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BURLEY TOBACCO ACREAGE ALLOTMENTS

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BEFORE THE

SUBCOMMITTEE ON AGRICULTURAL PRODUCTION,
MARKETING, AND STABILIZATION OF PRICES

OF THE

COMMITTEE ON
AGRICULTURE AND FORESTRY

UNITED STATES SENATE

NINETY-FIRST CONGRESS

SECOND SESSION

ON

H.R. 18686

A BILL TO AUTHORIZE THE LEASE AND TRANSFER OF
BURLEY TOBACCO ACREAGE ALLOTMENTS

DECEMBER 8, 1970

Printed for the use of the Committee on Agriculture and Forestry

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BURLEY TOBACCO ACREAGE ALLOTMENTS

TUESDAY, DECEMBER 8, 1970

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

The committee met, pursuant to call, at 10:35 a.m. in room 324, Old Senate Office Building, the Honorable B. Everett Jordan of North Carolina presiding.

Present: Senator Jordan of North Carolina.

Also present: Senator Cooper, and Representatives William C. Wampler, Roy A. Taylor, Frank A. Stubblefield, and Tim Lee Carter. Senator JORDAN. The subcommittee will come to order, please.

The subcommittee is holding hearings today on H.R. 18686. This bill would authorize the lease and transfer of burley tobacco acreage allotments.

There will be inserted in the record at this point a copy of the bill and a copy of the staff explanation of it.

(H.R. 18686 and staff explanation are as follows:)

[H. R. 18686, 91st Cong., sec. sess.]

AN ACT To authorize the lease and transfer of burley tobacco acreage allotments

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 316(a) of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out in the first sentence the language "burley,"

SEC. 2. Section 316(e) of such Act is further amended by inserting the words "burley tobacco or" just before the words "cigar-filler tobacco".

SEC. 3. Public Law 528, Eighty-second Congress, approved July 12, 1952, as amended by Public Law 21, Eighty-fourth Congress, approved March 21, 1955 (7 U.S.C. 1315), is amended by adding between the first and second sentences thereof a new sentence as follows: "Notwithstanding the first sentence hereof, if all or any part of a farm allotment to which the provisions of this Act apply is leased and transferred to another farm pursuant to section 316 of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1314b), the amount of acreage allotment transferred to the farm to which leased for each year of the lease will be determined by multiplying the part of the allotment transferred by the percentage which (i) the acreage allotment for the transferring farm computed without application of the minimum provisions of this Act is of (ii) the allotment determined for such farm after application of the minimum provisions of the Act for each such year."

Passed the House of Representatives September 21, 1970.

Attest:

W. PAT JENNINGS,
Clerk.

SENATE COMMITTEE ON AGRICULTURE AND FORESTRY

STAFF EXPLANATION OF H.R. 18686 (SUBCOMMITTEE NO. 3)

Short explanation

This bill would authorize the lease of burley tobacco acreage allotments, the amount leased to any farm not to exceed 10 acres. For any year in which the allotment of the lessee farm would be reduced, but for the minimum allotment provisions, the amount received by the lessee farm would be reduced to reflect such reduction as shown in the Analysis and Illustrations prepared by the Committee Staff and the Department of Agriculture and hereinafter set out.

Departmental recommendation

Department of Agriculture recommends enactment.

Suggested amendments

In its report to the House, the Department of Agriculture recommended the following amendments, which were not adopted by the House:

- (1) Extend lease authority to cigar-binder, types 54 and 55.
- (2) Authorize sale of all kinds of tobacco.
- (3) Authorize lease and sale across county lines in same State.
- (4) Limit leases to a maximum of 3 years rather than 5 years.

Objections in file

Senator Cooper and Senator Cook have asked to be notified of any proposed action. Senator Cooper has suggested hearings and Senator Cook advises that the tobacco representatives in Kentucky are opposed.

Cost

Enactment would not require additional funds.

Analysis and illustrations

This bill makes applicable to burley tobacco the provisions of section 316 of the Agricultural Adjustment Act of 1938, as amended, under which farm acreage allotments and marketing quotas for flue-cured, Maryland, cigar-binder (types 51-53) and cigar-filler (types 41-44) tobacco may be leased and transferred to other farms in the same county, if the Secretary determines such transfers will not impair the effective operation of the tobacco marketing quota or price support program.

Section 3 of the bill makes the minimum allotment provisions which apply only to burley tobacco inapplicable to that part of an allotment which is under lease. Present legislation provides that the farm acreage allotment for burley tobacco for any year shall not be less than the smallest of (1) the allotment established for the farm for the immediately preceding year, (2) five-tenths of an acre or (3) 10 per centum of the cropland.

The examples shown below illustrate the application of section 3 of the bill. It is believed that a lease of a portion of a minimum allotment would be unusual.

Circumstance 1: Year in which acreage allotments are reduced 10%. Farm A had previous year allotment of .50 acres which was fully planted. The acreage allotment computed without application of the minimum provisions is .45 acre. The allotment determined after application of the minimum provisions is .50 acre.

Example 1: Farm A leases entire allotment to farm B:

Results of lease: (1) Farm A receives history credit as having planted

$$.50 \text{ acre. (2) Farm B receives } .45 \text{ acre } \left(\frac{.45}{.50} \times .50 \right)$$

Example 2: Farm A leases .30 acre to farm B:

Results of lease: (1) Farm A receives history credit as having planted .30 acre. Farm A retains an allotment of .20 acre, and receives additional history credit of .20 acre if he plants it. (2) Farm B receives .27 acre

$$\left(\frac{.45}{.50} \times .30 \right)$$

Circumstance 2: Year in which acreage allotments are the same as previous year. Farm A had previous year allotment of .50 acre which was fully planted. The acreage allotment computed without application of the minimum provisions is .50 acre. The allotment determined for such farm after application of the minimum provisions is .50 acre.

Example 3: Farm A leases entire allotment to farm B:

Results of lease: (1) Farm A receives history credit as having planted .50 acre of allotment. (2) Farm B receives .50 acre $\left(\frac{.50}{.50} \times .50\right)$

Example 4: Farm A leases .30 acre to farm B:

Results of lease: (1) Farm A receives history credit as having planted .30 acre of allotment. (2) Farm B receives .30 acre $\left(\frac{.50}{.50} \times .30\right)$

Circumstance 3: Farm A with an allotment of .55 acre for the previous year leases .30 acre to Farm B.

Example 5: For first year of lease allotments are reduced 10 percent below previous year. The acreage allotment computed without application of the minimum provisions is .495 acre¹ (.55-.055). The allotment determined after application of the minimum provisions is .50 acre.

