the school, and if transferred across county lines, of course, the economic base from which our counties derive their tax funds. And I would ask that you approach this on the matter of principle rather than acting entirely on what I as a producer might want to do in terms of my own interest.

Mr. JONES. Thank you, sir.

Mr. WAMPLER. Mr. Davis, have you had an opportunity to examine the bill, H.R. 11990, that Mr. Godfrey referred to in his statement?

Mr. DAVIS. Specifically, no. I have had the bill explained to me and based on the explanation that I have had, I can see nothing particularly wrong in the bill. I certainly would not want to be in opposition to it because as I understand it, it merely gives—well, as he says, eliminates a lot of paperwork and in the final analysis will be legalizing what has been done over the years anyway.

Mr. WAMPLER. In other words, if I understand the bill, actually it does not change any of the basic allotment program. It is just simply one of eliminating some needless paperwork.

Mr. DAVIS. Well, as he pointed out, the bill would legalize the establishment, I believe, of national acreage allotment factors. I am sure my memory may not be complete on this, but I do not believe—and if I might refer to Mr. Turner, have we ever had a State acreage allotment factor?

Mr. TURNER. Different, you mean?

Mr. DAVIS. That differs by State?

Mr. TURNER. No.

Mr. DAVIS. In this case this merely legalizes what has been the practice over the years by the computations made here in the Department.

Mr. WAMPLER. Thank you.

Mr. ABBITT. Thank you very much.

Mr. Shomo, do you have anything?

Mr. SHOMO. No.

Mr. ABBITT. We appreciate that fine statement.

We have with us Congressman John C. Watts, of Kentucky, he has been most active and one of the leaders here in our tobacco legislation program. Mr. Watts, we are highly pleased to have you here today. Appreciate your coming and we know you are a very prominent member at this time of another committee. You went up another step higher but you have always been interested in our problems and we appreciate it.

STATEMENT OF HON. JOHN C. WATTS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF KENTUCKY

Mr. WATTS. Mr. Chairman, as an ex officio member of this committee which I was invited to be at the time I left, I will now cease to be an ex officio member and get down to the witness chair.

Mr. Chairman and members of the committee, as you no doubt know I represent the largest burley tobacco producing area of the country. Since I have been a Member of Congress, I have taken an active interest in all tobacco legislation. I served under your able leadership for a number of years and, as you said, I went to the Ways and Means Committee and my good friend Frank Stubblefield from Kentucky succeeded me, but you all have invited me to be an ex officio member of your committee and I have not only taken an interest in burley but taken almost an equal interest in Flue-cured.

I have been very strong for the acreage-poundage provision which is apparently working so well in Flue-cured at this time, but which we people in burley have not yet seen fit by a two-thirds majority, to adopt.

I appear here this morning with the idea of discussing the bills that are before you. The various bills under consideration today relating to transfer of tobacco allotments and quotas, while similar in scope, yet, they are different in the direction and application of attaining the same end result. That is to liberalize existing statutory provision of the law to permit some flexibility regarding production of tobacco. I very definitely recognize the need for some flexibility; however, great caution, and I want to repeat that, great caution, should be taken in moving in that direction.

A great majority of our tobacco producers are in an age group that is nearing the time when they can no longer perform many of the strenuous labors required of a tobacco grower. Consideration should be given to permitting young farmers to lease allotments of sufficient size for a profitable operation. In my estimation, the lease of tobacco allotments should be on a long-term basis that would justify the long-term planning and the investments in land, labor, equipment, and improvements, including barn space. Such lease should be confined within a county. I thought the previous witness made a very good point on that because you cannot afford to pauperize one county for the benefit of some other county by transferring across the county lines or leasing across county lines, and the same would more equitably or more forcefully apply with reference to sale.

To repeat, such leases should be confined within a county with necessary adjustments for normal yields of the farms involved. I mean by that the things that you do have in your lease law today as I understand it, and in your sale law where you are allowed to sell some Dark-fired tobacco, that there has to be some adjustment so you cannot lease land that has a poor production record and take it to rich land and raise three times or twice as much tobacco on that as you would on the other.

I bitterly oppose all the provisions of the legislation under consideration that would permit the sale of tobacco acreage allotments and acreage-poundage quotas. I am fearful that through the sale of tobacco allotments, we would concentrate the ownership of allotments in the hands of a fewer number and this action might place our tobacco program in jeopardy. It is conceivable that numerous growers would sell their allotments only to become disenchanted with such sale and later through concerted action in the Halls of Congress or other places bring about the termination of the great tobacco program that we have known. We have far too many enemies outside of the tobacco family to further diminish the voice of the tobacco grower through the concentration of tobacco production in the hands of a few or of a lesser number.

The tobacco growers have expressed their satisfaction for the present program as administered. This has been evidenced by the overwhelming majorities approving controls and marketing quotas in various referendums. We have a very successful tobacco program which we can justifiably defend against all adversaries.

With the thought in mind that first and foremost should be the preservation of the tobacco program. I strongly endorse and encourage the enactment of legislation that would permit the long-term lease of tobacco acreage allotments and acreage-poundage quotas. I urge the members of this subcommittee to, first, try out the long-term lease proposal, in order to determine the practicability of that move. After observing the results during this trial period, we would have sufficient time to reevaluate our position and make a second decision on further steps to be taken. I cannot emphasize too much that I am very fearful of what will happen if you allowed the sale and transfer off of the land completely divorcing the allotment from the land, of tobacco acreage. I can visualize very readily that many farmers who might get in a hard place or feel like they have got this problem, that problem pressing them, would sell their allotment and after that money had been spent, they would begin to remember back the money they made on tobacco, and would turn against our program, even in

our section, whereas if long-term leases were allowed, you would then have an inducement to the young people to lease enough land that they could justify staying on the farm and at the same time the owner of that allotment would still have some interest and tie in the tobacco program.

I certainly hope this committee does not come out with sale of any tobacco allotment for I feel it would be a sad mistake, and I wish to thank you for this opportunity to appear and present my views in opposition to a sale and endorse a long-term leasing. I recognize there are many people that do not agree with me on long-term leasing. I have got some in the back of the room, Kentucky Farm Bureau. They are very bitterly opposed to even leasing but I have a responsibility to myself and the people I represent, to take a position and that is my position whether anybody else agrees with me or not.

I thank you again for the opportunity of appearing.

Mr. ABBITT. Mr. Watts, we certainly appreciate your fine statement. I know you know—I certainly do—how careful we were working together the first lease legislation. We spent hours trying to put in every possible safeguard and I think with you that it has worked out very favorably.

Mr. WATTS. Mr. Chairman, I must say with your help and the other members of the Agriculture Committee, John McMillan, we have always up to now, faced up to our tobacco problems. We solved them. It would appear many times we had more problems with reference to burley. I remember one year we had to come in here and I had to sponsor legislation directing the Secretary of Agriculture to make a further 15 percent cut. I will say it is a darn good thing I did not have to run that fall, but by the next year the farmers realized I was right, realized more money out of this than they ever did, and you remember we had to stop red-fired tobacco as far as burley was concerned, you remember, and we had reduced quotas and I remember one year we got into a situation where they were cutting two crops off the same land in 1 year and we had to pass a bill to stop that. We have these bills and if we take a cautious approach to them we can solve most of them.

There is another bill that my good colleague and fellow Kentuckian introduced, H.R. 11990, which I feel has merit because it will greatly reduce a lot of unnecessary paperwork and I cannot say that it would do the tobacco program any harm whatsoever.

Thank you. If there are any questions I will be glad to answer them.

Mr. ABBITT. I might add that we have already this year passed legislation and it had been signed into law, which would permit larger leasing, larger areas, more acres, up to 50 percent of the cropland which is in line with what you have said.

Now, the next thing I want to bring up is regarding the long-term lease. I think that is very important but I know Mr. Wampler is interested in that, also.

Mr. WATTS. Nobody is going to make any preparations to do anything if he is going to just have 1 year and maybe not be able to get it the next year. The only thing is I just do not want to see the allotment completely divorced from the land. It has always gone along with it. I think we can try that out first before we try anything else. If that does not work, we will take another—

Mr. ABBITT. What you are saying is we ought to go slow in making too radical changes.

Mr. WATTS. Right.

Mr. ABBITT. I think we have all had that philosophy for some years.

Mr. WAMPLER. Mr. Watts, I, too, want to say it is nice to have you before the subcommittee and I must say that I do not envy you in your present committee assignment.

Mr. WATTS. If you saw my mail I am sure you would not want it.

Mr. WAMPLER. I too, share the concern that you have expressed here this morning. You mentioned what would be considered a reasonable lease period. Would you say that 5 years would be a pretty good figure to start with? In terms of lease?

Mr. WATTS. I would say yes, it ought to be at least 5 years.

Mr. WAMPLER. Now, if this committee can report out a bill providing for the leasing of burley allotments, say, with a minimum of a 5-year lease period, would the gentleman from Kentucky be inclined to support it?

Mr. WATTS. Yes; I certainly would. I cannot take a position here one way and another, another. I cannot assure you what the other Kentuckians would do about it, but I would be delighted to vote for it, I will tell you that, because I think it is sound.

Mr. WAMPLER. I do, too, and I quite agree that we need at least a 5-year leasing term so the person who would be leasing acreage can make the necessary provisions for financing and other arrangements.

Mr. WATTS. You find so many young people who will not stay on the farm because they do not have enough to do and cannot make a living whereas I believe the leasing situation would correct that and still leave the owners of the land tied in a sense to the tobacco program.

Mr. WAMPLER. I thank the gentleman and I thank him for his continued interest in the tobacco program.

Mr. WATTS. You are welcome.

Mr. ABBITT. Let me ask you one other question. One of the bills we were considering dealt with Flue-cured tobacco, sale of Flue-cured allotments. And Mr. Godfrey suggested that it be amended to strike out Flue-cured so it would apply to all tobaccos. As I understand your testimony, you would at this time oppose any sale, whether it be of Flue-cured or burley and Flue-cured.

Mr. WATTS. With all my might.

Mr. ABBITT. Whether it is amended or not, you oppose that?

Mr. WATTS. Yes, sir.

Mr. ABBITT. Thank you.

Mr. McMillan?

Mr. McMILLAN. Mr. Chairman, I just want to congratulate the gentleman for taking his time to give us his opinion on this proposed legislation. Mr. Watts was of great assistance to the tobacco people while he was a member of the Agriculture Committee and has continued to assist us when he transferred to another committee. I certainly know that your statement has a great deal of merit. I am certain that if we do pass this legislation we could have some ghost towns in certain sections of every State, tobacco farmers trying to sell off too many acres of tobacco in some counties. However, the people in my State are awfully anxious for this lease and sale bill.

Mr. WATTS. Well, that is fine.

Mr. ABBITT. Mr. Stubblefield?

Mr. STUBBLEFIELD. Mr. Chairman, I would like to join with my other colleagues, you older boys, in welcoming Mr. Watts here.

Mr. ABBITT. I hope you mean in form of service.

Mr. Jones?

Mr. JONES. Nothing except to thank the gentleman for appearing and submitting an interesting statement and I defer to your knowledge and leadership in the tobacco field and I hope that we can come out with a bill that will solve some of the problems without doing any damage whatsoever to the total program.

Mr. WATTS. Well, I certainly appreciate all of your statements. We have had problems ever since I came to Congress with tobacco. We have successfully solved most of them and I am sure we will continue to do so. It is a pleasure to be here.

Mr. ABBITT. Thank you very much.

A little while ago we called on Mr. Fred S. Royster, managing director, Bright Belt Warehouse Association, Henderson, N.C. Mr. Royster, we are mighty pleased that you could get here. We know of your great interest in the tobacco program and all of our problems. You have been most helpful to this committee. We will be pleased to hear from you at this time.

**STATEMENT OF FRED S. ROYSTER, MANAGING DIRECTOR, BRIGHT
BELT WAREHOUSE ASSOCIATION, INC., HENDERSON, N.C.**

Mr. ROYSTER. Thank you, Mr. Chairman, I appreciate the opportunity of appearing and I must apologize to the committee for being late but it so happens that I had the first puncture this morning I have had in 60,000 miles of driving.

Mr. Chairman and gentlemen of the committee, I am F. S. Royster, managing director of the Bright Belt Warehouse Association, Inc. I appear here this morning in opposition to the sale of tobacco allotments. I appear also in opposition to the lease and transfer across county lines. We have no objection to the continuing of the lease arrangements, we have no objection to the amendment as I understand it, that has been passed for some of the other types on a 5-year basis. We think that should be done. We have no objection to increasing the amount that can be leased. I think the 50 percent of the cropland factor is all right. That is our position, Mr. Chairman, and I have the permission from the distinguished gentleman who did precede me to associate myself with this very splendid statement and I beg leave of the chairman to do that.

Mr. ABBITT. I think that is fine. Appreciate your statement, Mr. Royster. As I understand it, you feel that the present lease law has worked to some advantage?

Mr. ROYSTER. The present lease law has.

Mr. ABBITT. And, you think it should be kept within the counties?

Mr. ROYSTER. Yes, sir.

Mr. ABBITT. And, with all the safeguards we have already enacted, except possibly increase it to 50 percent of the cropland?

Mr. ROYSTER. I think that is all right.

Mr. ABBITT. You think that ought to stay in there, 50 percent of the cropland, not go higher?

Mr. ROYSTER. It certainly would be a mistake to go higher.

Mr. ABBITT. We had it 1 year now, put it up to 5 years.

Mr. ROYSTER. I think that should be done.

Mr. ABBITT. As you will recall, we were just as careful and cautious as we could be so as to keep in bounds when we first went into what

was quite a new idea, leasing to another farmer, and I think that with the help of everybody we got a very good bill and I agree with you that possibly now is the time to amend it to permit longer period of leasing.

Mr. ROYSTER. Yes, sir.

Mr. ABBITT. Any questions?

Mr. JONES. No questions, except to recognize my former colleague from North Carolina State Senate and thank him for appearing. I regret he had a puncture but maybe after 60,000 miles you should get new tires. [Laughter.]

Mr. ROYSTER. Mr. Chairman, may I again express my gratitude for the opportunity to appear and also to say again how indebted I am and the warehousemen are to the chairman and the other members of this committee for all the tremendous efforts that you put forth successfully on behalf of the tobacco program.

Mr. ABBITT. Thank you very much.

Next, I have on this list Mr. William L. Lanier, president, Georgia Farm Bureau, Macon, Ga. We are certainly pleased to have you here, Mr. Lanier, and appreciate your coming. We will be pleased to have your statement at this time.

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

Mr. LANIER. Thank you, Mr. Chairman and members of the committee. My name is William L. Lanier. I am president of the Georgia Farm Bureau Federation.

I appreciate this opportunity to visit with you and your committee to express the wishes and the desires of the Georgia tobacco growers. I believe that I could more adequately explain our position if I had the privilege of having the subcommittee in any of the many communities that are presently harvesting tobacco in Georgia or to visit around some country filling stations and hear these growers explain to the committee the difficulty that they are witnessing in harvesting this present crop. And, gentlemen of the committee, it boils down to this, that the average size of the allotment is such that the producer cannot afford the cost of mechanization. With minimum wage and the shortage of labor, we feel that we have no other alternative other than a sale of allotment or a long-term lease whereby a producer of tobacco can get together a number of acres that we consider an economical unit, that he can go to his bank or other financial institutions and get enough finances to purchase this equipment. And, of course, they are not going to let him have the funds unless he has the number of acres to substantiate his request for his loan.

Now, I have had the privilege now of serving about 3 years as president of the Georgia Farm Bureau Federation and prior to that, three and a half years as State director of ASC in Georgia and prior to that, 12 years in the Georgia House with 8 years as chairman of the house agriculture committee. I believe with this association and connection and being a tobacco farmer myself, that I understand something of the problems that these people have.

Now, we have a precedent on lease and sales of a commodity allotment and that is cotton, and this has been operating two seasons. We have not had the first complaint in the Georgia Farm Bureau office

coming direct or through our field servicemen or county officers, objecting to this lease and sale of cotton allotment. So, I think the same thing would be applicable to tobacco. So, it just boils down that we are going to have to get it in economical units.