Results of lease: (1) Farm A's remaining allotment is .20 acre. Farm A receives history credit of .30 acre (plus .20 acre if he plants his remaining

allotment). (2) Farm B receives .297 acre $\left(\frac{.495}{.50} \times .30\right)$

Example 6: For second year of lease, allotments are reduced 10 percent below those for first year. The acreage allotment computed without application of the minimum provisions is .45 acre (.50-.05). The allotment determined after application of the minimum provisions is .50 acre.

Results of lease: (1) Farm A's remaining allotment is .20 acre. Farm A receives history credit of .30 acre (plus .20 acre if he plants his remaining

allotment). (2) Farm B receives .27 acre $\left(\frac{.45}{.50} \times .30\right)$

Example 7: For third year of lease, allotments remain at level established for second year. The acreage allotment computed without application of the minimum provision is .50 acre. The allotment determined after application of the minimum provision is .50 acre.

Results of lease: (1) Farm A's remaining allotment is .20 acre. Farm A receives history credit of .30 acre (plus .20 acre if he plants his remaining

allotment). (2) Farm B receives .30 acre $\left(\frac{.50}{.50} \times .30\right)$

NOTE: The productivity adjustment provided in §316(c) will be applied additionally to any acreage received by Farm B in above examples. In these examples, the amount of allotment transferred to the lessee farm is determined as provided in section 3 of the bill by multiplying the part of the allotment transferred (.50 or .30 acre) by the percentage which (i) the acreage allotment for the transferring farm computed without application of the minimum provisions (i.e. .45 acre in circumstance 1 and example 6, .495 in example 5, and .50 in circumstance 2 and example 7) is of (ii) the allotment determined for such farm after application of the minimum provisions (i.e. .50 acre). The amount of allotment remaining on the lessor farm is determined by subtracting the part of the allotment transferred (.50 or .30) from the allotment computed for such farm. Adjustments are not progressive, the final leased allotment being (1) decreased on the lessee farm in years when the reduction in allotments is greater than the reduction for the preceding year of the lease and (2) increased on the lessee farm in years when the reduction is less than that for the preceding year of the lease.

Senator JORDAN. Senator Cooper, we are delighted to have you with us this morning. We would be glad to hear you and anybody that you want to represent you or to introduce at the hearings this morning. And you may proceed as you wish, sir.

¹ The Department of Agriculture would round all allotments to not more than 2 decimal places, but this was not considered necessary for the purpose of illustration.

**STATEMENT OF HON. JOHN SHERMAN COOPER, A U.S. SENATOR
FROM THE STATE OF KENTUCKY**

Senator COOPER. Thank you very much, Mr. Chairman.

I am very glad to be with you again and back in this room.

Senator JORDAN. Senator Cooper used to be a member of this committee and he moved away. And we miss him a great deal. He was a very valuable member.

Senator COOPER. I enjoyed my 5 or 6 years here.

Mr. Chairman, I know that this hearing was called to consider H.R. 18686, a bill passed by the House of Representatives earlier this year, which would authorize the leasing of burley acreage allotments, introduced and sponsored by Congressman Wampler of Virginia, whom I believe is here today, and also by Congressman Taylor of your home State of North Carolina, and Mr. Chairman, others.

I had written Senator Ellender, the chairman of the committee on August 28 and again on October 15, pointing out that some Kentucky farm groups have raised questions about leasing burley allotments, particularly at a time when there are problems of overproduction. I asked that no action be taken on the proposal without a hearing. In 1962, you may recall since we were on the committee together, I offered an amendment, which was accepted by the committee and became law, excepting burley tobacco from the tobacco leasing authority, because I was concerned at that time that leasing might result in a concentration of allotments in the hands of a few large growers.

I want to say that I oppose this bill now. And I would like to tell you why I do oppose it.

Our burley tobacco program is in serious difficulty. That should be known by the committee, and by our growers in all of the burley tobacco growing States.

And I believe that unless modifications are made to keep the program sound at a time of declining use, burley growers could lose their tobacco program.

I think action should be taken quickly. And this is the time to start. It is already very late.

I hope we are not imposing on you, Mr. Chairman, I know you came to hold hearings on a relatively simple bill.

Senator JORDAN. This committee is chaired by Senator Holland from Florida. He was tied up and could not come, and I felt the importance of this bill justified the hearing being held, so I volunteered to hold these hearings. And I do think it is an important bill and should be acted on one way or the other this year if we can.

Senator COOPER. I must say that I have taken advantage of this hearing as have others who are interested in the burley tobacco program, to bring to the committee information about the immediate problems facing the burley tobacco program, and any recommendations which those who are most experienced will be able to bring to us with respect to the future of the burley tobacco program. I hope representatives of the Department of Agriculture who are here will give an appraisal of the current situation.

While I would oppose the passage of the leasing bill at this time, I would not oppose leasing as a necessary part of a plan to modify the burley tobacco program so that it will be kept sound. Under those circumstances, leasing might very well be considered. I think it important to look at the whole burley tobacco program at this time. Nothing

should be done about leasing until we have a chance to see what modifications must be made in the whole production control program.

I remember, Senator Jordan, when the acreage-poundage bill was before the committee in 1965.

Senator JORDAN. That was my bill.

Senator COOPER. That was your bill. I was serving on the committee at the same time and we worked on it together. Later, in 1966 and 1967, I believe it was, acreage-poundage was submitted in referendum to burley growers. While a large percentage of the burley growers in Kentucky voted for acreage-poundage as I recall something like 70 percent, it did not achieve the required two-thirds majority vote overall, in all States.

I am not going to take much time, because there are other people here who would like to testify. But I would like to ask if you have any objection to my outlining the general problems of the burley tobacco program?

Senator JORDAN. No, indeed, Senator. We are always glad to get all the information we can get. As you know, it is the policy of Senator Holland, the chairman, to take all the testimony we can get and get all sides of it.

Senator COOPER. I have a statement that I will put in the record, because I prefer that the representatives of the growers who are here, and the Department of Agriculture, testify. My statement presents the basic problem. I am sure you will understand it, because you had a somewhat similar situation to deal with as to Flue-cured tobacco.

Under the law, if you recall, at least with burley stock, if the total supply of burley is more than 2.8 times annual use, then the law calls for a cut in allotments. We were able to keep this program pretty well under control until about 1960. Burley tobacco yields at that time averaged 1,620 pounds per acre. In 1963 burley yields first reached a ton per acre, and they have continued to increase, reaching an alltime high of 2,488 pounds per acre last year. The Department estimates that a new record of 2,525 pounds per acre is in prospect for this year. This has been accomplished, as you know, by the use of fertilizers, irrigation, and other practices to increase yield.

So we are caught in this spiral, with each grower compelled to compete with every other grower in order to maintain his share of the market. And no matter what the acreage cuts are, with increased yields production goes up and there must be continued cuts.

During this last marketing year ending September 30, domestic use of burley tobacco totaled 507 million pounds, down 9 million pounds from the previous year, and 27 million pounds below the level prevailing 2 years earlier.

This decline in domestic usage occurred despite an increase in cigarette production, the principal use for burley tobacco. Because of technological developments permitting further utilization of the entire leaf, the increased proportion of filter-tip cigarettes, and the increased use of imported oriental tobacco, less U.S. grown tobacco is required today to make any given number of cigarettes.

I have been informed that the total supply of burley tobacco for the current marketing year, 1,896 million pounds, is sufficient to meet our domestic and export demand for $3\frac{1}{10}$ years, at the level of domestic use and export prevailing last year. This is a supply of more than the

2 $\frac{8}{10}$ years' duration permitted before acreage cuts are ordered under existing law.

I am sure the Department has not made a final judgment, but I have been informed that they will probably have to cut burley acreage by at least 25 percent, and some have suggested a figure higher than that. If this happens, of course, the reduction will be borne by a smaller number of growers, because of the minimum acreage provision in the burley law which prevents cuts in allotments of one-half acre and less.

I think our situation is critical. I think that our farmers ought to know it. Many of them do know it, but some may not. I believe the leadership of the farmers in my State and other burley States, including the Farm Bureau representatives, other farm groups, the cooperatives, the warehouse and dealer groups, know that we have to take some steps.

The Secretary of Agriculture must make his proclamation of the national marketing quota for burley tobacco, including any acreage cut, before February 1. So we have very little time. I know these problems cannot be resolved at this hearing in connection with the proposed leasing bill. But I felt that the time has come that we should present the problem, and start a program of education and information in our tobacco-growing States.

Last year when I returned to Washington at the beginning of the session of the Congress, I went to the Department of Agriculture, first with a man named Bailey Guard—I think you know him—and later with representatives of Kentucky farm and gravel groups.

Senator JORDAN. I know him.

Senator COOPER. We went down to see Secretary Hardin to find out what the prospects of the cut were. He told us that there was going to be a cut. And I told him about the problems that our program had.

The Secretary said he could not avoid a cut in 1970, under existing law. But he encouraged the burley representatives to go to work to develop alternatives and we promised to do that. We come here rather late, because it was necessary for tobacco growers in all the burley tobacco States to consult, to confer with each other, and to develop a plan which all could support or accept.

Primarily, we have asked for this hearing to get these facts on the record, so that if there is agreement among growers, and all groups and States are properly informed, perhaps a bill with the program adjustments and modification needed could be introduced at the beginning of the next Congress. We hope that that could be done. It may also be necessary to secure, perhaps by joint resolution, a postponement of the burley quota proclamation date, in order to provide time to enact a bill which would preserve our burley tobacco price-support program.

I am going to stop now. But, Senator Jordan, I know you recall that you and I worked on tobacco problems for several years, representing the burley growers and also the Flue-cured tobacco growers. We both know something about this program. The first 2 years I was here, when the farm bill was before Congress, I introduced an amendment, which was joined in by Senator Barkley, which secured the 90 percent price support for all tobacco. And that has been maintained since that time.

You and I introduced the amendment under President Eisenhower's administration to further stabilize the 90 percent price support. And you and I have gone to the Common Market several times to try to assure that our tobacco exports were treated fairly by the Common Market members, and also that our own representatives there put up a good fight for it.

Senator JORDAN. Incidentally, Senator Cooper, I remember very well when we were in Dijon, France, I think, and we went to Brussels and met with them on Saturday, and we got the whole problem settled for years.

I went before the Common Market again this year in Brussels in October, I think it was, to plead with them not to hurt our tobacco market, which includes burley and all tobacco. I hope I did some good, because our exports have such a bearing on our tobacco industry that it is terribly important that we do not have any cuts in the Common Market. And we are trying very hard to see that they do not do it.

Your statement will be carried in its entirety.

(The prepared statement of Senator Cooper is as follows:)

It is generally agreed that our production adjustment and price support programs for tobacco have worked well over the years. Prices received by tobacco growers have been favorable. Supplies have been maintained reasonably well in line with demand. Costs to the Government have been held to a minimum.

Farmers receive annually about \$1.3 billion from the sale of tobacco. This represents about 7 percent of the cash receipts from all U.S. crops. The cost that the Government has sustained in operating the price support program for tobacco from 1933 through fiscal 1970 has been only one-fourth of one percent of the cost of all farm commodity price support operations.

Indeed this is an outstanding record of which our tobacco farmers are justifiably proud. However, in the case of burley tobacco, which is grown in Kentucky and Tennessee and the surrounding states, excessive supplies have accumulated because of substantial increases in per acre yields, and a downturn in domestic usage.

During the five years, 1956-60, burley tobacco yields averaged 1,620 pounds per acre. In 1963, burley yields first reached a ton per acre, and they have continued to increase—reaching an all time high of 2,488 pounds per acre last year. The Department of Agriculture estimates that a new record of 2,523 pounds per acre is in prospect for this year.

Under existing law, increases in per acre yields require reductions in acreage allotments in order to prevent over-production and investment of Federal funds in surplus taken under loans. When acreage allotments are reduced, farmers use more fertilizer, plant their tobacco closer together, and use other practices to increase their yields. Thus, we are caught up in a never ending spiral—with each grower compelled to compete with every other grower in order to maintain his share of the market. Research indicates that further increases in per acre yield are obtainable.

In recognition of this problem, the Congress enacted legislation in 1965 which provided for farm quotas in both acres and pounds—the acreage-poundage program. This program has now been in effect for flue-cured tobacco for six years. It has worked well. Supplies of flue-cured tobacco have been reduced by 17 percent. Exports have increased. Quality has improved, resulting in higher prices to growers. In a referendum held last July, 98.4 percent of the growers voting favored continuation of the acreage-poundage program on flue-cure tobacco for the 1971, 1972 and 1973 crops.

The Secretary of Agriculture has, on two occasions, offered burley growers the acreage-poundage program. In each instance, Kentucky growers approved the acreage-poundage program by more than the two-thirds majority the law requires to make acreage-poundage effective. However, growers in some other states did not favor the change in the program. On a national basis, the majority of burley growers favored the change, but the majority was less than the required two-thirds. As a result, the acreage allotment program has continued in effect for burley.

During the marketing year ending September 30, domestic use of burley tobacco totaled 507 million pounds—down 9 million pounds from the previous year—and 27 million pounds below the level prevailing two years earlier. This decline in domestic usage has occurred despite an increase in cigarette production—the principal use for burley tobacco. Because of (1) technological developments permitting fuller utilization of the entire leaf (2) increased proportion of filter tip cigarettes—and (3) increased use of imported oriental tobacco—less U.S. grown tobacco is required today to make any given number of cigarettes—than formerly.