Now, gentlemen of the committee, from time to time the so-called leadership in any area or any commodity, feel that they possess enough vision and wisdom to look down the road and see a problem coming and to perfect legislation to meet it by the time it arrives. But this is not true in the legislation that is before this committee presently. The wolf is already here. The wolf is here for the harvesting season of 1967. I am sure that when you have the privilege to go back home and visit in your respective congressional districts and visiting with the boys who are harvesting tobacco this year, and hearing them explain the difficulty that they have had due to lack of mechanization and lack of number of acres that they are presently tending, I believe that we will look with favor upon long-term lease and sale of allotments.

I would like to say to you that Georgia Farm Bureau Federation favors lease and sale across county lines. Hearing some of the testimony this morning, there is some strong objection to that, but I think we are going to have to come face to face with reality and I do not believe that we are going to solve the problem that we seek to with too many restrictions as to how this tobacco can be transferred.

We do oppose the transfer by lease or sale across State lines. So, Mr. Chairman, and gentlemen of the committee, it is my pleasure to have had this opportunity to visit with you and to share with you the feeling of the Georgia tobacco growers.

Mr. ABBITT. We appreciate so much that statement. Do you think an increase of the leasing arrangement up to 5 years would be of assistance to your people?

Mr. LANIER. I think it would be a little help. Now, let us look at this, Mr. Chairman. Let us look at a county, and I have this information in my folder—would you permit me to go back for just a moment?

Let us look at what we would actually have here in two counties in Georgia. There are more than this but I did not have the time, frankly, to do enough research on this.

Look at Candler County and Evans County, Ga. In 1966 Candler County had a quota of 2,814,550 pounds and they actually sold 1,783,356. In Evans County, 1,941,027 pounds and they sold 901,066.

All right. Now, keep in mind that these producers in these counties have relatively small allotments and the mechanization is—maybe this is the average but certainly not above average. But what you are going to do in my judgment, where you prohibit the lease across county lines and after you have had a short crop under your poundage-acreage provision, you are going to have a considerable increase in the production in the county if it cannot cross the county lines, you are going to cause chaos and confusion in the different communities. Then, you are going to pit neighbor against neighbor even more than they have ever been for labor and in running up the price on each other and you are going to cause some confusion in your community that is not in the best interest of the welfare.

So I say, sir, that you would help some and we would like to see you go further but we would appreciate that much, but we think that you could do more than just long-term lease of—a 5-year lease within a county.

Mr. ABBITT. Thank you very much.

Mr. WAMPLER?

Mr. WAMPLER. Mr. Lanier, I believe at the conclusion of your statement you said something to the effect that the Georgia Farm Bureau favored leasing across State lines. Did you mean to say county?

Mr. LANIER. If I said that, I hope this lady will correct that because I like to live in Georgia.

Mr. WAMPLER. Did I hear wrong? Did you say State?

Mr. LANIER. The Georgia Farm Bureau Federation favors crossing county lines in lease and in sale but they are opposed to lease or sales across State lines.

Mr. WAMPLER. I wanted to be sure the record was correct.

Mr. ABBITT. Do you touch on Florida? Is your State contiguous to Florida?

Mr. LANIER. Yes, sir.

Mr. ABBITT. Off the record.

(Discussion off the record.)

Mr. McMILLAN. I would like to state that the gentleman has correctly stated the condition existing in South Carolina at the present time, the labor problem and small acreage allotments. We find it is really not economically sound for some farmers to continue producing tobacco. I think he expressed the exact problem we have in the State of South Carolina.

Mr. LANIER. Mr. McMillan, let me share with you—in Georgia we have 2,000 farms with allotments of five-tenths of an acre or less, and some as low as a tenth of an acre, and we have 5,000 farms with allotments of 1 acre or less. So, these people really—they have been holding onto these allotments hoping lightning would strike in their favor, that one day they would have an economical unit, and it has not happened. So, we would be doing them a favor by long-term lease or permitting them to sell.

Mr. ABBITT. Any other questions?

Mr. JONES. One question, please, Mr. Chairman.

Mr. Lanier, the two counties to which you referred a moment ago, am I correct in assuming they are basically rural counties?

Mr. LANIER. Yes, sir.

Mr. JONES. No industry to speak of?

Mr. LANIER. There is some industry, yes, and some of these producers, maybe the wife has a job in a garment plant.

Mr. JONES. Well, what I am trying to develop is this, that if we permitted sales across county lines and these two counties became sellers rather than purchasers, what would it do to the tax value of your county?

Mr. LANIER. I think we are going to go up regardless, sir. You mean ad valorem tax?

Mr. JONES. Yes, sir.

Mr. LANIER. I think they are going to go up with or without it. We have had a tax reevaluation in my home county that tobacco allotments, cotton allotments, peanut allotments, were given no consideration. My taxes last year were \$5 plus three times the year before. So, I think that taxes are going to go up regardless of this. But, let us keep this in mind. You are assuming, sir, I believe, that every county is going to sell. I do not anticipate there will be a tremendous amount of sale of allotments, these real small allotments and maybe

some border counties. But even if he is permitted to, it is not mandatory that he sell. It is not mandatory that he lease but it is permissive. And the reason that we take the position that we do on the referendum, if you and I negotiate a tobacco allotment, either lease or sale, we have already had a referendum and it passed unanimously because it met the approval of the two parties concerned.

Mr. ABBITT. Thank you very much.

Mr. Herman C. Odom, chairman of the Georgia Agricultural Commodity Commission for Tobacco.

STATEMENT OF HERMAN C. ODOM, CHAIRMAN OF THE GEORGIA AGRICULTURAL COMMODITY COMMISSION FOR TOBACCO; ACCOMPANIED BY HOMER S. DURDEN, JR., SWAINSBORO, GA.

Mr. ODOM. May I call Mr. Durden?

Mr. ABBITT. Certainly. I did not know he was with you. Glad to have you.

Mr. DURDEN. Thank you, Mr. Chairman.

Mr. ODOM. Mr. Chairman, members of the House subcommittee, I am Herman C. Odom, Route 2, Claxton, Ga. I am appearing today as a Georgia tobacco farmer and as chairman of Georgia Agricultural Commodity Commission for Tobacco.

Individually and as Chairman of the Tobacco Commission, I strongly recommend the passage of legislation permitting the sale, lease and transfer of tobacco allotments across county lines within a State. For the past several years tobacco farmers have been faced with the problem of increasing costs of production of tobacco with a relative steady level of receipts for his finished product. Due to these factors the profit margin has been cut considerably and with farm labor being placed under wage and hour law the resulting increase in the cost of production will probably make it unprofitable for the average tobacco farmer to continue planting tobacco. I see the possibility that within the next few years the growing of tobacco in this country will cease altogether unless some relief is given the tobacco farmer. Pardon an individual reference, but in my farming operation I have been growing tobacco since 1948 on an allotment of 10 acres, with a poundage quota of 21,000 pounds. In addition for the crop year 1967 may I add for the last 10 years I am renting 95 acres with a poundage quota of 200,150 pounds. These various allotments are in three counties in Georgia. In order to supervise these crops in these various counties it is necessary that I travel a distance of 225 miles each day. On its face, it is obvious that this is an inefficient and uneconomical manner of growing tobacco. It speaks for itself that my farming operation would be far more efficient and economical if I could transfer these various allotments across county lines and consolidate them into one operation.

May I ad lib a moment there. By that, I may want to plant all of them in one county due to a disease problem, 1 year, for rotation, and maybe the next county the next year.

During the year 1966 in Georgia, 62,000 acres of tobacco were planted with a yield of 95,736,445 pounds which was sold for \$67,747,-658.17. During the year 1966 Georgia had an acreage of 65,025 acres and a poundage quota of 125,025,000. Thus, for various reasons the Georgia tobacco farmers were unable to plant 3,000 acres of their quota and failed to produce 29 million pounds of their quota. In my

opinion, this failure to produce the full quota was due in large part to the fact that so many of the tobacco farmers have already reached the point that they cannot operate profitably.

According to the Cooperative Extension Service, College of Agriculture, University of Georgia, Tifton, Ga., it is estimated that the total costs for growing an acre of tobacco in Georgia last year averaged \$802.05, not including the cost of land and in cases where the allotment was rented it did not include the cost of rent. I have the figures here from the station that I would like to enter in the record to substantiate this.

Rentals usually average 15 cents per pound or approximately \$200 per acre. During the year 1966 Georgia tobacco producers' sales averaged \$1,092.70 per acre gross. It can readily be seen with simple arithmetic that if the cost of land and/or rental be included in the cost of production that the net return per acre of tobacco was very small indeed. Another factor which should be included in the cost per acre is a reasonable return for the time spent by the operator on the supervising of the growth of this tobacco. If a reasonable allowance is made for remuneration of the operator for the time he spends in the production of tobacco, it can be said that the average Georgia tobacco farmer is operating at a loss. Still another factor which good business practices require to be taken into consideration is the risk of weather and other casualties. It is not uncommon for a farmer to suffer a major crop loss due to adverse weather conditions. In the past the tobacco farmer has been able to offset these ever-increasing costs of production through careful husbandry and increase in yields. When quotas were set on a poundage basis the tobacco farmer could no longer increase yields to offset these increasing costs.

If poundage quotas were increased we would be faced with a surplus of tobacco which would have disastrous effects.

The tobacco farmer is competing on an open worldwide market and price-wise he is competing with all of the other tobacco producing countries. For the past several years, our domestic prices have been higher than other countries with the resulting loss of a large part of our foreign markets. If the prices on our markets are increased it cannot help but result in the loss of the balance of our foreign trade in tobacco. As stated before, the cost of labor and other costs will probably increase in the future. My labor cost doubled over 1966 for 1967.

For these reasons the outlook for the tobacco farmer is very bleak and dismal. The only way the tobacco farmer can survive is to become more efficient in his operation—this means mechanization to the fullest extent in planting, cultivating, harvesting and curing of tobacco. Mechanization will require the expenditure of such large sums of money that the tobacco farmer cannot afford to make this big investment and he certainly cannot compete and stay in business as long as he continues his present method of operation. In order to warrant the cost involved in mechanization, a farmer must have a minimum unit of tobacco consisting of approximately 14 to 16 acres. If sale, lease and transfer of allotments is restricted to county lines, a good number of your best tobacco farmers will have diffi-

culty in obtaining the number of acres required to mechanize. On the other hand, in some counties there will be a surplus of tobacco allotments if transfer is limited to county lines because in some of our counties there will not be enough tobacco farmers who can mechanize and absorb all of the allotment. If transfers are allowed on a statewide basis, it will be much fairer to the farmer who is trying to buy allotments as well as the farmer who is trying to sell allotments. As an example of what I am saying, in some counties in Georgia, tobacco allotments are rented on the basis of 15 cents per pound, as I stated earlier, in others it is rented on the basis of \$200 per acre, while in another county I personally know a farmer who has rented his allotment for next year in return for getting his corn harvested, with no monetary rental being paid at all.

As bad as we hate to face up to it, the historical family farm unit is just history—it is as obsolete as the one-horse wagon. With statewide sale, lease, and transfer of tobacco allotments, these farms with too small tobacco allotments will have a valuable asset; however, if transfers are limited to county lines these assets will be greatly diminished in value and in some instances of no value. As further examples of this, I point out a farmer whose farm has been taken into the city limits and he has a chance to develop this property for residential purposes; he no longer needs or wants his tobacco allotment; however, he cannot get a sale or lease of his allotment within his county as high as he could in a county 30 miles away.

Another factor to be considered in cross-country line transfer is the fact that in some of our counties disease is becoming a problem while in other counties we have no diseased land. I know still another farmer who has allotments in two different counties—in one county his land is diseased while in the other county his land is free of disease. Certainly, there can be no argument against taking this allotment from the diseased land and placing it in the other county where there is ample disease-free land.

Gentlemen, it is my opinion that restricting transfers to county lines is at best a shortsighted policy that will not solve the problem of the tobacco industry as a whole and if such a policy is adopted, I say to you that within a very short period of time you will again be faced with this same problem. If we do not get statewide transfer of allotments, I again say that this country will, in the not too distant future, be out of the tobacco production business and we will go from a tobacco exporting country to a tobacco importing country, with the resulting loss to the entire tobacco-producing areas of this country, as well as the loss of our fine balance of trade on the export of domestic tobacco and, last but not least, the loss of many millions of dollars annually from the taxes this Government derives directly and indirectly through the production of tobacco.

If Congress will grant the right for the sale, lease, and transfer of allotments on a statewide basis, the individual farmers in the buying and selling of these allotments will survive. However, if Congress limits the sale, lease, and transfer to county lines, all tobacco farmers face economic ruin.

I want to thank you gentlemen for the opportunity of appearing before you in behalf of the Georgia tobacco farmers and Georgia Agricultural Commodity Commission for Tobacco.

Mr. ABBITT. Mr. Odom, we appreciate very much this fine statement and I fully realize the great interest you have in the tobacco program. We want to thank you so much for your appearance here today and presenting your views.

Mr. Wampler?

Mr. WAMPLER. I have no questions.

Mr. ABBITT. Mr. McMillan?

Mr. McMILLAN. Mr. Chairman, if the gentleman would not mind, I wish you would explain just a little more in detail how you think the transfer of land within the county would be less beneficial than across county lines.

Mr. ODOM. Well, I used a personal example, Mr. McMillan. In order for me to operate 105 acres of tobacco, it is necessary that I have it in three counties. The furthest one south is only 8 miles from my house, but it is across the county line. The furthest one north is 20 miles and is across the county line. You can readily see that moving equipment around and labor, that this costs money.

Now, if I could—in leasing these allotments, if you will still pardon a personal example, if I could congregate them in one locality, within a quarter of one county for that matter, I could pay that man that I am leasing it from more money for it and be as well off. Do you get my point?

Mr. McMILLAN. Yes, sir. You do not think you could lease or purchase enough tobacco allotments in your own county?

Mr. ODOM. That goes back to this disease problem. Again, you need plenty of land for rotation. For example, one farm that I lease in an adjoining county has 900 acres of cultivated land. Of that 800 has not had tobacco on it in 10 years and most of it has not had it in years and years. Were I able to transfer all the tobacco that I cultivate and harvest to this one farm, I could rotate it 5 years and not ever go back behind the back.

Mr. McMILLAN. Thank you for giving us some additional information. That is one problem we will have to solve in this committee.

Mr. ABBITT. Mr. Stubblefield?

Mr. STUBBLEFIELD. No questions.

Mr. ABBITT. Mr. Jones?

Mr. JONES. No questions.

Mr. ABBITT. Thank you so much.

Mr. ODOM. I would like to point out one thing there in regard to what Mr. McMillan said also. This is not a—I used myself as a case. Actually, as far as I am concerned personally, it might cost me more money to lease this tobacco, but on the other hand, those people that Mr. Lanier referred to of a half acre, 2,000 people with a half acre or less and 5,000, I believe he said, with an acre or less, they would have—

if they could cross county lines, they would have a much better chance of leasing for a higher price in some other area. For example, some area might have a weather disaster one year and some others may not. They may underproduce. We had an indication of that last year. In the State some sections were flooded out. Just tobacco going to waste as far as renting because they could not move it to another section who sold even their 110 percent. I want to point that out if I made myself clear.

(Mr Durden submitted the following letter from the Cooperative Extension Service, University of Georgia:)

COOPERATIVE EXTENSION SERVICE,
COLLEGE OF AGRICULTURE,
UNIVERSITY OF GEORGIA,
Tifton, Ga., August 4, 1967.

Mr. HOMER S. DURDEN, Jr.,
Swainsboro, Ga.

DEAR MR. DURDEN: Enclosed is an itemized list of expenses for growing Flue-cured tobacco. These figures will vary depending on the year. For example, if a great deal of irrigation is needed, if insect population is heavy or weather conditions are such that more material is needed; therefore, additional labor is needed, more fuel is needed if tobacco is harvested during wet periods, if conditions are favorable sucker growth will be heavy and additional hand labor needed, etc. All of these mean higher total cost for the production of tobacco.

The number of hours for growing tobacco has been reduced to 300 hours or less. On many farms a great deal less. However, the cost of labor more than off-sets the reduction in hours.

Because of the quality of labor the number of hours is higher than it should be, but the tobacco farmer can do very little if anything about it. Because of this labor problem a loss is brought about by poor handling of tobacco. If it had not been for labor reducing practices most of the tobacco growers in Georgia today would have been out of the tobacco growing business by the early 1960's.