The continued increase in per acre yields coupled with the decline in domestic usage has resulted in the buildup of a burdensome surplus of burley tobacco—a substantial quantity of which is held under Government loan. The total supply of burley tobacco for the current marketing year—that is, carryover plus estimated production—1,896 million pounds—is sufficient to meet our domestic and export demands for 3.4 years at the level of usage and export prevailing last year. It is the law, based upon experience, that a supply of no more than 2.8 years duration is desirable to permit proper aging of the leaf before it is manufactured into cigarettes.

In view of the excessive supplies, I am advised by officials of the Department of Agriculture that a substantial reduction of 25–40 percent in farm acreage allotments for 1971 would be required to bring supplies in line with demand—under the legislation governing the present acreage allotment program. Such a reduction could force many of our burley growers into bankruptcy or continuing farm losses—as there is no alternate crop to which they can turn to make up the loss in income. In view of this—it is likely that many growers will vote against the continuation of the marketing quota program for burley in the forthcoming referendum.

The Agricultural Act of 1949 provides that no price support shall be made available for any crop of tobacco for which growers have disapproved marketing quotas. If there are no production adjustment and price support programs on the 1971 crop of burley tobacco—I shudder to think what will happen—not only to our burley tobacco growers—but to the entire economy in the areas where burley tobacco is grown.

Mr. Chairman, many burley tobacco growers in Kentucky are seriously concerned. They realize that, even though the acreage allotment program has worked well in the past when the use of burley—both in this country and abroad—was on the increase. They realize also that with the ability of growers to obtain ever increasing per acre yields—and the downturn in usage—supplies will not be kept in line with demand on an acreage basis. The problem is further complicated by the fact that 60 percent of the burley allotments in the United States cannot be reduced under present legislation—regardless of how much per acre yields increase—or how much usage declines—in the years ahead.

I oppose the leasing of tobacco allotments, or their sale at this time. I believe that leasing or sale should be considered in connection with a full review of our burley tobacco program by growers, and by the Congress, in an effort to see if we can develop and agree upon any modification of the burley program that will keep it sound.

During my service in the Congress I have worked with other members to keep our burley tobacco program both sound and profitable. In my first service in the Senate, in 1947, I offered the amendment, joined by the late Senator Barkley, which established the 90% of parity support for burley and fixed levels of support for dark air cured and dark fire cured tobacco. In 1960, Senator Jordan and I secured the legislation which further strengthened burley support levels, and year after year I have worked with other Senators from tobacco states to defeat efforts made to abolish the tobacco program. Our position will become more precarious if over production continues and the investment of the Federal government in tobacco supplies increases.

I feel it my duty to bring the facts before the Committee on Agriculture and burley tobacco growers in my State.

Senator JORDAN. Senator Cooper, if you have anything further to put in the record we will be glad to receive it at this time.

Senator COOPER. I have an editorial from the Louisville Courier-Journal of November 23, 1970, on the burley tobacco program.

Senator JORDAN. We will accept that also for inclusion in the record.

Senator COOPER. Thank you, Senator.

(The editorial is as follows:)

[Excerpt from the Courier-Journal, Louisville, Ky., Nov. 23, 1970]

THE TOBACCO FARMER LOOKS REALISTICALLY AT HIS FUTURE

Kentucky and Tennessee growers of burley tobacco, or at least that proportion of them represented by the state Farm Bureaus, have at last come to serious consideration of their production problems. Conventions of both farm federations last week voted unanimously to replace the present acreage controls with poundage controls. Congress will now, in all probability, change existing law to allow the next annual referendum to be held on poundage controls.

The change is important for the future of tobacco growers in this area. For years they have voted for cuts in acreage, aimed at keeping production in line with consumption, only to undo their vote by producing more and more tobacco on less and less acreage. Quotas under the new system would be on pounds produced, and would thus contract or expand regardless of acreage.

The present situation is one at which Congress and the public can be expected to rebel before long. The government holds more than three years average supply of tobacco in its pool and the tobacco industry buys less and less every year, leaving an irreducible surplus. The moral ambiguity inherent in a government that warns of the dangers of smoking and that buys up more and more of the potential danger each year in order to keep the tobacco farmer in business is being spelt out plainly by more and more taxpayers. Self-regulation more drastic than any yet tried is the obvious answer for growers who can look beyond the next burley auction.

Along with the change in poundage controls, the Farm Bureau delegates approved another controversial change: the sale or leasing of tobacco bases, apart from the farms to which they belong. This has not previously been permitted; a farmer wishing to enlarge his base had to buy or lease the entire farm of which it was a part.

The new system ought to permit more flexibility in the growth and harvesting of an essentially labor-consuming crop. Very little mechanical help can be used on a half-acre base. But there are many pieces of equipment now available for the base of ten acres or more. A base of this size can be adequately irrigated at reasonable cost. The half-acre base, which provides a marginal living for thousands of small Kentucky and Tennessee farmers, is just not enough to provide a rewarding living or even a justification for farming.

Yet it is the half-acre man who until now has put up most opposition, both to combining bases and to poundage control. He, too, now sees the cloud over the future of all tobacco farming and, it is to be hoped, is casting a thoughtful eye at such of his neighbors who already have switched to peppers, cucumbers, tomatoes and other such crops with a guaranteed market and a reliable cash income.

Senator COOPER. Also a statement by Mr. Louis F. Ison, president of the Kentucky Farm Bureau Federation, which deals chiefly with the whole problem of the burley tobacco program.

Senator JORDAN. We will receive that for the record also.

(The statement is as follows:)

KENTUCKY FARM BUREAU FEDERATION,
Louisville, Ky., November 19, 1970.

Senator JOHN SHERMAN COOPER,
*Old Senate Office Building,
Washington, D.C.*

DEAR SENATOR COOPER: I am sure you are aware that burley tobacco producers are sincerely disturbed about conditions and problems relative to the tobacco industry. Because of the serious nature of this situation, many of us who have responsibility in leadership roles have met many times this year in an attempt to arrive at some solutions that may help the situation and assure us of the continuance of a sound tobacco program.

A number of meetings have been held involving representatives of the various tobacco organizations and special district and county meetings have been conducted in an attempt to arrive at sound and acceptable solutions to the problems.

We believe that much progress has been made and that for the first time there is a real possibility that a quantitative control program will be agreed on by burley producers throughout the burley belt.

At the business session of our annual meeting yesterday, the following policy was unanimously adopted:

To keep supply in line with demand, we recommend that the burley tobacco law be amended to permit growers to adopt by referendum a straight poundage control program and this be done in time to apply to the 1971 crop. The poundage program should include the following:

- (1) The "base" poundage quota for each farm be determined by historical data.
- (2) The present formula be used in determining national quota.
- (3) Permit leeway for a reasonable overproduction or underproduction to be carried over to the farm's quota for the following year.
- (4) Provide that all growers share proportionately in general quota adjustments.
- (5) Provide for lease and sale of quotas within counties if all growers are to share proportionately in future quota adjustments.

The newspapers have carried several articles on this proposal this week, and I believe that for the most part the stories have been fairly accurate. There have been unfortunate headlines which did not accurately describe the situation, particularly one that appeared in yesterday's Courier-Journal with which we most certainly disagree.

We know that you will give this proposal careful study, and we hope that you will feel free to get in touch with us if you have any questions concerning it. We plan to be in Washington within a short time at which time we hope to discuss further this matter with you.

Thank you for all your many favors.

Yours very truly,

LOUIS F. ISON, *President.*

(The article referred to is as follows:)

[Excerpt from the Courier-Journal, Louisville, Ky., Nov. 19, 1970.]

BURLEY PLAN ENDORSED BY TWO GROUPS

KENTUCKY, TENNESSEE FARM BUREAUS BACK POUNDAGE CONTROLS

(By Frank Ashley)

A new burley tobacco price support proposal that would place restrictions on pounds produced rather than on acres cultivated was endorsed without opposition yesterday by the Kentucky Farm Bureau Federation.

Voting delegates attending the final day of this year's state convention approved the program almost without comment and will now send it to Congress as a request for new burley production control legislation.

If adopted nationally, the poundage program will replace the present acreage allotment system that has controlled production in the 8-state burley tobacco belt since 1940.

State tobacco experts see the new measure as a partial answer to the continuing problem of over production under existing burley controls. The proposal would bring supply in line with demand, supporters explain, and might save an otherwise faltering federal price support system.

APPROVED BY TENNESSEE

A similar proposal was approved yesterday by the Tennessee Farm Bureau—a move that tobacco leaders feel will mean that Congress will be asked to allow a belt-wide referendum on the issue early next year.

Under federal law, burley growers must vote every three years in national referendums whether they want to keep the present price support program based on acreage or give up price supports entirely.

If Congress changes the law as requested by the Farm Bureau, a third year referendum planned for late February would offer the alternatives of a poundage control program or no program at all. The issue of acreage controls would be dead.

In the past, Kentucky burley farmers have supported a similar plan recommending acreage-poundage controls but in belt-wide referendums in 1966 and 1967 the proposal was defeated by Tennessee growers, most of whom have minimum acre allotments (a half-acre or less.)

Minimum allotments cannot be cut under present law when the U.S. Department of Agriculture adjusts production downward to fit the decreasing national

demands for burley. But under the new program, poundage quotas would be determined by a pounds-per-acreage based on 1970 acreage allotments and all farmers' quotas would be decreased proportionately in subsequent national reductions.

The only point of contention yesterday among Farm Bureau delegates voting on the program was a section allowing farmers to lease or sell additional poundage allotments within counties for up to five years. Four or five of the same 250 delegates questioned the sale or lease clause but the entire proposal was later approved unanimously.

The feature in question, a point Kentucky supporters hope will carry Tennessee growers, would permit a farmer to lease, buy or sell additional tobacco in order to increase his tobacco farming program and/or to meet 100 per cent of his quota in any particular year.

The sale or lease feature, according to William Balden, chairman of the state-wide committee that formulated the program, would permit a farmer to sell his production average to a farmer in the same county who might not have made his quota for that year.

The basic proposal permits a farmer to sell 10 per cent over his quota in a particular year with the understanding that a similar amount will be deducted from his crop the following year. Any part of his crop over that allotment plus 10 per cent could be sold or leased under the special feature or held for the next year's market.

Balden said the sale or lease feature is especially important in Tennessee where some small farmers have indicated that they would like to get out of the program entirely and others have indicated that they would like to increase their tobacco production.

Under the present law, a farmer may lease allotments only if he leases the entire farm on which there exists a tobacco base. The law does not permit him to sell or lease allotments alone or to buy or sell tobacco for marketing purposes.

Balden said some growers oppose the feature because it is entirely different from existing procedures. The difference with the new program, he said, is that total burley production will be controlled at the national level, with all the poundage allotments exactly meeting the national demand for burley as determined by the secretary of agriculture.

CAN'T EXCEED 3,500 POUNDS PER ACRE

When the farmer takes his tobacco to market under the new program, Balden said, he will show the warehouseman and government inspector a card certifying his poundage allotment.

"He can sell his allotted poundage plus 10 percent," Balden said, "And it will not matter where it comes from * * * there still won't be the old problem of over-production."

Under the bureau's burley proposal, each grower's poundage allotment would be determined by averaging the yield for the farm in the three highest yielding years for the five-year period 1965-69, provided that the yield so determined does not exceed 3,500 pounds per acre. If it does, the yield would be set at 3,500 pounds.

A "preliminary" poundage quota for a farmer would be the yield per acre times the 1970 acreage allotment for the farm.

Quotas for 1971 and subsequent years would then be adjusted to fit the national demand as determined by the secretary of agriculture.

Provisions for the establishment of new allotments, adjustments for inequities, adjustments for failure to produce tobacco, and the handling of allotments on land retired from agriculture would be retained as under the current acreage program.

HENDERSON BUREAU HONORED

Following yesterday's meeting, which ended the bureau's four-day convention at the Kentucky Hotel, Balden said that Kentucky supporters of the program would meet with tobacco interests in other burley states in an attempt to sell the program belt-wide. Supporters hope that Congress will consider legislation during the present lame duck session, thus permitting farmers to approve the program before the 1971 planting season.

In final business, the delegates reelected the top officers and named six new men to the board of directors yesterday.

The officers continuing at their posts are Louis F. Islon, of Harrodsburg, president; J. Robert Wade, of Franklin County, first vice president, and William Balden, of Danville, second vice-president.

The new directors, who join a 28-member board, are Garner Hancock, of Logan County; Stephen R. Hornbeck, of Shelby County; C. A. Wilson, of Scott County; Henry Catlett, of Grant County; David Alexander, of Henderson County, and Robert Lewis, of Bath County.

Earlier, the Henderson County Farm Bureau was recognized as the top county organization in the state for the fourth straight year, and the Clark County Farm Bureau newsletter, edited by Mrs. Robert Berryman, received an award for showing the most improvement in the past year.

Senator JORDAN. Did you have something else to put in, Senator Cooper?

Senator COOPER. No, thank you.

Senator JORDAN. And any other remarks you have we would be glad to hear them.

Senator COOPER. Just one other statement; we both know about this.