Having to pay \$3,000 to \$4,000 for a barn to cure tobacco requires several years of repaying. A few years ago a tobacco curing barn could be constructed for \$700.00 to \$800.00. This low cost barn can be constructed today for \$1200 to \$1600. However, when it is converted to a bulk curing barn it will be rather expensive. More bulk barns were put up in Georgia this year than in the last three or four years combined.

Tobacco production, harvesting and curing must be mechanized in order to cope with the high cost, shortage of labor and the extremely poor quality of labor. For a tobacco grower to fully mechanize he must have a unit of 14-16 acres of tobacco. The smaller figure would be sufficient if the poundage was at least average.

Most of the tobacco growers in Georgia must find a lending agency that will put up the necessary money. Lending institutions will certainly want security and, therefore, growers will have to purchase outright or lease for a long period of time an acreage of tobacco that will reasonably assure the lender the money can be repaid. Most farmers in Georgia will have to secure \$25-30,000.

Unless tobacco can be long term leased or purchased outright the tobacco industry in Georgia is going to suffer tremendously.

For tobacco growers to secure the necessary acreage it will mean tobacco will have to be moved across county lines.

Cecil Attaway asked that I send this information to you. I hope it will be of help. If I can provide additional help, please let me know.

Sincerely yours,

ROBERT L. MILES,
Extension Agronomist, Tobacco.

Estimated costs for growing Flue-cured tobacco

Plantbed expenses:	
Fumigant.....	\$6. 00
Fertilizer.....	4. 30
Tobacco seed.....	2. 50
Blue-mold treatment.....	4. 50
Insecticide.....	1. 00
Plantbed cloth.....	7. 50
Gas tight cover.....	4. 00
Field expenses:	
Cover crop seed.....	3. 00
Soil fumigation.....	16. 00
Field insect control.....	12. 00
Fertilizer.....	48. 00
Topdressing.....	5. 50
Sucker control.....	17. 00
Twine.....	3. 75
Fuel oil.....	65. 00
Insurance, tobacco.....	30. 00
Insurance, barn.....	15. 00
Marketing.....	33. 00
Hired labor.....	300. 00
Tractor operator.....	20. 00
Truck.....	10. 00
Irrigation.....	25. 00
Total variable expenses.....	633. 05
Fixed expenses:	
Depreciation.....	50. 00
Interest.....	30. 00
Repairs.....	22. 00
Insurance.....	20. 00
Taxes.....	2. 00
Other machines.....	45. 00
Total fixed expenses.....	169. 00
Grand total.....	802. 05

Mr. ABBITT. Thank you very much.

Mr. Louis Ison, president of the Kentucky Farm Bureau. Do you have someone with you?

Mr. ISON. Yes, sir. I have Mr. Jack Welch, chairman of our tobacco committee.

Mr. ABBITT. You might want to have Mr. Welch come up with you. Glad to have you also.

Mr. STUBBLEFIELD. Mr. Chairman, may I introduce these fine gentlemen to the subcommittee and tell you that I believe they represent the tobacco committee of the Kentucky Farm Bureau.

Mr. ABBITT. Glad to have you.

STATEMENT OF LOUIS ISON, PRESIDENT, KENTUCKY FARM BUREAU FEDERATION, ACCOMPANIED BY JACK WELCH, CHAIRMAN OF THE TOBACCO COMMITTEE

Mr. ISON. Mr. Chairman, members of the committee, I am Louis F. Ison, tobacco farmer and president of the Kentucky Farm Bureau. I want to tell you I appreciate this opportunity to present the statement of our organization concerning selling and leasing of tobacco allotments.

The Kentucky Farm Bureau Federation is a general farm organization with 84,042 members in 115 counties in Kentucky. A great majority of our members are active burley tobacco producers, and no group is more aware of its vital importance to Kentucky's farm and general economy.

Burley tobacco is the leading agricultural commodity in Kentucky, and normally accounts for almost 40 percent of the total cash farm income. It is produced on 140,202 allotments in Kentucky which represents approximately 48 percent of the 292,537 allotments in the United States. Farmers in our State are vitally concerned with the future of the burley tobacco program and with any legislation that would affect it.

The question of selling and leasing burley tobacco allotments is not new. It is one that has been discussed by farmers all across Kentucky in county meetings, by our tobacco advisory committee, our State board of directors, our executive committee, and at our State convention. Our members have repeatedly said that they believe that the sale or lease of burley allotments would not be in the best interest of producers.

As long as the minimum acreage provision remains in the burley program, the leasing of burley allotments would work quite differently from the leasing of other types of tobacco. In fact, this proposal would result in some producers gaining a great advantage over other producers. It would permit some farmers to produce large acreages of tobacco as single units and on single farms and remain wholly exempt from future cuts in allotments, while their neighbors producing the same amount of tobacco on their farms would continue to be subject to the cuts. The difference in treatment would depend on whether the allotment is one that has been long established, or is one resulting from the leasing of a number of minimum allotments from several farms. To illustrate this, under this legislation, if producer A has a 4-acre allotment, and producer B has a five-tenths of an acre allotment, and producer B leases a sufficient number of minimum allotments to bring his production to 4 acres, then both A and B will be producing the same size allotments. But, if a 25-percent reduction is declared, producer A, who has a long history of burley production on his farm, will suffer a 1-acre loss in allotments, while producer B will suffer no loss. We believe this would be grossly unfair to the producers who desire to continue producing their present allotments, but do not desire to enter into a lease arrangement. This objection to leasing burley allotments could be removed by the repeal of the minimum acreage feature of the burley program.

We would be among the first to admit that the burley tobacco program needs some adjustment. Burley tobacco producers in Kentucky demonstrated that they are convinced of this in the referendum this year. They voted by a majority of more than 3 to 1, to adopt an acreage-poundage program in lieu of the present acreage control program. Of course, we all know that the necessary two-third majority to change the program was not received beltwide. We should not forget, however, that a substantial majority of the producers, beltwide, did approve it. We believe this proves that something should be done to improve the program.

Again, one of the very grave problems with the burley program is the minimum acreage feature. This provision is resulting in a dis-

proportionate minority of the producers being required to take all of the cuts in allotments, while all producers share in the increases. As a result of this situation, some farms have larger allotments today than they had 25 years ago, while others have been cut many times.

Historically, each increase in allotments has been followed by one or more reductions that more than offset the preceding increase and each time this cycle is completed, an unfair advantage accrues to some growers over other growers. Acreage allotments have been adjusted either up or down 5 years out of the past 7. In 1961 burley producers enjoyed a 6-percent increase. This was followed by another 6-percent increase in 1962. In 1964, we received a 10-percent reduction. This was followed by another 10-percent reduction in 1965, and a 15-percent cut in 1966. All growers received the increases in 1961 and 1962, while only a diminishing portion of the growers were required to take the cuts of 1964, 1965, and 1966. The practice of adjusting allotments up and then down, results in nothing less than the transfer of one man's property to another man without compensation. This is grossly unfair and unjustifiable.

Already 57 percent of the growers can increase yields and observe further general reductions in allotments come and go without a fear of personal loss to their own allotments. This situation, which is peculiar to the burley program, should be dealt with by Congress before it results in complete destruction of the program. It is acting as an artificial barrier that is dividing burley producers and making it almost impossible for them to agree upon changes that may be needed to keep the program sound.

The law should be changed this year to provide that all growers share proportionately in any future downward adjustments in allotments. We submit to you that this is only right, it is sound logic and is a step that is necessary if we are to sustain a satisfactory price support and control program for burley tobacco.

We, therefore, respectfully recommend that this committee:

1. Draft and seek passage of legislation to repeal the minimum acreage provision of the present law, and
2. Not act favorably on the bills to permit leasing or the sale of burley allotments.

Thank you for the privilege of appearing before you.

Mr. ABBITT. Appreciate so much that statement and I can well understand your problem regarding the acreage allotment. But, assume that the Congress did do away with the minimum allotment on burley, and that is the only kind of tobacco you are concerned with, would you favor the leasing of burley acreage?

Mr. ISON. I would say this: I am sure we would give it consideration.

Mr. ABBITT. Well, that is fine. I just assumed that you have talked—off the record.

(Discussion off the record.)

Mr. ABBITT. Back on the record.

Mr. WAMPLER. Could I ask this question, just for the record? It was said here, I believe in your statement, that there are 140,201 burley allotments in Kentucky. What is the average size of burley allotments in Kentucky?

Mr. ISON. I believe it is about ninety-seven hundredths of an acre.

Mr. WAMPLER. Ninety-seven hundredths?

Mr. ISON. Yes, sir. I believe that is right, is it not, Mr. Welch?

Mr. WAMPLER. Virginia's is much less than that. I believe it is close to 0.54, if I am not mistaken. It is right close to the minimum, as I recall the figure.

Mr. ISON. I believe ninety-seven hundredths for the record, is an average of the belt.

Mr. WAMPLER. I share the gentleman's concern about the future of the burley program, because I think we all can see the predicament that we are in today. I disagree with the gentleman as to belt-wide sentiment but it would be my hope that this difference of opinion that exists between acreage or acreage-poundage programs, could be resolved in some way. I do not know that the two referendums have resolved it. Of course, they have, to the satisfaction of one point of view.

Mr. ISON. Again, for the matter of record, our organization heartily endorses acreage-poundage.

Mr. WAMPLER. Of course, you have voted, I mean, Kentucky growers voted heavily in favor of the program.

Mr. ISON. Yes.

Mr. McMILLAN. No questions.

Mr. JONES. Mr. Chairman, I would like to inject for the record, the fact that Senator Ervin's office is represented here today by a colleague of mine and friend and very successful tobacco grower in his own right, the administrative assistant, Hon. Jack Spain.

Mr. ABBITT. Also glad to have Jack here with us.

Mr. JONES. One comment, if I might. Your remarks, sir, of course, were directed to the burley and not Flue-cured.

Mr. ISON. Correct.

Mr. JONES. It is a matter of record that you do not have poundage control and, therefore, your problem is slightly different from Flue-cured. I will repeat that. You are, of course, speaking for the burley tobacco situation, inasmuch as you have no poundage controls, so therefore, the Flue-cured, which is under poundage control, the problem might be slightly different.

Mr. ISON. Yes, sir.

Mr. JONES. Thank you.

Mr. ABBITT. Thank you very much, both of you, for being here.

We now have Mr. S. J. Stokes, Jr., Burley Farmers Advisory Council, Lexington, Ky.

STATEMENT OF S. J. STOKES, JR., PRESIDENT, BURLEY FARMERS ADVISORY COUNCIL; ACCOMPANIED BY ROBERT D. WOODS, SECRETARY-TREASURER, BURLEY FARMERS ADVISORY COUNCIL

Mr. STOKES. Mr. Chairman, with your permission, I would like to have Bob Wood, secretary of our council, come foreward, please.

Mr. ABBITT. Yes, sir. Glad to have you. We appreciate both of you coming.

Mr. STUBBLEFIELD. Mr. Chairman, I would like to again welcome these Kentuckians here. These are also John Watt's district.

Mr. STOKES. Thank you.

Mr. Chairman and members of the committee, I am S. J. Stokes, Jr., of Lexington, Ky. I am a farmer, a burley grower, a tobacco seed producer, and at present serving as president of the Burley Farmers

Advisory Council of Kentucky. I give this background to indicate my vital interest in the burley tobacco program.

In the onset in fairness to the committee, I will have to say that I have always been opposed to the transfer of burley allotments in any way other than by transfer of land title with the exception of instances where allotments would be lost due to the loss of the land because of the right of eminent domain. Historically, allotments have been based on the land and not with the individual which I believe, is basically correct.

However, with the diminishing size of our allotments and the pressure to mechanize production, I realize something needs to be done to get tobacco into larger, more economical sized units. Also, I understand that leasing has been reasonably successful in the Flue-cured Belt.

But, we must not forget that we burley growers have one problem with our program that other types do not have. This problem is the minimum acreage provision of the burley program. I cannot be for any changes in our program that will in all probability increase production and cause 43 percent of our growers to take reductions in allotments while the other 57 percent take no reduction. Any change in our program that will increase production will be self-defeating until this inequity is corrected.

While the problem of small uneconomical-sized units cannot be discounted, I feel the minimum acreage feature of our present program is more alarming and must be corrected by either going to an acreage-poundage control program or by removing the minimum acreage provision of the present program.

With this for a background, the executive committee of the Burley Farmers Advisory Council has instructed me to submit the following resolution to this hearing.

The executive committee of the Burley Farmers Advisory Council opposes any legislation permitting the leasing or transfer of burley tobacco allotments until the minimum acreage provision of the present law is removed or until legislation is passed, permitting the Secretary of Agriculture to request a referendum on an acreage-poundage program or no program in 1968.

We feel that leasing and transfer of burley allotments will increase production by bringing into production allotments that are not now being grown. Any increase in production could lead to cuts which we cannot afford under the present program.

Mr. Chairman, that concludes my statement and I appreciate your giving us the opportunity to appear.

MR. ABBITT. Mr. Stokes, I can well understand the problem faced by burley tobacco producers. It is a problem that the other tobacco producers do not have. I can see why you would be leary of anything that might increase production which will later on result in a cut to a certain group of producers and not the other.

My recollection is that since I have been on this committee, we came up with a bill that reduced some, to some extent the minimum allotment. I think you had at one time eight or nine—I introduced a bill, cut it down to four and I think the committee finally came up with five.

MR. STOKES. Five-tenths of an acre. It was seven.

Mr. ABBITT. We cut it from seven to five. What you are saying is you wish we would cut it off entirely?

Mr. STOKES. Right.

Mr. Chairman, what I was trying to say, this would be more appetizing if we had some of the features that Flue-cured has. Leasing would be a little more appetizing to the grower.

Mr. ABBITT. I also notice that you propose a question be propounded in a referendum, either have no program or have acreage-poundage. I assume under that questioning you probably will get the acreage-poundage.

Mr. STOKES. No doubt about it.

Mr. ABBITT. Thank you very much.

Mr. Wampler?

Mr. WAMPLER. Let me ask you this, Mr. Stokes. Assuming that the burley growers in the entire belt approved an acreage-poundage program in referendum, then do you feel you could support a leasing program?

Mr. STOKES. Yes. As I said before, it would be a whole lot more appetizing to the growers back home and I believe they would accept that.

Mr. WAMPLER. I am very much concerned about it. I have the personal feeling that on the two previous referendums pertaining to acreage-poundage that there was a misunderstanding among growers as to what the program would provide. There still is a misunderstanding.

Mr. STOKES. You are right.

Mr. WAMPLER. Two years ago in the first referendum a number of large tobacco manufacturing companies were running ads in county papers urging the growers to vote favorably for the acreage-poundage program. I do not question their right to do it or their motives behind it, but a lot of growers said if the tobacco companies are for this, I am automatically against it. So, I am just pointing out that a proper public relations and effective educational program was not carried out to explain it to the growers.

I am not saying I am either for it or against it, because I personally do not grow tobacco, but I am concerned about the future of the burley program as are you and the others who have testified here this morning.

I have the personal feeling, certainly as it applies in my area, that a leasing program for burley tobacco would be advantageous. I recognize the differences of opinion and I am hopeful that we can get these differences resolved and come forth with a plan of action that would fit the entire burley program, because I am sure that is what you and I are both interested in.

Mr. STOKES. Correct.

Mr. WAMPLER. I want to thank you for your statement this morning.

Mr. ABBITT. Mr. McMillan?

Mr. McMILLAN. No questions.

Mr. ABBITT. We thank you very much for your fine statement, Mr. Stokes, and appreciate your coming with him, Mr. Woods.

Is there anybody else present who has not been heard and would like to make a statement? Come around. We will be mighty glad to hear from you.

We are all familiar with Mr. Snodgrass. He represents people down in my district now, as I understand.

I did not mean to put you on last, but I did not have your name down.

**STATEMENT OF FRANK B. SNODGRASS, VICE PRESIDENT AND
MANAGING DIRECTOR, BURLEY & DARK LEAF TOBACCO EX-
PORT ASSOCIATION, INC.**

Mr. SNODGRASS. I was planning to testify tomorrow, but since you are running short of someone—for the record, my name is Frank B. Snodgrass. I am the vice president and managing director of the Burley & Dark Leaf Tobacco Export Association. This is a federated trade association, composed of 11 member associations interested in the production, marketing, promotion, and sale in the domestic and export markets of burley, Maryland, Dark Air-cured, Dark Fire-cured, and Sun-cured kinds of U.S.-produced tobacco.