Because of the health problem which has been raised, our tobacco program has come under more and more pressure in the Congress and in the Senate. You and I have joined with other representatives of the tobacco States several times, and again only recently, earlier this year, to defeat efforts to abolish the tobacco price support program. I can remember at least four other times.

Senator JORDAN. That is about right.

Senator COOPER. I think that problem is going to become more and more difficult. The thing which would provide grounds for asking Congress to abolish the program would be stocks building up so high that they become an expensive burden upon the Federal Government in terms of investment. If that is allowed to happen, we will be up against it. That is beginning to happen now in our burley tobacco program. The stocks have built up to a high level.

I know there are others here who know a great deal about our burley tobacco program, representatives of growers, and people who deal with it all the time. But I do know what the program is, myself.

Senator JORDAN. You certainly do. And I appreciate your being with us here this morning. Thank you very much.

Senator Baker of Tennessee cannot be here this morning. And he asked that this statement be incorporated in the record.

(The statement is as follows:)

STATEMENT OF HON. HOWARD H. BAKER, JR., A U.S. SENATOR FROM THE
STATE OF TENNESSEE

Mr. Chairman, I am very glad that the Committee is today receiving testimony reviewing the current situation in the burley tobacco program, and looking toward the future of the burley program so that it may be kept on a sound basis. Earlier this year in the Senate, an amendment was offered to abolish the tobacco price support program. It was defeated but as Senator Cooper and I know, this was not the first such attempt and will not be the last.

I think tobacco growers know that they have been able to keep their tobacco price support program because over the years they have been willing to control production so the large surpluses of other crops have been avoided, and so the program operated without large losses.

While I have not been a member of the Senate Committee on Agriculture, and Senator Cooper and Senator Jordan, who is presiding today, have had longer experience with the tobacco program, I have talked with farmers and farm groups in Tennessee, and I understand that, in spite of good prices and active selling so far this year, the acreage program may be in considerable difficulty—especially in view of the recent decline in use. Certainly there will be serious problems if, following the 10% cut in allotments last year, a further and even larger cut must be ordered for the 1971 crop by the Secretary of Agriculture under the present law. I hope very much that these problems can be worked out and constructive recommendations made.

Burley growers have faced difficult problems, and I think they have the capacity to meet these realistically. I have confidence in our Tennessee farm leadership. I commend them for giving long thought and earnest attention to this problem, before a crisis actually occurs.

Senator JORDAN. A letter and resolution from the Tennessee Farm Bureau will also go in the record.

(The letter and resolution follow:)

COLUMBIA, TENN., December 7, 1970.

HON. B. EVERETT JORDAN,
Chairman, Subcommittee on Tobacco,
U.S. Senate, Washington, D.C.

DEAR SENATOR JORDAN: We should like to present the attached statement of policy position on tobacco for consideration of your Committee and to have it made a part of the record for your hearing on December 8, 1970.

Please note that part of the resolution recommending that provision for sale of allotments be included in any legislation authorizing leasing or rental of allotments.

Beyond this we would invite your careful study of other problems referred to in this policy statement.

We would respectfully request that consideration be given to broadening your consideration of tobacco legislation to include needed solutions to other problems as recommended in this statement.

Sincerely yours,

CLYDE M. YORK,
President, Tennessee Farm Bureau Federation.

RESOLUTION ON TOBACCO, ADOPTED BY VOTING DELEGATES TO 1970 ANNUAL CONVENTION, TENNESSEE FARM BUREAU FEDERATION, NASHVILLE, TENN., NOVEMBER 18, 1970

We are faced with a crisis in the burley tobacco program as a result of a downturn in consumption. It has looked good in the past because of constantly increasing consumption. Past acreage cuts have left approximately three-quarters of Tennessee growers with one-half acre or less. In these circumstances some revision or discontinuance of the program seems inevitable in the near future. Obviously many proposals will be offered for changes.

In our opinion, had past proposals for acreage-poundage been approved they would, in the manner offered, have aggravated rather than solved the problem. We do not see a permanent solution in any quantitative control device. However, if the alternative appears to be a clear choice between further sharp acreage cuts on the few remaining growers with allotments in excess of 0.5 acres on the one hand and a straight poundage program on the other, the latter would be preferable. If poundage is adopted, however, we would insist:

1. That the program be so constructed as to be fair to growers in our state who have not contributed as much in recent years to the tremendous increases in yields as have growers in other sections of the burley belt, by establishing base on a 5-year average yield period on an individual basis.
2. That it provide for all growers to share proportionately in future allotment increases and decreases—that is elimination of the minimum allotment; and,
3. That it contain provision for sale of allotments in any legislation which authorizes rental or leasing of allotments.

We would like very much to see any authorization for the sale of allotments include a provision whereby half of the acreage sold would go to the purchasing grower and half to the government for permanent retirement. We recognize that some or all of these possible changes will give only partial relief and can save the program only temporarily unless the trend in consumption is reversed. However, we are willing to accept them if offered and agreed upon by other state units of our organization, and if they are enacted into law with the above mentioned safeguards for Tennessee growers. We will vigorously resist any proposal to change referendum requirements which would permit program changes with less than two-thirds of the growers voting.

The upcoming ban of advertising of tobacco on radio and TV is, in our opinion, a very dangerous precedent. We are opposed to such efforts to ban advertising of any agricultural products or commodities.

Senator JORDAN. A letter from the U.S. Department of Agriculture addressed to Mr. York which Senator Baker would like to put in the record at this time comes next for inclusion in the record.

(The letter follows:)

U.S. DEPARTMENT OF AGRICULTURE,
AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE,
Washington, D.C., December 7, 1970.

Mr. CLYDE M. YORK,
President, Tennessee Farm Bureau Federation,
Columbia, Tenn.

DEAR MR. YORK: This acknowledges your letter of December 1, to the Secretary, in which you request a forthright statement of the prospect for acreage allotments for the 1971 crop of burley tobacco in the absence of any legislative changes in the present acreage allotment program.

The enclosed table shows the acreage, yield, production, carryover, supply and disappearance of burley tobacco during the past ten years. The enclosed statement is a brief analysis of supply and demand. There are some important changes from a year ago in the supply and demand outlook. Although the present total supply of 1,896 million pounds is slightly less than a year ago, it is larger in terms of duration, because of the decline in domestic usage. The legislation for determining the amount of the national marketing quota provides for adjusting the ten-year average (530 million pounds) for current trends in determining a normal year's domestic usage. The decline in domestic usage during the 1968-69 marketing year was not taken into account in computing the 1970 quota as it was felt that it did not necessarily represent a trend. However, with the further decline during the 1969-70 marketing year, the downward trend becomes more apparent and must be recognized.