Listed below are the names and addresses of the member associations I represent:

Association of Dark Leaf Tobacco Dealers & Exporters, Mayfield Ky.; Burley Auction Warehouse Association, Mount Sterling, Ky.; Burley Leaf Tobacco Dealers Association, Lexington, Ky.; Burley Tobacco Growers Cooperative Association, Lexington, Ky.; Burley Stabilization Corp., Knoxville, Tenn.; Eastern Dark Fired Tobacco Growers Association, Springfield, Tenn.; Maryland Tobacco Cooperative, Upper Marlboro, Md.; Stemming District Tobacco Association, Henderson, Ky.; Virginia Burley Tobacco Growers Association, Abingdon, Va.; Virginia Dark Fired & Sun-Cured Tobacco Export Association, Farmville, Va.; and Western Dark Fired Tobacco Growers Association, Murray, Ky.

It was my pleasure to appear before this subcommittee on April 18, 1967, during hearings on legislation regarding the sale, lease, and transfer of Dark Fired-cured, Dark Air-cured, and Virginia Sun-cured kinds of tobacco acreage allotments and acreage-poundage quotas, which led to the enactment of Public Law 90-51.

The position of our association with respect to the legislation under consideration today has changed somewhat from that presented at the earlier hearings. At a recent meeting of my board of directors, the pending legislation was fully discussed and I was instructed to present testimony on behalf of this association, supporting the lease of tobacco acreage allotments and acreage-poundage quotas for burley and Maryland kinds of tobacco. Such leases would be for periods not to exceed 5 years, confined to within county limits and with the proviso that not more than 10 acres of allotment may be transferred to any farm and that the total acreage allotted to any farm after such transfer, shall not exceed 50 percent of the acreage of the cropland in the farm.

The board of directors further instructed me to oppose the sale of tobacco acreage allotments and acreage-poundage quotas. All directors representing the aforementioned associations voted in favor of this position. The opposition to the sale of tobacco allotments and quotas has been the longstanding position of the group I represent. They are fearful that the concentration of allotments in the hands of a few growers and corporate farming interests could create widespread dissatisfaction from the bulk of our farmers and eventually lead to the

deterioration of the tobacco price support and control program, which has meant so much to the economy of the tobacco producers.

The largest organization that I represent, the Burley Tobacco Growers Cooperative Association, which administers the price support program for burley tobacco in the States of Kentucky, Ohio, Indiana, West Virginia, and Missouri, formerly approved of the least of tobacco acreage allotments and acreage-poundage quotas within the same county on a yearly contract basis, along with the other restrictions provided by the existing law. At a recent meeting of the board of directors of that organization, they voted unanimously to oppose the sale of tobacco allotments and quotas, however, they changed their position to extend the period of lease for up to 5 years, confined within a county with a maximum of 10 acres to be transferred to a farm provided that the total acreage allotted to any farm after such transfer shall not exceed 50 percent of the acreage of cropland in the farm.

I also have the pleasure of serving as executive director of the National Cigar Leaf Tobacco Association and through the representatives of tobacco grower associations administering the price support program for tobacco in the States of Connecticut, Massachusetts, Ohio, and Wisconsin, I have been advised that these associations of Connecticut, Massachusetts, and Ohio endorse the position I previously stated, with respect to the legislation under consideration. The two grower associations in Wisconsin, while in sympathy with that position, feel that the burdensome surplus presently in stock for their kinds of tobacco might be further aggravated should either lease or sale of allotments be permitted.

It would appear that amending the subsections of 318 of the Agricultural Adjustment Act of 1938, as proposed in H.R. 11883, and the related bills, would not be necessary to meet our recommendations. We would propose that section 316 of the act should be further amended to meet these requirements. In that connection, section 316(a) should be amended to delete the exception for burley tobacco acreage allotment and cigar filler types of tobacco 42, 43, and 44 allotments.

Section 316 (b) should be amended to provide for terms of leases up to 5 years and section 316(e) should be further amended to read:

Under the provisions of this section not more than ten acres of allotment may be leased and transferred to any farm; Provided, the total acreage allotted to any farm after such transfer shall not exceed 50 per centum of the acreage of cropland in the farm.

We urge the enactment of legislation to provide for the inclusion of burley (type 31), Maryland (type 32), cigar-filler and cigar-binder (types 42, 43, 44, 51, and 52) kinds of tobacco under the provisions outlined above. We commend this subcommittee and the Congress for enacting Public Law 90-51, which provided for the lease, sale, and transfer of allotments for the dark kinds of tobacco and we feel that for the time being the enactment of legislation for the aforementioned other kinds of tobacco will meet their present requirements. We do not feel that it would be in the long-term best interest of the tobacco program to enact legislation at this time that would permit the sale of tobacco acreage allotments for any additional kinds of tobacco. In fact, I am of the opinion that no tobacco legislation should go to the floor, unless a rule could be obtained to pass it on the Consent Calendar without debate. This is occasioned by the increasing strength

of the growing number of enemies of tobacco within the Congress, who are always alert for an opportunity to offer a crippling amendment that might result in the termination of our tobacco programs. We leave this matter to the good judgment of this highly qualified and able subcommittee.

Mr. Chairman, I have been informed that you will also consider today the bill H.R. 11990. This legislation was introduced at the request of the U.S. Department of Agriculture by my good friend and fellow Kentuckian, the able Representative from the First District of Kentucky, Congressman Frank A. Stubblefield. I am well aware of the need for this legislation and have discussed it with the people at the working level in the U.S. Department of Agriculture, as well as those at the grass roots level which I represent. I, therefore, urge the enactment of H.R. 11990, which would eliminate many of the costly administrative details requiring compilation of numerous records and reports, under existing law. I have been assured that enactment of this legislation would not produce any change in the end result of determining tobacco farm allotments regardless of the system used.

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

Thank you.

Mr. ABBITT. Mr. Snodgrass, I congratulate you for a fine and forthright statement regarding the problems that now confront the tobacco industry. We appreciate very much your coming here.

Any questions?

Mr. WAMPLER. It is always nice to have you here, Mr. Snodgrass.

Mr. STUBBLEFIELD. I would like to say it is nice to have you here.

Mr. ABBITT. I assume, from your statement, that your group that you represent opposes any additional legislation to permit the sale of any kind of tobacco allotments?

Mr. SNODGRASS. That is correct, sir, but we do approve of the long-term lease within counties.

Mr. ABBITT. Fine. Thank you so much.

Anybody else?

We will adjourn the committee until tomorrow morning at 10 o'clock.

(Whereupon, at 12:20 p.m., the hearing was adjourned, to reconvene at 10 a.m., Thursday, August 17, 1967.)

TRANSFER OF TOBACCO ACREAGE ALLOTMENTS AND ACREAGE-POUNDAGE QUOTAS

THURSDAY, AUGUST 17, 1967

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

The subcommittee met, pursuant to recess, at 10:05 a.m., in room 1302, Longworth House Office Building, Hon. Watkins M. Abbitt, presiding.

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

Also present: Martha Hannah, staff.

Mr. ABBITT. I will ask the committee to come to order.

We are going to resume the hearings on tobacco legislation. We are most fortunate to have our friend, Congressman Henderson of North Carolina who is vitally interested in the tobacco program and has been most helpful to this subcommittee, and I appreciate his appearance today. We will be pleased to hear from you at this time.

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

Mr. HENDERSON. Thank you very much, Mr. Chairman, members of the Tobacco Subcommittee. I appreciate the opportunity to be here this morning. And let me take just a moment to commend you and the members of the subcommittee for the very diligent work and the very splendid results this subcommittee has achieved in the past years for the tobacco farmers. I am especially appreciative, Mr. Chairman, of your schedule of my appearance in view of the fact that the Post Office and Civil Service Committee of which I am a member is writing a postal rate bill at this time and I certainly need to be there. For that reason, and others, my testimony will be very brief.

Mr. Chairman, I approve the sale or lease of tobacco allotments and acreage-poundage quotas but only within certain limitations. It obviously will be beneficial to many owners of small allotments or quotas to permit them to sell such allotments or quotas separate and apart from the lands to which they are assigned. It will also be of considerable value to residential, commercial, and industrial developers desiring to purchase and develop rural lands for these purposes if they can do so without having to pay for allotments or quotas which they do not want and cannot use.

However, I feel that it is important to note that the real estate tax structure in virtually every county in eastern North Carolina is based almost entirely on tobacco allotments within the county. I

strongly oppose approving the transfer by sale or lease across county lines because of its adverse effect upon this tax base, particularly in some of the smaller and poorer counties. Likewise, I believe that transfer across county lines would reduce income and employment in these counties which would be most undesirable.

Last but not least, we should be sure to write into the legislation safeguards to protect mortgage lienholders who have loaned money on farm property taking the value of the tobacco allotment or quotas into consideration in making their appraisals. We should provide that such sale could be made only with the written consent of such lienholders.

I realize that all of my arguments against transfer across county lines do not apply to leases, but those relating to employment and income do, and too, I feel most strongly that if we now permit leasing across county lines, this will be the first step toward later permitting sales across county lines which to us, in eastern North Carolina, will certainly be harmful.

Thank you very much, Mr. Chairman. That completes my brief statement.

Mr. ABBITT. Appreciate so much your comments. I again want to thank you for the help and assistance that you always render to our Tobacco Subcommittee. I hope we can work out something satisfactory.

Mr. HENDERSON. Mr. Chairman, I have two constituents that are to appear today, Mr. Charles Reeves and Mr. John Lrkamy. Mr. Jones has met them and is familiar with them and I want to thank you for your courtesies to them.

Mr. ABBITT. We will hear them and take as much time as they need.

Mr. HENDERSON. Thank you, Mr. Chairman.

Mr. ABBITT. I have received a statement from Congressman Stucky, author of H.R. 9215, which he has requested be put in the record. Without objection, it is so ordered.

(The statement referred to follows:)

STATEMENT OF W. S. (BILL) STUCKEY, JR., A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF GEORGIA

Mr. CHAIRMAN: It is a pleasure for me to have this opportunity to testify on behalf of the Tobacco Acreage Allotment Bill which I have co-sponsored with the Honorable Watkins Abbitt and Maston O'Neal.

The combination of ever-increasing labor shortage, increased labor cost, and the necessity of mechanization of today's farm operation, has placed the small tobacco farmer in the position of having to increase his crop yield or cease leaf production.

Because of current rulings regarding the leasing operation of tobacco allotments many of our small farmers are economically forced to produce leaf products simply to maintain their current tobacco allotments. Working under the adverse condition of either no labor, or high labor cost for a profitable operation, our farmers are placed in the position of realizing precious little, if any, financial reward for their efforts.

The Bill currently before the Sub-committee would provide a much needed relief to this problem by permitting the farmer to realize the full potential of his allotment and farming ability.

Should the farmer desire continuing his tobacco production, provisions of this legislation would permit him to acquire sufficient tobacco allotments through purchase or long-term lease to mechanize his operation and thus permit profitable production. On the other hand, farmers who have allotments and who elect not to pursue the expensive mechanization procedure could sell or lease their allotments without being placed in the position of having to risk marginal profits for farming this acreage simply to hold their allotments.

While it has been pointed out in earlier testimony, I would like to again remind the Members that similar legislation pertaining to cotton allotments has proven beneficial to all segments of this industry and it is my opinion that similar legislation is in order for our people engaged in tobacco production.

Mr. McMILLAN. Mr. Chairman, since the farmers of South Carolina are so busy selling tobacco at the present time, they have asked me to submit for the record several statements, one from the South Carolina Farm Bureau, Mr. David Sloan, president; one from Mr. Joe Blount, farmer at Loris, S.C.; one from Mr. Cordie Page, Conway, S.C.; and one from Mr. E. J. Wiggins, Marion, S.C. I would like to have those included in the record.

Mr. ABBITT. Without objection, they will be made a part of the record at this point.

(The statements referred to follow:)

STATEMENT OF DAVID SLOAN, FARMER AND PRESIDENT, SOUTH CAROLINA FARM BUREAU

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

Change is something we must all face and a condition to which we must stay abreast. For many years the South Carolina Farm Bureau opposed the sale and leasing of allotments. Last year our voting delegates saw the necessity of changing this policy which now reads as follows—

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

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

Cost-price squeeze.—The margin of profit per acre has steadily decreased. This makes it necessary for a farmer to plant more acreage in order to survive economically.

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

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

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

Small allotments.—The adjustments that have been necessary during the past years in order to keep supply and demand in balance reduced many allotments to the size of being ridiculous. I would like to show you some figures from my home county of Marion as well as South Carolina as a whole concerning this.

Tobacco allotments in acres	Marion County, number	South Carolina, number
0.01 to 0.05.....	125	4, 511
.51 to .50.....	84	3, 527
1.01 to 2.....	162	4, 527
2.01 to 3.....	190	3, 869
3.01 to 4.....	169	2, 134
4.01 to 5.....	107	1, 425
Total allotments 5 acres or less.....	837	19, 993

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

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

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

STATEMENT OF JOE BLOUNT, LORIS, S.C.

Mr. Chairman, I am Joe Blount, Route 2, Loris, South Carolina. I am a farmer by profession—engaged in general farming with tobacco my main source of income. For many years I have served on various boards and committees working with tobacco problems.

Thank you for this opportunity to make my views a part of this hearing on the sale and lease of tobacco allotments. Let me urge you to pass legislation that would permit farmers to sell their allotments or lease them for a period of up to ten years within and across county lines but not across state borders. Legislation of this type would be most helpful to small farmers. Those that wanted to stay in the farming of tobacco would have an opportunity to buy enough small non-profitable units to make one large enough to earn a living for a family. It would also allow a small farmer to lease for more than one year small allotments to make a more economic unit.

Many tobacco farmers now are forced to continue planting their tobacco allotments to keep from losing them because the value of the allotments have now been incorporated in the land value due to the tobacco program.

In my home county of Horry we have 2962 tobacco allotments of 5.0 acres or less. Sooner or later these farmers must do something—either sell out their entire farms—or buy entire farms. It would be of considerable help to them if they could sell what allotment they have or buy some more without disposing of their land and homes. These people could devote their time to other enterprises.

The labor shortage makes it imperative that we mechanize. It is impossible to make the necessary capital outlays unless we have large units. Proper management is essential and this can't be had on small no-economical units.

There are many other reasons why this should be done all of which I am sure the Committee and the U.S.D.A. are familiar. Consider the long-term benefit this program can have for us and pass it in time to be of help to us for the 1968 crop.

STATEMENT OF CORDIE PAGE, CONWAY, S.C.

Thank you Mr. Chairman for this opportunity of appearing before the distinguished Subcommittee of the House Committee on Agriculture and presenting this statement on behalf of myself. I can assure you that the content of my statement is shared by the majority of farmers in my county of Horry in South Carolina.

For the record, my name is Cordie Page and I reside at Conway, South Carolina. I am very much concerned with programs affecting tobacco since it is my main money crop. Were it not for the fact that this is our "busy" season, I can assure you that I would have made every effort to be present and make this statement in person. However, since this was impossible, I sincerely appreciate the privilege of presenting this written statement.

I urge you and the Congress to enact legislation that will allow farmers to rent, buy or sell their tobacco allotments within counties or across county lines.

The agricultural transition which we have undergone during the past several years makes this imperative. Increased labor costs, land prices, the cost price squeeze, plus increased capital investments necessitates larger farm units. A family can no longer exist on a 5.0 acre tobacco allotment as in years gone by. We have many such small allotments in Horry County; and it would be much to their advantage if these individuals were allowed to rent or lease these allotments; investing their money, liquidating debts or expanding other more feasible operations. By the same token, other farmers who wanted to produce tobacco would

have an opportunity to secure enough acreage to make their operation economically feasible.

I believe this should be allowed anywhere within the state; and not limited to within a county. I would advocate provisions which would eliminate speculators and protect the farmer.

To me this is freedom of decision which is so necessary in our changing, competitive world. Again, let me express the opinion that this type legislation is imperative if we farmers are to survive and continue to make a contribution to our overall economy.

Thank you again, Mr. Chairman, for allowing me to present this statement.

STATEMENT OF E. J. WIGGINS, MARION, S.C.

Mr. Chairman, I am E. J. Wiggins of Route 2, Marion, South Carolina. I am a general farmer and tobacco is my main source of income. This statement is being made in my behalf and this sentiment is shared by the farmers in my county.

I appreciate this opportunity to have placed in the Record this statement. We are in the middle of harvesting our tobacco and attempting to place it on the warehouse floors. The shortage of labor makes it imperative that I be here, therefore, I can not appear in person.

The main purpose of this statement is to urge you and the Congress to pass legislation that will allow farmers to rent, buy, or sell their tobacco allotments within counties or across county lines.

There are many reasons to support legislation of this type. Let me say for the record that I have not always been of this opinion. The many changes that have taken place in agriculture, plus considerable study and research have prompted me to change this position of supporting this type legislation.

The cost price squeeze, land prices, increased labor costs, plus the requirement of better management makes it necessary for an operation to be larger than was necessary years ago. It's not possible for a family to provide the necessities of life on a tobacco allotment of 5.0 acres or less. In my home county of Marion, we have 837 tobacco allotments of 5.0 acres or less. If these 837 were allowed to sell or lease their allotment on a long term basis (up to 10 years) it would help the other tobacco farmers in Marion and other counties and would at the same time give these farmers the right to use this money to pay off debts, put the money in savings or expand other operations which could give them a better income.

I do not believe this should be done on a county basis but should be allowed anywhere in the state. This would give the farmer the right to sell or not to sell—to rent or not to rent—and to sell to anyone in the state that was in the market to buy or lease. Safeguards should be placed in to keep the speculators out and protect the farmers.

In my opinion this type legislation is necessary if we as farmers are to survive and the agricultural economy of our nation remain healthy. We are living in a time and in competition with businesses that are merging and have merged to reduce costs and gain strength. Allow us as farmers this same privilege.

Thank you again for allowing me to present this statement.

Mr. McMILLAN. And Mr. William Harrison, the State agricultural commissioner, asked to be placed on record as favoring this proposed legislation.

Mr. ABBITT. Thank you very much. Without objection, that will be done.

I have just this morning received a letter from Mr. Robert B. Delano, president of the Virginia Farm Bureau, and without objection, I want to file his letter with the record. Among other things he says:

We oppose the outright sale of tobacco allotments at this time. We feel that there is need for further study of the ramifications of such a program.

Without objection, I would like to file that as part of the record.

(The letter referred to follows:)

VIRGINIA FARM BUREAU FEDERATION,
Richmond, Va., August 16, 1967.

Hon. WATKINS M. ABBITT,
U.S. House of Representatives, Washington, D.C.

DEAR WATT: The voting delegates of the Virginia Farm Bureau Federation, at their annual convention in November 1966, adopted the following policy relative to the sale of tobacco allotments: "We oppose the outright sale of tobacco allotments at this time. We feel that there is need for further study of the ramifications of such a program." The Virginia Farm Bureau Flue Cured Tobacco Committee, in a recent meeting, reaffirmed its continuing support of this policy position.

The sale of allotments can have an adverse effect upon the economy of a community or area, should a large amount of allotments be sold and transferred from a given community. Allotments were originally granted as a quota, based upon the land-use history. Quotas were not intended as tangible salable possessions of the landowner. Virginia Farm Bureau therefore opposes any legislation, at this time, that would permit the sale of flue-cured tobacco acreage allotments and quotas.

Virginia Farm Bureau does support the provision of your bill to allow the extension of the transfer period up to five years.

I would appreciate your inserting this letter into the official record of the hearing on your bill.

Yours truly,

Bob
ROBERT B. DELANO,
President.

Mr. ABBITT. I have a letter this morning dated August 16 from Mrs. Harry B. Caldwell, master of North Carolina State Grange, in which she says among other things that they are in opposition to the sale of tobacco allotments, quotas, and favor the continuation of the present lease and transfer program on an annual basis for Flue-cured tobacco.

(The letter referred to follows:)

THE NORTH CAROLINA STATE GRANGE,
Greensboro, N.C., August 16, 1967.

Congressman WATKINS ABBITT,
Chairman, Subcommittee on Agriculture,
House Office Building, Washington, D.C.

DEAR CONGRESSMAN ABBITT: The North Carolina State Grange at its annual convention last October went on record in opposition to the sale of tobacco allotments and quotas and favored the continuation of the present lease and transfer program on an annual basis for flue cured tobacco.

However, we are very much concerned over the fact that more and more farm land is being lost through the exercise of eminent domain. This is especially true where large amounts of farm lands are taken over for multi-purpose dams. In such cases, the available land for resettlement is considerably restricted and it requires maximum dislocation.

The N.C. State Grange requests that the quota provisions affecting the transfer of allotments and bases be amended to allow an option to an allotment and/or base holder whose land is being acquired under eminent domain proceedings; the option allowing either sale of allotments and bases to other farmers with allotments and bases, or reallocation of allotments and bases to other farms owned or acquired by the same farmer, all within the state.

Most cordially,

Mrs. HARRY B. CALDWELL, Master.

Mr. ABBITT. This morning, I have another letter dated August 16 from Mr. Tony Dechant, president of the Farmers Union, in which he states that the Farmers Union organization is very much opposed to the legislation now pending, not only as to tobacco but peanuts and other products, and also sends me a copy of the resolution adopted by

the executive committee of the National Farmers Union of August 9, 1966, which opposes the sale and transfer of tobacco leases. Without objection, I will file that for the record at this point.

(The letter referred to follows:)

NATIONAL FARMERS UNION,
Washington, D.C., August 16, 1967.

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

DEAR CONGRESSMAN ABBITT: At our March 1967 Convention at Oklahoma City, Farmers Union delegates adopted policies in regard to transfer of allotments or quotas which clearly indicate their opposition to the bill recently sent to the Congress by the Department of Agriculture which would authorize transfer by sale or lease acreage allotments, base acreages and quotas.

The Convention commodity meeting held in regard to peanuts and tobacco specifically opposed this kind of legislation. At recent hearings on legislation to extend such authority to peanuts and dark-fired tobacco Farmers Union witnesses strongly objected to sale and lease of allotments being extended to these commodities. (These statements can be found in the record of hearings under dates of February 15 and April 18, 1967.)

I am concerned that the bill before the Tobacco Subcommittee (H.R. 11883) would greatly enhance the opportunity for non-farm capital to be drawn into agriculture through purchase of flue-cured tobacco production rights now held by farm families. This, of course, would not be consistent with the objective of Farmers Union to promote and to encourage a family farm structure of agriculture.

Such legislation constitutes another step toward one million-minus farms—a goal which has been espoused by the Committee for Economic Development (CED) and others who apparently support an industrialized agriculture over the tried and tested family-farm system. It is needless for me to again explain our great concern over legislation which would lead our Nation toward this undesirable objective.

In order that the members of the House Agriculture Committee may be informed as to the views of National Farmers Union, I am sending a copy of this letter to each of them.

Best personal regards,

Sincerely,

TONY T. DECHANT, *President.*

RESOLUTION ADOPTED BY EXECUTIVE COMMITTEE, NATIONAL FARMERS UNION,
AUGUST 9, 1967, AT DENVER, COLO.

The attempts by conglomerate corporations and other non-farm interests to take over agriculture are being aided and abetted by efforts in this session of Congress to ease restrictions on the transfer, through sale or lease, of acreage allotments, base acreages and quotas.

Earlier this year Congress authorized the sale or lease up to five years, and transfer within counties, of allotments for fire-cured, dark air-cured, and Virginia sun-cured tobacco. This week a House Agriculture subcommittee is considering several bills that would further undermine the restrictions on tobacco acreage allotments and acreage-poundage quotas.

The moves to make it legal to sell, lease or transfer allotments, bases and quotas also involve peanuts. The House Agriculture Committee has recommended passage of a bill to authorize, under certain conditions, the sale or lease of peanut acreage allotments.

These changes open the door wider to corporation farming, lead to further depletion of human resources in rural areas, encourage speculation by non-farm investors, and disrupt the existing peanut and tobacco programs. They reinforce the position of those pushing for a corporate agriculture and undercut the independent farmer.

We urge the Agriculture committees of Congress, therefore, to stand firm against these attempts by rejecting all proposals aimed at easing restrictions on sale, lease or transfer of allotments.

Mr. ABBITT. I also received a letter from the American Farm Bureau Federation and a telegram from W. A. Allen of Farmville,

N.C., and without objection these will be placed in the record at this point.

(The letter and telegram referred to follow:)

AMERICAN FARM BUREAU FEDERATION,
Washington, D.C., August 16, 1967.

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

DEAR MR. ABBITT: At the last annual meeting of the American Farm Bureau Federation the following resolution was adopted:

We oppose the lease or exchange of allotments and the sale of allotments except when made to the federal government for permanent retirement.

This resolution puts us on record in opposition to the bills now pending before your Subcommittee providing for the lease, transfer and sale of allotments.

We shall appreciate it if this letter can be made a part of the hearing record.

Sincerely yours,

JOHN C. LYNN,
Legislative Director.

FARMVILLE, N.C., August 17, 1967.

Representative WATKINS M. ABBITT,
Chairman of Tobacco Subcommittee of the House, Longworth Building, U.S. House of Representatives, Washington, D.C.

Tobacco farmers who own land, support tobacco program, produce the tobacco. Therefore, they should have ample time to analyze formal drafting of any legislation regarding sale of tobacco allotments before Congress consider final action. I oppose sale of allotments because it could destroy our economic life. Churches, schools, merchants, banks, tax structure, and the value of land would be drastically affected. Your farmers would be discouraged when forced to compete with corporate operations. The political influence of tobacco producers would dwindle to nothing. Therefore, our tobacco program would be in jeopardy. Finally, many who advocate sale of allotments do not have the tobacco program at heart. Please present to committee.

W. A. ALLEN.

MR. ABBITT. Anybody else here, any other member, have any letters they want to file?

The only thing I know to do is, without objection, we will go down this list as we get to them. Mr. Dudley Smith, representing the Southern Maryland Farm Bureau and Maryland tobacco industry, accompanied by Dr. Marshall, Cooperative Extension Service. Glad to have you.

MR. McMILLAN. Mr. Chairman, I also request that a statement from Mr. Joseph Holliday, a farmer from Galivants Ferry, S.C., be inserted in the record at this point.

MR. ABBITT. We will include it without objection, along with the others in the record.

(The letter referred to follows:)

AUGUST 15, 1967.

Congressman JOHN L. McMILLAN,
Member, House Subcommittee on Tobacco Allotments,
Longworth Building, Washington, D.C.

DEAR SIR: My name is Joseph W. Holliday, a farmer from Galivants Ferry, South Carolina. Also I am a member of the National Tobacco Industry Advisory Committee to the Secretary of Agriculture.

I wish to state that I wholeheartedly support the enactment of a bill that would allow transferring tobacco allotments across county lines, within a state. This would permit the establishment of more economically sized farm units of production, which in turn will result in more efficient farming operations. Small efficient farmers could increase their tobacco allotments by renting or leasing or buying

the allotments without having to buy additional land, which would mean a great deal financially to small or large farmers. Also farmers who wish to discontinue growing tobacco could transfer their resources to other crops and, of course, receive remuneration by the sale or renting of the tobacco allotments.

A tobacco allotment is something created by a farmer himself since it is based on the tobacco he has grown and harvested back in the base periods. The farmer created the allotments so I think he should be able to dispose of it without selling his farm. He could actually swap or trade cotton allotments for tobacco allotments or vice-versa.

There are literally thousands of farmers in South Carolina who have less than one acre of tobacco allotment, and this would be of real economic advantage to a small farmer as well as the average size farmer.

I thank you for giving the above thoughts all the consideration possible, and hope we farmers can have the right to transfer tobacco allotments within a State.

Very respectfully yours,

JOSEPH W. HOLLIDAY.

Mr. ABBITT. Gentlemen, we appreciate your coming. We will be glad to hear from you at this time.

STATEMENT OF DUDLEY SMITH, REPRESENTING SOUTHERN MARYLAND FARM BUREAU AND MARYLAND TOBACCO INDUSTRY COUNCIL, ACCOMPANIED BY DR. J. PAXTON MARSHALL, COOPERATIVE EXTENSION SERVICE, UNIVERSITY OF MARYLAND

Mr. SMITH. Mr. Chairman, gentlemen of the committee, we are appreciative of the opportunity of being here and appearing before you and presenting some of our tobacco problems in nearby Maryland. We sometimes feel that we are so close to you that we may have the—may be in the position of being looked over as you look further away at agricultural problems and I assure you that some of ours in nearby Maryland are no less intensive than those that you have in other portions of the country.

My name is Dudley Smith. My address is Mitchellville, Md. I have been a farm operator at this address for more than 25 years and have participated widely in tobacco matters in the State. I am appearing here today in representation of the principal part of the Maryland tobacco industry. Specifically, I am appearing in representation of the two organizations that you mentioned. The Southern Maryland Farm Bureau is an organization within the Maryland Farm Bureau, comprising the officers and directors of the five southern Maryland counties that grow tobacco. This tobacco is grown in no other county in the State.

This is in the nature of the tobacco committee within the Maryland Farm Bureau. It represents most of the farmers in the State that grow tobacco, but does not speak for other tobacco interests.

The second organization is the Maryland Tobacco Industry Council. This is an organization of growers, warehousemen, dealers, State government officials and other directly interested in the State's tobacco industry. This group meets frequently under the chairmanship of the State director of extension to discuss matters relating to tobacco and to formulate policy with regard thereto.

We are the smallest cigarette tobacco producing area of the United States. In fact, there are single markets in both Flue-cured and burley that sell about as much tobacco as we produce. Nevertheless, our five counties produce about \$20 million of tobacco a year and received about three-fourths of the cash income from this crop.

We are very near the rapidly growing city of Washington. We have Baltimore and Annapolis on our eastern side, and within our area we have a number of Federal bases and establishments, all of which have grown rather rapidly in recent years. These have had an important impact on the tobacco industry and are fundamental factors in our need for legislation of the type that you are now considering.

I think our position in this legislation was best expressed by the statement of Mr. Horace Godfrey yesterday morning. We need and favor both long-term lease and outright sale of allotments. We also favor this being made possible without regard to county lines. In two of our counties, Prince Georges and Anne Arundel, encroachment of the cities is taking extensive amounts of the tobacco land out of production. What is more important is that the nearness of these cities and the Federal bases and installations is taking much of the labor that formerly was available on tobacco farms and has materially changed the position of the northern portion of our area and the production of tobacco.

We have at the present time a surplus of tobacco. We have a situation in which we have voted out in 2 consecutive years by a small margin our tobacco program. We had a substantial majority of those voting, voting in favor of it but enough voting against it to vote it out.

Now, a very important factor in that unfavorable vote was the inflexibility of our quota program and the inability to get our tobacco on farms that had the labor and could do it. Unfortunately we do not start selling our tobacco crop until the following April and by that time we have to vote a second time. We vote a second time before we see the price results of the first vote.

At some recent meetings and a lot of discussions we have every reasonable expectation of voting a program in this third vote, but one important aspect of that is the flexibility of our quota program and that is what we would like to bring before you today.

We have many areas in our belt that can get the labor and can grow more tobacco than they are now growing. We have other areas that are growing less. Not only do we have the problem of orderly elimination of our tobacco surplus, but we have a much greater problem in the long run of maintaining our production on a basis that we can keep the interest in our tobacco, both domestic and export, and that we can keep people coming to Maryland to buy our tobacco.

Our problem is a long-range one, and we think that the type of legislation recommended by Mr. Godfrey will very substantially assist us in solving those problems. We request very respectfully and urge that Maryland be included in any legislation that you formulate and get enacted liberalizing conditions with regard to the transfer of marketing allotments and we ask that Maryland be included in the most liberal terms that you include in your bill.

We appreciate this opportunity of appearing before you.

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

Dr. Marshall, did you want to add anything to what he had to say?