Another significant change is due to increase in per acre yields. Legislation provides for converting the national marketing quota (pounds) into a national acreage allotment (acres) by using the national average yield for the preceding five years. The five-year average used in converting the 1970 quota was 2,330 pounds per acre. By dropping the 1965 yield of 2,116 pounds and including the 1970 yield of 2,523 pounds, the five-year average becomes 2,419 pounds per acre.

If the averages of the past ten years are used as normal years' domestic consumption and exports without any adjustments for trend, a reduction of 40 percent in burley allotments for 1971 would result under present legislation. With a most liberal upward adjustment for trends and full use of the discretionary authority of the Secretary, it is our view that a reduction of 25 percent in burley tobacco farm acreage allotments for 1971 is the least reduction that can be computed under present legislation. A reduction of 25 percent would result in a net reduction of about 17 percent after application of the present minimum allotment provisions.

Sincerely,

CARL C. FARRINGTON,
Deputy Administrator, Commodity Operations.

(For the table and statement referred to above, see pages 28 and 29.)

Senator JORDAN. Congressman Taylor and Congressman Wampler, won't you come up here and sit with us? We will get to your witness in just a few minutes.

Senator COOPER. May I say here that Senator Cook, my colleague from Kentucky, had expected to be here today, but unfortunately he had made a previous engagement outside of Washington. But his representative, Mr. Dave Huber, is here.

Senator JORDAN. If he has a statement we would be glad to place it in the record.

Mr. DAVE HUBER. We do not have one at this time.

Senator COOPER. Mr. Hugh Branson is here from Senator Baker's office. I know that Senator Baker feels as I do that all the facts ought to be brought out about the current burley situation.

Senator JORDAN. Mr. Todd, we would be glad to hear from you at this time if you have a statement to make here. Do you have a prepared statement?

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

Mr. TODD. I have the Department's prepared statement, Mr. Chairman, on this bill, H.R. 18686. Shall I read that, or do you just want to put it in the record?

Senator JORDAN. Either way you wish to do it.

Mr. TODD. It is immaterial to me.

Senator JORDAN. Can you just sort of give us a brief summary, and then we will put the whole statement in the record.

Mr. TODD. Yes.

This bill, as has already been said, would authorize the lease and transfer of burley allotments to other farms in the same county, as we already have for Flue-cured and all other kinds of tobacco, except on the cigar-binder tobacco. And so this bill would put burley in the same category as Flue-cured.

You can lease for any period not in excess of 5 years, and transfer to another farm in the same county. The Department has on a number of occasions gone on record as favoring this sort of provision to give the program more flexibility. As a matter of fact, we recommend that it go even further and permit the sale and transfer, permanent transfer of allotments, to other farms in the same county as we now do for the dark tobacco grown in western Kentucky and Tennessee, and some in Virginia. There allotments can be sold or permanently transferred or leased for a period not in excess of 5 years.

So that briefly is the Department's position. We favor the bill, but we recommend that it go even further to give more flexibility by authorizing the sale and permanent transfer to other farms in the same State.

Senator JORDAN. Thank you very much. We will put your entire statement in the record so that the full committee can study it.

Mr. TODD. Thank you, Mr. Chairman.

(The prepared statement of Mr. Todd is as follows:)

Mr. Chairman and Members of the Committee, my name is Joseph J. Todd, Deputy Director, Tobacco Division, Agricultural Stabilization and Conservation Service, U.S. Department of Agriculture. Claude Turner, Director of the Tobacco Division is with me.

We appreciate the opportunity of giving the Department's views concerning H.R. 18686, a bill to authorize the lease and transfer of burley tobacco acreage allotments.

The Department recommends that the bill be passed—but that it be strengthened by including amendments which I will propose.

The bill extends the authority for the lease and transfer of farm acreage allotments and marketing quotas—which applies to most other kinds of tobacco—to burley tobacco. The Department has, on a number of occasions, recommended to the Congress that authority be provided for the sale, lease, and transfer of farm acreage allotments and farm marketing quotas for all kinds of tobacco—and that such transfers be permitted across county lines—in the same State. Present legislation authorizes the sale, lease, and transfer of allotments to other farms in the same county for fire-cured, dark air-cured and Virginia sun-cured tobaccos. Present legislation authorizes also the lease—for periods of not more than 5 years—and transfers within the same county—for flue-cured and all other kinds of tobacco—except burley and cigar-binder, types 54 and 55, tobaccos. H.R. 18686 extends the leasing authority to burley tobacco.

Some burley growers have opposed the leasing of allotments because of the minimum allotment provisions which apply only to burley tobacco. Present legislation provides that the farm acreage allotment for burley tobacco for any year shall not be less than the smallest of—(1) the allotment established for the

immediatly preceding year—(2) five-tenths of an acre, or—(3) 10 percent of the cropland in the farm. These growers feel that because of this provision, one farmer may lease 3 or 4 of the minimum allotments without them being reduced when there is a reduction in allotments—while allotments which are not protected by the minimum provisions are being reduced. In an effort to overcome this objection, the House Committee on Agriculture included in the bill a provision under which the minimum provisions do not apply while the allotment is under lease and transfer.

The need for this legislation is shown by the large number of small burley tobacco farm acreage allotments. For 1970, burley allotments have been established for 282,115 farms and the total acreage allotted is 230,947 acres. This is an average of 82/100 of an acre per farm. Further, 59.8 percent of all burley tobacco allotments are one-half an acre or less, and are thus protected under the minimum provisions. It is apparent that many of these small allotments do not constitute economic operating units. We understand that in many instances, one person raises burley tobacco on a number of farms in order to increase his income. In the absence of authority to lease and transfer allotments, the farmer must produce the tobacco on each separate farm. If H.R. 18686 is enacted, these small allotments can be consolidated for more efficient operation.

Last year, 34 percent of the flue-cured tobacco allotments, representing about 21 percent of the allotted acreage, were leased and transferred to other farms. This flexibility enables those farmers who have the labor and equipment for producing larger acreages to increase their operations to more economic units. Farmers who do not wish to continue the production of tobacco can transfer their resources into other enterprises and at the same time, receive some income from the lease of their tobacco allotments.

In addition, larger and more economic production units will encourage mechanization of planting, harvesting, curing and marketing tobacco. This has already taken place in many other commodities, but about 400 to 450 man-hours are still required to produce and market an acre of tobacco. Tobacco farmers are concerned as to whether labor can be obtained in the years ahead to produce tobacco at wages that will enable them to compete pricewise in the world market.

Section 3 of the bill provides that the present minimum provisions which apply only to burley tobacco will not apply while an allotment is under lease. Under this provision, minimum allotments are treated the same as any other allotment—while under lease. If there is a reduction in allotments while the lease is in effect, the minimum allotments will be reduced the same as any other allotments. When the lease expires and the allotment reverts to the original farm, the minimum is restored. If there is no reduction in allotments during the period of the lease, this provision of the bill would have little, if any, effect.