Dr. MARSHALL. Mr. Chairman, I appreciate the opportunity to come and I would like to reinforce Mr. Smith's testimony. I realize that in comparison to some of the letters you have indicated that you received, that the request for permitting transfers across county lines is different from some of the other testimony, but it must be recog-

nized that the unique location and economy of this area would encourage that flexibility in particular.

Mr. ABBITT. We appreciate very much the testimony of each of you gentlemen. There may be some questions. I might just point out that the tobacco legislation is on a little different footing as far as most of it is concerned than any other legislation. We have heretofore practically always been unanimous before we go forward with any legislation and I think that is vitally important because as you know, we have many people in various parts of life who are not too friendly, nor too anxious for the tobacco industry to succeed, and for that reason I think we have to be very careful in how we proceed with legislation.

But, I gather from you that you would like to be in on any legislation dealing with leasing or sale, transfer of tobacco allotments. As I understand it, Maryland is not now in the leasing program. Even if you vote in a program, you are still not included?

Mr. SMITH. We are under the present leasing terms with all of their limitations.

Mr. ABBITT. Any questions?

Mr. WAMPLER. Mr. Smith, as I recall, the Maryland-type tobacco is unique or peculiar in the sense that it requires 15 to 18 months to complete the growing and marketing cycle, is that not correct?

Mr. SMITH. That is correct, sir.

Mr. WAMPLER. By growers referendum, you are not in the tobacco program.

Mr. SMITH. We are not in the program.

Mr. WAMPLER. Do you feel that the uniqueness of the marketing and growing cycle might be the reason that you are not now in the program?

Mr. SMITH. Since the last market closed, the attitude has changed very substantially, I assure you.

Mr. WAMPLER. So you do believe that the growers should have the right to determine by referendum whether or not they should be in the program?

Mr. SMITH. Yes, sir.

Mr. WAMPLER. Thank you.

Mr. ABBITT. Any other questions?

Mr. STUBBLEFIELD. I would just like to welcome a hillbilly boy from eastern Kentucky.

Mr. SMITH. I got up here on tobacco, Mr. Stubblefield, and I got away from it for a few years, but I got back to it as soon as I could.

Mr. WAMPLER. I thought there was something outstanding about him.

Mr. SMITH. I might remind the chairman that I have been substantially speaking for the Maryland tobacco industry and tobacco matters since many years ago when we voted out a program and we tried to get back in before voting and the House committee reported out a very fine bill for us but some of the other people that were not on that committee really crucified us on the floor of the House. I will never forget that. I am sure he will not either.

Mr. ABBITT. Thank you very much. Appreciate your coming. Always glad to have you.

Mr. SMITH. Thank you.

Mr. ABBITT. I will just go down this list. It looks like we are well represented as far as North Carolina is concerned here today, Mr. Jones, and you may want to introduce Mr. Russell of the North

Carolina Farm Bureau Federation. Do you have some others here with you?

Mr. RUSSELL. Not officially. There are others here, but not officially.

Mr. ABBITT. Mighty pleased to have you here. Appreciate your taking the time and trouble to come and give us the benefit of your views.

STATEMENT OF CHARLES E. RUSSELL, NORTH CAROLINA FARM BUREAU FEDERATION

Mr. RUSSELL. Mr. Chairman, members of the committee, we appreciate very deeply this opportunity to appear. I am Charles Russell with the Farm Bureau. I express Mr. Mangum's regrets.

Mr. ABBITT. We missed him. We looked forward to having him here.

Mr. RUSSELL. He said to send you and the rest of the committee members his best regards.

In April of this year, the board of directors of the North Carolina Farm Bureau discussed the matter of selling Flue-cured tobacco allotments and after careful consideration, took a position in opposition to the selling of tobacco allotments. We do, however, support provisions for long term lease arrangements for tobacco and believe it would be a much better solution to the problems pointed up by those who wish to use selling allotments as the solution to these problems.

Three years ago, Flue-cured tobacco farmers voted to make the first major change in the tobacco marketing program in many years, going from a strictly acreage program to an acreage-poundage program. This new program has worked extremely well and just last month, by an overwhelming vote of 96.5 percent, tobacco farmers voted to continue this program for another 3 years. With this type of support, we do not believe it would be wise to make another major change this early, and certainly not, without going back to the tobacco farmers and giving them an opportunity to vote on such a major change as this.

Until farmers are given an opportunity to vote on a change such as this, later on, I might add, we believe that it would be in the best interest of the tobacco producers to just have long term lease arrangements.

As all of us well know, we have historically contended that the tobacco allotments always go with the farm and are not separate. When acreage allotments were first started, they were based on the individual farm production and have continued so until the present acreage-poundage program, and even that is based primarily on the individual farm's past production history.

In our opinion, if tobacco allotments were put up for sale, the first few allotments sold would bring a good price and after that, the value of allotments would drop considerably, as well as the value of the farms with allotments.

Even though several of the proposals primarily call for the sale of allotments only within county lines, pressure would build in a very short period of time to sell allotments across county lines and then across State lines, and it is important that we realize that many of the people who are now supporting the sale of allotments within county lines are strictly opposed to the sale across county and State lines.

Therefore, Mr. Chairman and members of the subcommittee, we would hope that after your careful consideration on this matter, you

would, in your wisdom, see fit to take no action on selling allotments but would recommend provisions for long-term lease arrangements.

Thank you.

Mr. ABBITT. Thank you very much, Mr. Russell, for that statement. Again, we want to express our appreciation for you coming here today.

Mr. Wampler?

Mr. WAMPLER. Mr. Russell, do you consider 5 years as being a reasonable long-term lease?

Mr. RUSSELL. This is the most often mentioned and as far as the board of directors is concerned, this would work fine.

Mr. ABBITT. Mr. McMillan?

Mr. McMILLAN. I have no questions.

Mr. STUBBLEFIELD. No questions.

Mr. ABBITT. Mr. Jones?

Mr. JONES. I want to commend the gentleman for a very fine statement and welcome him to the committee and the fine organization he represents. I send my personal regards to Mr. Mangum, your president.

Has your organization taken a stand with regard to leasing, as to leasing across county lines, perhaps to the adjoining counties?

Mr. RUSSELL. Mr. Jones, at the meeting at which this was discussed, it was primarily talked in terms within county lines. However, there was no specific position taken on this. In other words, I think they would be glad to give consideration to contiguous county lines.

Mr. JONES. You lease within counties now?

Mr. Russell. Right, but I was talking about the long-term lease, up to probably a 5-year lease.

Mr. JONES. Thank you.

Mr. RUSSELL. Thank you, Mr. Chairman.

Mr. ABBITT. We have Mr. Jimmy C. Greene of Clarkton, N.C. Mr. Greene, do you have someone with you?

Mr. W. D. Linkshaw, Lumberton, N.C.

Mr. W. F. Marshall, Danbury, N.C. Anybody with you, Mr. Marshall?

Mr. MARSHALL. I thought there was going to be someone with me, but I do not see them.

Mr. ABBITT. That is all right. I just thought we would invite them up here with you. We are indeed pleased to have you here. We want to hear from you now.

STATEMENT OF W. F. MARSHALL, DANBURY, N.C.

Mr. MARSHALL. Mr. Chairman, gentlemen of the committee, we appreciate the opportunity of expressing some views on this bill or this proposed legislation. My name is William Marshall. I am from Stokes County. I live in Warren Cove rather than Danbury. I am cochairman of the Old Belt Tobacco Farmers. We are having quite a fight on the opening of the market. It seems like we are losing, too.

Anyway, I do not, and I do not think the majority of the people in our county, want to sell allotments. We certainly would not go along—we certainly would not want to sell it outside of the county.

Mr. ABBITT. Which is your county, just for the record?

Mr. MARSHALL. Stokes County. We certainly would not want to sell it outside of the county. And I am afraid if we let down the bar, the first top rail, the fence will be torn down and it will go all to pieces.

We think a lot of our tobacco program. This leasing business just about takes care of that this whole bill is trying to do, and we talk about long-term leases. I think 3 years would be ample in leasing, calling it a long-term leasing of tobacco.

We certainly hope that you will not promiscuously allow us to sell tobacco acreage across county lines just anywhere. As the last resort and reluctantly we would go along with selling tobacco within the county, tobacco acreage within the county, but not outside the county.

Mr. ABBITT. But, you would prefer as I understand it, not to have any sales.

Mr. MARSHALL. That is exactly right. I have come to that conclusion and I think the majority of our people in the county, and we think a 3-year lease would be long term.

Mr. ABBITT. That is mighty nice to have your statement and I appreciate it.

Mr. Wampler?

Mr. WAMPLER. No questions.

Mr. McMILLAN. No questions.

Mr. JONES. One question.

Mr. Marshall, would you have any objections to leasing across county lines?

Mr. MARSHALL. We do.

Mr. JONES. For a 3-year period?

Mr. MARSHALL. We do.

Mr. JONES. Adjoining counties?

Mr. MARSHALL. We do not think they should be leased across county lines.

Mr. JONES. On what do you base that?

Mr. MARSHALL. Well, you have got to maintain or try to maintain your economy in your county, and we think that this tobacco should be grown in the county that it is allotted to and not moved out. If you move it out, you are doing by leasing outside the county just about what you are going to do if you sell it. We need it in the county for economic purposes.

Mr. ABBITT. Thank you very much.

Mr. MARSHALL. Thank you, gentlemen.

Mr. ABBITT. Mr. Bill Moxley.

Mr. Whitford Hill, Pink Hill, N.C. Come around, Mr. Hill. We will be glad to hear you at this time.

Mr. ABBITT. Mr. Jones?

Mr. JONES. Mr. Chairman, Mr. Hill is a citizen of Lenoir County, N.C., former county commissioner and district commissioner. And I am delighted and happy to welcome him here before this committee.

STATEMENT OF WHITFORD HILL OF PINK HILL, N.C.

Mr. HILL. Thank you. I appreciate the opportunity, Mr. Chairman and members of the committee. I am just a tobacco farmer as of now. I live in Lenoir County, Pink Hill. I do favor a long-term lease within a county and adjoining counties. I see it on a 5-year basis.

I think a sale of allotments within a county has some merit based on certain conditions. If industry should come in to purchase land, I think some consideration should be given with the sale of tobacco within the county or a farm with a small lot, one-half acre or there-

abouts, some consideration should be given with opportunity to sell maybe within the county.

As I say, I have no prepared statement, but I am highly in favor of an opportunity to lease from adjoining counties.

Mr. ABBITT. Well, that is mighty nice of you to come here and give us this information pertaining to your views. I gather from what you are saying that if a man is going to lose part of his farm for industry that you would think maybe it would be proper for him to sell his allotment within the county?

Mr. HILL. Right.

Mr. ABBITT. Or if eminent domain took over?

Mr. HILL. Right.

Mr. ABBITT. But, so far as the chairman is concerned, regular average allotments you would oppose.

Mr. HILL. Right.

Mr. ABBITT. Any questions?

Mr. HILL. In my particular county, in my particular area, we feel very, very strong about our tobacco program. In fact, it is our economic salvation actually. We feel very strong about the success of it and we are grateful for it and hope a continuation can be as successful as the history of it in the past.

Mr. ABBITT. Mr. McMillan.

Mr. McMILLAN. No questions.

Mr. JONES. No questions.

Mr. ABBITT. Thank you very much. Nice of you to come up here.

Mr. Charles R. Reeves, Garland, N.C. And you have someone with you, Mr. Reeves?

Mr. REEVES. I have Mr. John Lrkamy, Mr. Chairman, who is Southeastern U.S. area director of the association that I represent this morning.

Mr. ABBITT. Be glad to have both of you.

STATEMENT OF CHARLES R. REEVES, PRESIDENT, NORTH CAROLINA ASSOCIATION OF FARMER ELECTED COMMITTEEMEN; ACCOMPANIED BY MR. JOHN LRKAMY, SOUTHEASTERN U.S. AREA DIRECTOR OF THE ASSOCIATION

Mr. REEVES. My name is Charles R. Reeves, Garland, N.C., Sampson County. I am a tobacco farmer and also president of the North Carolina Association of Farmer Elected Committeemen for whom I appear today.

The North Carolina Association of Farmer Elected Committeemen is a newly chartered organization in North Carolina with over 2,200 members. The membership is made up entirely of farmers elected to serve as community and county ASC committeemen; and has a potential of 10,000 members.

On August 7, 1967, the executive committee, which represents all the counties in North Carolina, met to discuss and make recommendations to the House Subcommittee on pending tobacco legislation.

The following recommendations were made:

I. That subsection (a) of section 318 of the Agricultural Adjustment Act of 1938 be amended as follows:

a. To permit the owner and operator of any farm for which a Flue-cured acreage-poundage quota is established under this act to

sell or lease all or any part or the right to all or any part of such allotment or quota to any other owner or operator of a farm within the same county for transfer to such farm.

b. That the owner of a farm be permitted to transfer all or any part of such allotment or quota to any other farm owned or controlled by him within the same county.

These recommendations are made with the following reservations:

1. Maintain the family-size farm. However, we all recognize that the family-size farm is growing larger in order to maintain desirable income and at same time purchase needed equipment.

2. Prevent the possibility of speculation.

a. No owner or operator be permitted to purchase more than 25,000 pounds of quota within a 3-year period.

b. No owner or operator be permitted to sell any amount of quota within a 3-year period from date of purchase beginning with the 1968 crop.

c. That the county ASC committee approve and consider market value to their satisfaction that the sale is fair and equitable.

II. We recommend that the owner or operator of any farm be permitted to sell within the county any portion of his poundage quota during any one marketing season.

III. We recommend that a transfer of allotments or quota for both burley and Flue-cured tobacco by lease be made to a farm in another county if this county is contiguous to the county from which the transfer is made.

IV. We recommend that lease and transfer be made for such term of years, not to exceed 3, as the parties thereto agree, pursuant to present regulations governing leases under the 1-year provision.

V. We recommend and endorse the proposal previously recommended by the North Carolina Grange that the Agricultural Act of 1938, as amended, provide for the sale of pooled allotments by the owner to any farmowner in any county within the State in which they are pooled.

Mr. Chairman and members of this committee, I appreciate the opportunity of appearing before you representing the North Carolina Association of Farmer Elected Committeemen.

Mr. ABBITT. Mr. Reeves, I appreciate very much your giving us these suggestions. I will assure you that the committee is going to consider them very carefully. Did you want to add something to Mr. Reeves' statement?

Mr. LRKAMY. No, sir, Mr. Chairman. I just came as a farmer and representative of this organization to wholeheartedly back up my friend's testimony.

Mr. ABBITT. Any questions?

Mr. JONES. I have one question, Mr. Reeves. I want to direct your attention to page 2, item 2, recommendation of your organization. You recommend that the owner or operator of any farm be permitted to sell within the county any portion of his poundage quota during any one marketing season. Do I take it the recommendation is for a temporary sale for that 1 year only?

Mr. REEVES. For that 1 year's quota.

Mr. JONES. You are further to infer perhaps this is being done to legalize that which is now being illegally done in some sections?

Mr. REEVES. To some extent.

Mr. JONES. Thank you, sir.

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

Mr. REEVES. Thank you.

Mr. ABBITT. I feel the county committeemen and community committeemen are doing a splendid job, certainly in North Carolina, Virginia, and other places.

Mr. REEVES. Appreciate that.

Mr. ABBITT. Mr. Robert Pierce, Farmville, N.C.

STATEMENT OF ROBERT PIERCE, OF FARMVILLE, N.C.

Mr. ABBITT. Mr. Pierce, we are glad to have you here and appreciate your coming.

Mr. JONES. Mr. Chairman, I would like to have the privilege of introducing my fellow townsman from Farmville, N.C., an outstanding young gentleman who served on our county board of education in the most trying times of history and is a leading farmer and very civic minded Christian young gentleman.

Mr. ABBITT. Mr. Pierce, I will say this, you have a very efficient and able Congressman up here and he is doing a good job.

Mr. PIERCE. Thank you, Mr. Abbitt. I may hold it against Congressman Jones for appointing me to the county board of education. We have our problems.

Mr. Chairman, gentlemen of the committee, my name is Robert Pierce. I am a resident, of course, as you know, of Farmville, N.C., a town lying in Pitt County—the largest tobacco-producing county in the United States—a county which alone produces one-half as much tobacco as the entire State of Georgia and twice as much as the State of Florida. So you see, gentlemen, I live in the heart of the Flue-cured industry. I am a tobacco farmer, whose sole income is derived from the production of tobacco.

I realize that some of the bills you are receiving testimony on today are bills dealing with other types of tobacco. I have no objections to provisions that relate to burley, Dark-fired, and Virginia Sun-cured tobacco, but I do object strenuously to some of the provisions which relate to Flue-cured tobacco. However, let me hasten to add that I support the principle of the selling and leasing of tobacco allotments but object to the manner in which some of these bills would allow it to be done.

What I say to you this morning reflects not only my personal feelings but also, I believe, the thinking of the majority of tobacco farmers in our area. May I substantiate this statement by saying that for the past 2 years I have served as chairman of an agricultural committee for a six-county area, 2 years prior to this as chairman of its tobacco subcommittee, and recently as president of the first tobacco growers trade fair ever held in this country—to which tens of thousands of growers from all over the Flue-cured area attended. In these positions I have and do confer frequently with the tobacco leaders and growers of our area.

The farmers of our area I believe are in favor of (1) a bill permitting the sale of tobacco within the county—but not for a provision which would permit its sale across county lines, (2) a bill which would permit the lease and transfer of tobacco from adjacent counties, (3) a bill which would allow the leasing of tobacco for more than a 1-year term,

and (4) a bill which would permit a grower to buy or lease tobacco in excess of the present restriction of 5 acres.

Now, why would we look with favor upon a sale of tobacco allotments within the county rather than across county lines at this time? A number of things could happen if sales of tobacco across county lines were permitted. No. 1, tobacco would tend to concentrate in specific areas with the resulting depreciation in farm values not only in the areas from which it left but also in the areas to which it came. To illustrate this—in my county of Pitt, farm valuations are normally based on its tobacco acreage. If suddenly the market was glutted with cheap allotments from other areas, our investment overnight would be worth considerably less. Your farm today which was worth \$50,000 might be worth only \$30,000 tomorrow. Gentlemen, this is a primary consideration. Many of us have worked long and hard all of our lives. Many of us have property which was left to us by our parents and if suddenly allotments glutted the market, cheap allotments, then what we worked for so long and so hard would be worth considerably less. Consequently, we could suffer a tremendous financial loss if this were permitted. In the counties from which the tobacco left they, too, could suffer financially in tax revenue because of the resulting depreciation in farm real estate values as a result of the loss of valuable tobacco acreage. No. 2, the tobacco industry has historically attempted to buy a percentage of tobacco in each belt. If sales of allotments moved from one or more belts into others this could conceivably alter the blends they would like to have in their finished product. Therefore, I believe that industry itself would look with disfavor upon a bill that would permit the sale and lease of tobacco acreage anywhere within the Flue-cured area.

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

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

A bill which would allow the leasing of tobacco for more than a 1-year term and with no 5-acre restriction would allow the lessor to make long-range plans for either a change in occupation or a change in his farm operation and would allow the lessee to make the necessary investment required in equipment, buildings, et cetera, to justify an expanded efficient operation.

Gentlemen, a bill with these four provisions is urgently needed and needed now.

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

Mr. ABBITT. Thank you very much for that statement. It shows that you have given considerable thought and time to your views Mr. Wampler?

Mr. WAMPLER. I have no questions.

Mr. ABBITT. Mr. McMillan?

Mr. McMILLAN. I want to congratulate the gentleman on his fine statement.

Mr. PIERCE. Thank you, sir.

Mr. ABBITT. Mr. Stubblefield?

Mr. STUBBLEFIELD. I hear a lot about mechanization and I would like to ask Mr. Pierce, how much does the machinery cost to mechanize the average size farm?

Mr. PIERCE. Mr. Stubblefield, we are still in the experimental stage. In fact, coming up here yesterday afternoon, I came to a sudden stop around the Scotland Neck area. I saw four tobacco combines in one field.

Now, these are experimental units. They are trying to work the bugs out. That is a machine which looks much like a cornsnapper that husks the tobacco leaves off the stalk. There are two concerns now working on this that I know of, Eagle Time Machine Co. out of Canada and Harrington Manufacturing Co. out of Lewiston, N.C. The one I saw was the one that Roanoke Manufacturing Co. has. It looks promising.

This machine would be able to harvest, it seems to me, once the bugs are worked out, somewhere around 7 or 8 acres of tobacco a day, which will give you—this one machine would then be able to harvest approximately 40 acres of tobacco a week.

In answer to your question, the machine would sell for, as I understand it, somewhere around \$7,500 or \$8,000. However, to convert over to mechanization as some think, you would have to perhaps go to bulk cured barns which would run you somewhere around a \$1,000 an acre. However, as I point out in my statement, as yet we do not know the final direction and I am hoping that the machine of Eagle Time Machine Co. out of Canada which would be a machine which will harvest and mechanically aline will permit us to use a conventional looping machine in our barns.

Mr. McMILLAN. Will this machine crop the tobacco?

Mr. PIERCE. Oh, yes. This machine does crop tobacco.

Mr. McMILLAN. How can the machine tell when the tobacco is ripe?

Mr. PIERCE. A person sits in front of the machine and he has a lever with which he lowers the machine hydraulically up and down and as the machine goes through the field, you move up and down according to the ripeness of the tobacco.

Now, let me say this, it does not do as good a job as hand labor but it would do, I hope, an effective job.

Mr. McMILLAN. I do not understand how it could possibly.

Mr. JONES. Mr. Chairman, I want to compliment the gentleman on a very comprehensive statement. It certainly shows a great deal of sound thinking in my opinion, and I appreciate his coming here today, and I would further like to observe for the record, that these machines are manufactured in the First Congressional District of North Carolina.

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

Mr. PIERCE. Thank you.

Mr. ABBITT. Mr. W. F. Tyson, Stokes, N.C., Mr. Bryan Whorton, Merritt, N.C., Mr. Silverthorne, Merritt, N.C. Mr. Robert McAllister. Is this Mr. McAllister?

STATEMENT OF ROBERT McALLISTER OF REIDSVILLE, N.C.

Mr. ABBITT. Appreciate your coming, we will be glad to hear you at this time.

Mr. McALLISTER. I appreciate the opportunity to come before the committee.

I am Robert McAllister, a Flue-cured tobacco farmer of Rockingham County, N.C., owner and operator of a farm with 13.43 acres of allotment. My only other occupation is supervisor of sales for the Federal Crop Insurance Corp. of Rockingham County.

I am in favor of bill 10671, which provides for the sale of Flue-cured tobacco allotments. In my opinion this bill will be acceptable to our farmers if the following restrictions are included:

1. Sales of allotment be permitted only between farms located in the same county.
2. Not permit any farmer purchasing allotment to sell any within a period of 5 years.
3. A maximum of 25,000 pounds for any one farm to purchase, not to exceed 50 percent of cropland.
4. Eligible farmers to purchase allotments should include only those farmers having a tobacco allotment.

I would like to emphasize the necessity of restricting the sales of tobacco allotments within the county. If sales were not restricted and purchased by farmers in other counties it would have a drastic effect on the economy of our county. Rockingham County has an allotment of 11,054.27 acres, one of the largest in the Piedmont area. Our gross income from tobacco is approximately \$11,700,000 annually. It is important that we maintain this tobacco income, first to our farmers, then to our merchants and other industries.

Sales of allotments within the county will be beneficial to those farmers that want to farm that have been forced to seek nonfarm employment. These producers are unable to mechanize due to small acreages and small margin of profit.

To give you an idea of the number of small tobacco allotment farms—we have 148 farms with allotments of 0.01 to 0.50 acres, 239 with allotments of 0.51 to 1.00 acres, 242 with allotments of 1.01 to 1.50 acres, 295 with 1.51 to 2.00 acres, 343 with allotments of 2.01 to 2.50 acres, and 349 with allotments of 2.51 to 3.00 acres. This is a total of 1,616 farms with allotments of 3.00 acres or less.

Resales of allotments should be prohibited within a 5-year period. This would eliminate buying allotments for speculation.

Lease and transfer of allotments. I am in favor of lease and transfer of Flue-cured tobacco across county lines. In some instances, farmers do not desire to sell their allotments for security reasons. Farmers have experienced some difficulty in leasing their allotments to other farmers due to being located in the adjacent county. And I might add, some farmers in our area have farms in both counties.

In my opinion this bill, including the four restrictions relative to sale of tobacco that I have mentioned, would be acceptable and beneficial to Rockingham County and adjoining counties.

Thank you, Mr. Chairman.

Mr. ABBITT. Thank you very much for your very informative statement, Mr. McAllister. We do want to thank you for coming.

Mr. Wampler?

Mr. WAMPLER. No questions.

Mr. ABBITT. Mr. McMillan?

Mr. McMILLAN. No questions.

Mr. ABBITT. Mr. Stubblefield?

Mr. Jones?

Mr. JONES. Mr. McAllister, under the recent reapportionment, in whose district do you reside?

Mr. McALLISTER. Well, under the new one, Mr. Chairman, I am in the sixth instead of the fifth.

Mr. JONES. Mr. Kornegay's.

Mr. McALLISTER. Mr. Kornegay's.

Mr. JONES. You now have him. Who did you have?

Mr. McALLISTER. Nick.

Mr. JONES. That is what I thought.

Mr. ABBITT. Mr. Pritchett? Glad to have you here at this time.

STATEMENT OF BACHE PRITCHETT OF REIDSVILLE, N.C.

Mr. PRITCHETT. Thank you, sir.

Mr. Chairman, members of the committee, I am R. B. Pritchett of Rockingham County, N.C. I am a grower of approximately 30 acres of Flue-cured tobacco. I favor House bill 10671 by Representative Jones, allowing the sale of tobacco allotments within counties. This will permit the consolidation of the acreage into units large enough to support the increase in mechanization that is becoming essential due to the critical shortage of farm labor. In my case, it will allow for more efficient use of available land and water supply.

The average allotment in Rockingham County in 1966 was 3.74 acres. There were 2,952 farms with allotments in this county. Many of the allotments are too small to be grown by the landowners and impractical to be leased by other operators and planted on the allotted farm. This bill would allow these owners to dispose of their allotments to their neighbors and the counties would not be deprived of the tobacco income.

The provision of the bill to allow leasing of allotments across county lines will be beneficial to the tobacco program. In counties adjoining Rockingham, many owners have had difficulty in leasing their quota to others within their county due to industrial development, urbanization, and lack of available farm labor. This would allow these landowners to lease their quota at good prices and have advantage of the income derived from the lease.

I am a director of Graham Production Credit Association. We serve an area which is made up of nine tobacco growing counties. The total tobacco allotment in the area is 53,478 acres with a base poundage of 90 million pounds. The income from this tobacco is expected to be \$52 million.

In the association we are serving 2,500 farmers with \$14 million in credit, the bulk of which is scheduled to be repaid from the sale of tobacco. It is important to our organization that allotments stay within the county involved or within the association's territory. It is also necessary to the economy of the section that all allotments be planted.

The provision in this bill for extended leasing will be very helpful to the grower and lender in budgeting needed credit for capital and operating purposes.

House bill 11883 is a good bill and I favor it strongly.

I thank you very much, gentlemen.

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

Mr. Wampler?

Mr. WAMPLER. No questions.

Mr. ABBITT. Mr. McMillan?

Mr. McMillan. No questions.

Mr. ABBITT. Mr. Stubblefield?

Mr. STUBBLEFIELD. You say you had a 30-acre base, Mr. Pritchett?

Mr. PRITCHETT. Sir, it is less than 20 acres actual base but I, too, am leasing some.

Mr. ABBITT. Anyone else present that would like to be heard this morning?

Mr. EDWARDS. Mr. Chairman, A. C. Edwards of Hookerton, N.C.

Mr. JONES. Mr. Chairman, may I interrupt to introduce Mr. Edwards. He is not a constituent but he might be in an adjoining county. He is a friend of mine that I served with many years ago in the general assembly and I know of no man in North Carolina that has done more for the farm program without compensation than Mr. Edwards. I am happy to welcome him here. I assure you that his interest is sincere and what he has to say deserves our listening to.

Mr. ABBITT. Glad to hear you and appreciate your coming.

STATEMENT OF A. C. EDWARDS OF HOOKERTON, N.C.

Mr. EDWARDS. Mr. Chairman, I am A. C. Edwards, president of the Greene County Farm Bureau, and our organization has had not one but two or three meetings about sales of allotments. Greene County is adjoining the great county of Pitt, on which was so eloquently given us a historical record just a few moments ago by Mr. Robert Pierce. In the meetings which we have held in Greene County we had a countywide meeting of tobacco growers to ascertain the sentiment of sales of allotments and there was not a dissenting vote in the countywide meeting in favor of sales of allotments. We were 100 percent opposed to sale of allotments. Our board of directors of the Farm Bureau has met recently and we still hold to the same position. We are opposed to the sale of allotments.

Mr. Chairman, I have been here many times. I have found as has been mentioned earlier when we had unanimity we worked well together for tobacco programs. We maintained ourselves together.

We at that time—only until then were we able to keep this program as we have been able to keep it.

I sat here yesterday and today, and I have heard the various presentations, and I am definitely of the opinion that this is no time to change to sales of allotments, hearing the pros and cons. I do believe we still need to have unanimity as we have had it in the past. We have many strikes against us with the tobacco as we all well know. We have enemies trying to destroy our programs, and we as growers, all the growers in this room believe and have expressed opinions that we must maintain a sound tobacco program.

We do favor longer time leases within our county. I favor longer time lease. But at the present time, until mechanization is well worked out, until more unanimity presents itself, I urge you, Mr. Chairman and members of the committee, let us consider only long time leasing.

Thank you, Mr. Chairman.

Mr. ABBITT. Mr. Edwards, we appreciate very much your being here and giving us the benefit of your views which are held in high regard by all the members of this committee.

You mentioned about the leasing. The main term I have heard referred to has been 5 years. Now, today there was mentioned something about 3 years would probably be long enough. What is your opinion about the timing?

Mr. EDWARDS. I do not think it would be unwise probably to go to five. We vote on the 3-year program, and so it might pay to hold it to a 3-year program for the time being until we look into this thing further, put it to a 3-year period and as we work this out, if we see it works well, we might consider 5 years at a later date.

Mr. ABBITT. Do you see any necessity for limiting the amount that one landowner should lease?

Mr. EDWARDS. Yes. I do not believe that we ought to open this thing wide open for expanded leasing. We are going to make up our minds whether we are still going to be family-size farms or whether we are going into commercial production. We are still preaching and talking about family-size farms and to maintain family-size farms, if you take the lid off of the size of leasing of acres, we could easily go into commercial farms almost around the clock immediately.

Mr. ABBITT. Let me ask Mr. Claude Turner while you keep your seat, Claude, what was the limit we put on the leasing in the bill we passed this year?

Mr. TURNER. I think you removed—when you amended the 1-year lease, I think you removed the 5-acre limitation and that there was—the only limitation that was imposed was 50 percent of the cropland. On dark-fired and Virginia suncured, it was 10 acres and not to exceed 50 percent of the cropland.

Mr. EDWARDS. I think that 10-acre deal sounds right good.

Mr. ABBITT. I assumed you would be in favor.

Mr. EDWARDS. Not over 50 percent of the cropland, definitely; yes, sir.

Mr. ABBITT. Mr. Wampler?

Mr. WAMPLER. No questions.

Mr. McMILLAN. No questions.

Mr. STUBBLEFIELD. No questions.

Mr. JONES. No questions.

Mr. ABBITT. Thank you very much.

Anybody else here who would like to have something further to say? If not, the House is now in session and we will adjourn. Appreciate all your attending.

I see Jack Spain here. Jack, anything you would like to add?

Mr. SPAIN. No, sir. I am just listening.

Mr. ABBITT. We know of your great interest and your Senator's great interest in this program. We did not want to skip over you.

(Whereupon, at 11:10 a.m., the hearing was recessed, to reconvene at 11:45 a.m. this day.)

(The subcommittee reconvened at 11:45 a.m.)

Mr. JONES of North Carolina (presiding). The subcommittee will come to order.

We recognize at this time Mr. Bryan Whorton, Route 1, Merritt, N.C.

We will be glad to hear from you now.

STATEMENT OF BRYAN WHORTON, ROUTE 1, MERRITT, N.C.

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

It is with a great deal of pleasure that I appear before you today on behalf of the tobacco bill.

I appear in a dual capacity, one as a county commissioner and one as a private tobacco grower.

The sale of tobacco acreage across county lines concerns the economy of our county. Our county consists, I would like to say, of approximately 9,000 people, as Congressman Jones knows, with a great number of them farming tobacco—200 engaged in producing tobacco.

We are concerned with the effect upon our economy in our county caused by the sale of tobacco acreage across county lines.

As farmers, we are not in the top tobacco belt. Therefore, we would be competing with the top-notch tobacco belt for price. We feel that we could compete with leased tobacco acreage, but not in the sale of acreage.

Therefore, I urge you, Congressmen, to vote against the sale of tobacco.

Mr. JONES of North Carolina. Are there any questions?

Mr. WAMPLER?

Mr. WAMPLER. You are a tobacco grower, yourself, are you not?

Mr. WHORTON. Yes, sir.

Mr. WAMPLER. How large an allotment do you have?

Mr. WHORTON. I have a 2-acre allotment.

Mr. WAMPLER. Are you leasing tobacco acreage?

Mr. WHORTON. Yes, sir, I lease 20 acres.

Mr. WAMPLER. What is the general feeling among the growers in your area? Do they favor the leasing bill and believe that it is workable?

Mr. WHORTON. They favor the leasing bill, yes, sir.

Mr. WAMPLER. Generally, they oppose the sale of allotments?

Mr. WHORTON. They are opposed to the sale across county lines; very much so.

Mr. WAMPLER. Do you favor long-term leasing; that is to say, up to 5 years? Would you be in favor of that?

Mr. WHORTON. With a 5-year limitation, I would be in favor of that.

Mr. WAMPLER. Would you also favor putting into the law a restriction that in no event may you lease more than 50 percent of the cropland? That is the transfer would not exceed 50 percent of the cropland?

Mr. WHORTON. I think that I would favor that.

Mr. WAMPLER. Do you feel that leasing should be confined to within a county?

Mr. WHORTON. The short-term leasing, I think, would not affect the economy of our county. Speaking now as a county commissioner.

Also, I think that it would be bearable to the farmer to permit the leasing, but not long-term leasing—with a limitation of 5 years.

Mr. WAMPLER. Thank you very much.

That is all, Mr. Chairman.

Mr. JONES of North Carolina. Any questions, Mr. Stubblefield?

Mr. STUBBLEFIELD. I have no questions.

Mr. JONES of North Carolina. It is not quite clear from some of your answers as to whether you favor leasing across county lines.

Mr. WHORTON. I would have no objection to leasing across county lines, but as to the sale, yes—leasing, that is as long as it is not long-term leasing—I mean a limitation of 5 years.

Mr. JONES of North Carolina. You feel that it would be all right to lease for a limited period of time?

Mr. WHORTON. I think that it would be helpful, yes, sir.

Mr. JONES of North Carolina. We thank you very much for your appearance here.

Mr. WHORTON. Thank you.

Mr. JONES of North Carolina. Our next witness will be Mr. J. C. Silverthorne of Route 1, Merritt, N.C.

We will be glad to hear from you now.

STATEMENT OF J. C. SILVERTHORNE, ROUTE 1, MERRITT, N.C.

Mr. SILVERTHORNE. Thank you, Congressman Jones, and the other Congressmen present.

I would like to testify as a private grower, just personally.

I am wholeheartedly in favor of Congressman Jones' bill, to sell tobacco within the county and to just lease it across county lines.

We find down there that we have several small farmers who are rather not farmers—actually, they have little allotments and they are leasing, and they would really be willing to sell to their neighbor to help him out, but they would not want to have it go out of the county; they want to retain that allotment within the county. However, it is no good to them. It would help somebody else, because in my circumstance: I have 12 to 13 acres of tobacco allotment. I do not have enough land to justify going into the grain business. I have to make a decision there, and, as you are all very well aware, the cost of living keeps going up for you as well as it does for the tobacco farmers, and it is just a necessity that we have this additional allotment, if these people do not want these allotments.

It is also very essential that we retain this allotment within the county. Although the allotments overall in the county are small, it still has its place in our economy. We have very little industry there, and we just do not have anything else to compensate for it.

May I say, again, that a lot of our county people go to industry, private industries, outside of the county, and, as Congressman Jones

knows, they have this tobacco allotment. They paid a big price for it. It is no good to them. They would rather not be hung with it.

And if this bill that he has introduced were to pass, I feel that in North Carolina—and I am speaking of North Carolina as a whole—it would help the whole tobacco industry to keep it within the county, that is, the sale of the tobacco allotment within the county, because like it is set up now, there are marketing facilities that are there; there are a lot of jobs which it gives to these people and they pay good salaries at the time that this tobacco is being processed. And if this thing were to get out of hand, I feel like it would really hurt in these areas where it is so much needed for the economy of the area.

Again, I would like to thank you for the opportunity to appear before you today.

I would like very much to say that I wholeheartedly—not only myself, but every farmer that I have heard talk within the area, traveling the whole Tobacco Belt—just about everyone you hear from—we all are in favor of Mr. Jones' bill.

Thank you.

Mr. JONES of North Carolina. Are there any questions?

Mr. WAMPLER?

Mr. WAMPLER. Mr. Silverthorne, I assume that the majority of the farmers in your area favor acreage-poundage allotments, as indicated in the last referendum?

Mr. SILVERTHORNE. Yes, sir.

Mr. WAMPLER. What was the vote in your area?

Mr. SILVERTHORNE. I think, in the whole county, there were either two or four who voted against it in the whole county—maybe a man and his wife, no doubt—in the whole county, who voted against it.

Mr. WAMPLER. In other words, you might say the vote was almost unanimous for it?

Mr. SILVERTHORNE. Yes, that was out of over 300 votes.

Mr. WAMPLER. As I recall the figure, it was around 98 percent in favor of it.

Mr. SILVERTHORNE. Yes, sir.

Mr. WAMPLER. As I recall it, it was about 97 percent in favor of the program across the entire belt.

Mr. SILVERTHORNE. Yes.

Mr. WAMPLER. This subcommittee, I am sure, is interested in helping the small tobacco farmer.

Do you feel that the bill our friend, Mr. Jones, has introduced would present the small farmer any difficulty?

Mr. SILVERTHORNE. I think the bill would be a great asset to the tobacco program in North Carolina, yes.

Mr. WAMPLER. We appreciate your coming here, and we are glad to have heard you.

Mr. SILVERTHORNE. Thank you, sir.

Mr. JONES of North Carolina. Mr. Stubblefield?

Mr. STUBBLEFIELD. Are you opposed to the sale across county lines?

Mr. SILVERTHORNE. Yes, sir.

Mr. STUBBLEFIELD. But you would permit leasing it across county lines?

Mr. SILVERTHORNE. Just for a short time. I would not want to get into anything that would disrupt the county commissioner's tax structure or the economy of the county. I would not want to go along with anything like that, that would do that.

Mr. STUBBLEFIELD. Thank you.

Mr. JONES of North Carolina. Any questions, Mr. McMillan?

Mr. McMILLAN. As I understand it, you oppose selling the tobacco allotments across the county lines?

I presume the reason you oppose such is on account of affecting the economy of the county where the tobacco allotment is located; is it not?

Mr. SILVERTHORNE. Yes, sir.

Mr. McMILLAN. Do you think that we should place a limit on the number of acres to be sold or transferred? Should it be 2 or 3 acres, or should we have a larger amount as a limitation?

Mr. SILVERTHORNE. Are you talking about the amount that could be sold within the county?

Mr. McMILLAN. Yes. In my district we have a lot of people who have small allotments of tobacco. They can get only a 1-year lease, and we have a lot of people at the same time who find it impossible to get labor to do the fieldwork at certain times. Those are the type of people that I want to help. I would not like to see people sell large allotments. It would ruin the county's economy.

Mr. SILVERTHORNE. Well, I do not think you are going to find too many people of 5 acres and above who would really be interested in selling their allotment. But what I think you would find would be that most of these people, for instance, in our locality—we have some grain farmers down there who have 500 to 1,000 acres of grain and maybe have an acre and a half or 2 acres of tobacco allotment. Actually, it is in the way. They would just as soon that their neighbor had the tobacco allotment, but at the same time they do not want to see it go out of the county.

I am afraid that if this thing were turned loose that the Agriculture Committee might be tabbed with just being an overnight agency for somebody to get rich, and then there would be several left holding the bag.

Mr. McMILLAN. That is the reason you are opposed to selling or leasing across county lines so that one farmer might accumulate all of the acreage, and they would ruin the economy of that individual county if they did that?

Mr. SILVERTHORNE. The way I see it, just personally—from a personal standpoint—I would not necessarily see the need of limiting any acreage within the county, because your economy would remain in the county, that is, the sale of it; but, now, I would not go along with selling it across county lines to start with; but putting a limitation on the acreage, the sale of the acreage within the county, as to that I have a little mixed emotions.

Mr. McMILLAN. Selling across county lines is what I was talking about.

Mr. SILVERTHORNE. I would not want to sell across the county lines.

Mr. JONES of North Carolina. I want to thank you two gentlemen for coming all the way from North Carolina here today.

And also I want to thank the subcommittee members for coming back off the floor, where we have a very busy calendar, for this additional testimony.

Would you care to be heard?

Mr. I. L. WHORTON. There are a few things that I would like to say.

Mr. JONES of North Carolina. We would be glad to hear from you now.

This is Mr. I. L. Whorton.

STATEMENT OF I. L. WHORTON, MERRITT, N.C.

Mr. WHORTON. Mr. Chairman and members of the subcommittee, I would like to ask if my testimony, as a member and employee of the county committee, would in any way jeopardize or impair the testimony?

Mr. JONES of North Carolina. Are you a tobacco farmer?

Mr. WHORTON. I am directly; yes, sir. I am.

It is with a great deal of pride that I brought both of these gentlemen here. Mr. Whorton and I, I must admit, are about 19th cousins or the like; there is no real close connection.

I contacted recently several agencies, including the county commissioners, our committee on organization, our county committee and community committee as to their feelings on the lease and sale of tobacco allotments. The thing which makes me proudest is that out of a great number of these men, including Mr. Whorton here, two other members of our five commissioners, some of our county committee, some of our Farm Bureau members, they have small allotments, and it would certainly be to their interest to sell to a farmer in Pitt, Lenoir, or Greene County for \$5,000 or \$6,000 an acre. That was not the attitude that they immediately took. They looked at the economy of the county; they looked at the future of the tobacco industry in North Carolina; they looked at the future of agriculture in general, and, as I said before, that is what makes me real proud to represent these gentlemen.

Harnett County is a small county with 350 growers. Approximately 150 lease and 200 grow. It would be incorrect to say that there are not some who would want to sell, some small farmers, some nontechnically called farmers, city farmers so to speak; they would love to sell their tobacco allotment. There are a few that have more than 10 to 20 acres that would like to sell to farmers in Pitt County. Again, if that were to happen, I think that you would have a serious repercussion in agriculture in general.

First, I believe that one of the gentlemen mentioned the marketing situation. I think it would completely disrupt that.

Again, it would throw a vast number of tenants and small farmers out of jobs. You would have a growing tendency for a flow of farm people to your large cities, and then I think that this sort of thing adds to our race problem.

I believe that you actually say that 90 percent of the counties really oppose the lease and sale across county lines.

In all fairness to small farmers in the area, it would be an asset to them, to lease their tobacco allotment. I think that they should be allowed to lease on a limited basis to farmers in Craven and Beaufort which happen to be the only two adjoining counties. They would be able to get \$50 or \$75 more per acre for their tobacco allotment. That would be in competition with our farmers, but I think that it would be a fair thing for them.

So, maybe, if we restrict it to the few surrounding counties, I think that our farmers would support that.

I would be for the sale if it were restricted to the county, but in no circumstances can I find any serious minded person who thinks that it would be an asset to the county and to the farmers for the outright sale across county lines.

I certainly appreciate your giving me an opportunity to say a few words to you here today.

I thank you.

Mr. JONES of North Carolina. Are there any questions?

Mr. Stubblefield?

Mr. STUBBLEFIELD. At the present time, you do not have a leasing authority for Flue-cured tobacco?

Mr. WHORTON. Within the county, yes; sir, lease and transfer within the county on a 1-year basis.

Mr. STUBBLEFIELD. On a 1-year basis?

Mr. WHORTON. Yes, sir. It has worked beautifully.

We have around 350 farmers. About 200, I believe one gentleman stated, actually engage in growing tobacco. I do not believe that there were 10 or 15 farmers in the county this year who did not. They, all of them, leased except this small number.

Mr. STUBBLEFIELD. Is there any complaint about the 1-year limitation on leasing? Would they like to have a longer period?

Mr. WHORTON. I would think so; yes, sir.

I certainly would think they would like a longer period of leasing.

Mr. STUBBLEFIELD. Because of planting purposes and the like?

Mr. WHORTON. Yes, sir; from the bank right on down it would help.

Mr. STUBBLEFIELD. What would be your thinking as to increasing the lease period to 5 years for each county; would that help with your problem?

Mr. WHORTON. I think it would certainly help, yes, sir. I think it would certainly help.

Mr. STUBBLEFIELD. That is all. Thank you.

Mr. JONES of North Carolina. Again, we thank you gentlemen for coming before us.

I have here a statement of R. Winslow Bone, a tobacco grower of Nash County, N.C., and a statement from W. D. Linkhaw, Lumberton, N.C., which, without objection, I will place in the record at this point.

(The statement referred to follows:)

STATEMENT OF R. WINSLOW BONE, TOBACCO GROWER, NASH COUNTY, N.C.

Mr. Chairman and members of the Committee, I am R. Winslow Bone, a tobacco farmer. My farm is located in Nash County, five miles from Nashville, North Carolina.

I believe that the members of this committee are interested in having the views of individual tobacco farmers; that is why I have prepared this statement.

I believe that the long term lease and the sale of Flue-cured tobacco allotments and quotas offers opportunity to all tobacco farmers. Farmers with small allotments are finding it more difficult each year to handle their tobacco. Many of these people are already finding employment in off-the-farm jobs. The sale of Flue-cured allotments would provide an excellent opportunity for these growers.

Farmers who wish to continue growing tobacco are also experiencing many problems. Labor problems are becoming more difficult each year, investments are increasing, and profit margins becoming narrower each year. If these growers were provided the opportunity to purchase additional allotments, their operations could be expanded to more effectively face these problems.

As mechanization edges nearer to reality, the investment of the tobacco farmer will greatly increase. If the farmer could be permitted to purchase additional allot-

ments without having to purchase the entire farm, he would then be able to more effectively use his existing facilities and to receive more efficient use of the expensive mechanization equipment.

I believe that the sale of allotments should be restricted to the sale within states. I can see no real benefit to expanding this sale outside the state lines. This would cause too much of a rapid change; however, there would be definite benefits to allowing the sale to take place within an entire state.

I sincerely hope that this committee will see fit to seek legislation which would provide this opportunity for all tobacco growers. This action would benefit the entire tobacco economy.

STATEMENT OF W. D. LINKHAW, LUMBERTON, N.C.

Mr. Chairman and members of the committee, my name is W. D. Linkhaw from Lumberton, Robeson County, North Carolina.

On August 1, 1967, Mr. W. C. Williford, the Robeson County Farm Agent, held a meeting pertaining to the sale, leasing and transfer of flue cured tobacco allotments. The meeting was attended by:

Managers of the farm departments of the three banks in this area.

Tobacco warehousemen and cotton ginner.

Merchants dealing in farm supplies

Small and large farmers.

Township and County ASC Committeemen.

These men represented a good cross section of farmers throughout Robeson County.

The summation of the thinking of these men was obtained both orally and in ballot form, and was as follows:

1. For—sale of tobacco allotments within county lines not to exceed one half ($\frac{1}{2}$) cleared acreage of receiving farm
2. For—leasing of tobacco allotments within county lines from three (3) to five (5) years rather than present one (1) year
3. For—removal of present five (5) acre lease limitation
4. For—limiting resale of transferred allotments to not less than three (3) to five (5) years.

Mr. JONES of North Carolina. If there is nothing further, the subcommittee stands adjourned.

(Whereupon, at 12:10 p.m., the subcommittee adjourned.)