The Department recommends—as it has on other occasions—that the bill be amended to authorize outright *sale* and permanent transfer of allotments for all kinds of tobacco—as now provided for fire-cured, dark air-cured and Virginia sun-cured tobaccos. This will enable our farmers to do a better job in planning their farming operations—such as buying equipment and building curing barns.

We repeat also our previous recommendation—that the bill be amended to authorize the lease and sale and transfer of farm acreage allotments and marketing quotas across county lines—within the same State. This change would provide more flexibility—and will give farmers in outlying counties—in which there is little interest in producing tobacco—a better bargaining position.

Enactment of H.R. 18686 would not require additional funds, and, if amended as recommended, would improve program operations.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the Administration's programs.

We will be pleased to try to answer any questions you may have concerning the bill and the Department's recommendations.

Thank you, Mr. Chairman.

Senator JORDAN. Claude, we are glad to have you with us. Do you have any statement to present?

Mr. TURNER. No, sir.

Senator JORDAN. Do you have anything further, Mr. Todd, for the record?

Mr. TODD. That was all I wanted to say on that.

But I think Senator Cooper wanted to have the latest information we have on the supply situation.

Senator JORDAN. Would you mind letting our two Congressmen testify and bring their witnesses up here? Because they have a lot of things to do.

Congressman Taylor, you have Zeno Ponder and John Cyrus here. Would you let them come up?

Do you have any witnesses, Congressman Wampler?

Representative WAMPLER. No; I do not.

Senator JORDAN. Zeno, you and John come up here. And we would be glad to have you testify.

And Congressman Taylor, we would be glad to hear a statement from you, and then you can introduce your distinguished witnesses here.

Representative TAYLOR. I would be glad to yield to Congressman Wampler, who is a member of the House Agriculture Committee.

Representative WAMPLER. I have no statement, sir.

Senator JORDAN. We are delighted to have you with us. I know you are on the Agriculture Committee, which is a very important committee. I have been working with your committee for many years on everything from sorghum molasses on up.

Congressman Taylor, proceed, sir.

STATEMENT OF HON. ROY A. TAYLOR, REPRESENTATIVE IN CONGRESS FROM THE FIRST CONGRESSIONAL DISTRICT OF NORTH CAROLINA

Representative TAYLOR. Mr. Chairman, I just have a very short statement.

First, I want to thank you for conducting this hearing and giving those of us who are supporting the bill a chance to be heard.

This is what has been referred to as a rather simple bill. It would authorize the lease and transfer of burley tobacco allotments from farm to farm in the same county for a period not to exceed 5 years. It would extend to burley producers a privilege now enjoyed by Flue-cured producers. It would enable those growers who are unable to continue raising tobacco to transfer their time and resources to some other endeavor and at the same time get some income from their tobacco allotment. And it would enable other farmers to expand their operations and to make it more economical.

I believe that in the long run this would aid the tobacco program, because it would put more people into business. It would increase the number of people who would be making some income from the tobacco control program. And to that extent I think it would aid the program. We all know that we are in a condition now where we need just as many friends for the tobacco control program as possible.

An amendment was added by the House Agriculture Committee and approved by the House which should, I think, remove some of the objections to the bill. Of course, the amendment, I think, as everyone knows, provides that while the acreage is under lease, that it would be subject to any reduction, irrespective of the minimum now in the law.

At the expiration of the lease it would be restored to the statutory minimum.

To this extent, I think that it might aid in acreage reduction, because now if there is a 10- or 15-percent reduction, those with less than a half acre are not affected. But if a third of those small tracts are leased,

they would be affected. And it would make your acreage reduction just a little more effective.

Burley allotments in North Carolina, which is one of our small State producers, are small, and the inability to transfer the allotments has tended to make the rich richer and the poor poorer.

And it is apparent that many tobacco allotments just could not constitute economic operating units. And for this reason it seems to me that there is more reason to transfer burley tobacco allotments than there is Flue-cured allotments, because the burley allotments are so small, and so often you do not have a unit large enough to make it economic to continue the operation.

Mr. Chairman, do you desire that I present the witnesses from our State?

Senator JORDAN. I wish you would.

Representative TAYLOR. First, we have Mr. John Cyrus of the North Carolina State Department of Agriculture.

Senator JORDAN. Mr. Cyrus, we welcome you before the committee. Will you proceed, sir?

STATEMENT OF JOHN H. CYRUS, HEAD, TOBACCO MARKETING SECTION, NORTH CAROLINA DEPARTMENT OF AGRICULTURE, RALEIGH, N.C.

Mr. CYRUS. Thank you, Mr. Taylor.

Mr. Chairman, I am John H. Cyrus, head of the tobacco section of the North Carolina Department of Agriculture. And I am appearing this morning on behalf of James A. Graham, commissioner of agriculture of North Carolina.

During the past several years, Commissioner James A. Graham and other officials of the North Carolina Department of Agriculture have joined forces with other tobacco leaders in North Carolina and some leaders of other States in support of legislation to authorize the lease and transfer of burley tobacco acreage allotments.

This is a privilege that has already been granted through legislation to the growers of most of the other types of tobacco, and it is a provision that is essential to the economic production of burley tobacco.

This legislation is badly needed for burley tobacco because burley allotments are too small to constitute an economic unit under the existing high cost of production being experienced by tobacco farmers. National burley allotments average only 0.82 acre, and approximately 60 percent of all burley allotments are 0.5 acre or less.

In North Carolina, the average burley tobacco allotment in 1970 was 0.48 acre, and 80 percent of the 17,400 burley tobacco growers in North Carolina had an average allotment of only 0.37 acre in 1970. Because of these small unit allotments and the high cost of production, many farmers are finding it uneconomical or impractical to grow these small quotas. During the last 3 years—1968, 1969, and 1970—this critical situation has caused an average of more than 900 acres of allotments per year to go unplanted in North Carolina, which resulted in an average loss of more than \$1.5 million per year in badly needed income throughout the mountain areas of North Carolina.

Passage of H.R. 18686 will give to burley tobacco growers a privilege already granted by Congress to producers of most other types of tobacco, and it would make it possible for burley growers to lease acreage

and consolidate it for a more profitable operation for both the lessee and lessor.

Therefore, on behalf of Commissioner of Agriculture James A. Graham and the North Carolina Department of Agriculture, I urge immediate favorable action on H.R. 18686 so that in 1971 burley tobacco growers may enjoy the economic advantages provided through the lease and transfer of tobacco allotments—an advantage that has worked very satisfactory for producers of Flue-cured and several other types of tobacco for several years.

Mr. Chairman, we appreciate your hospitality in giving us this opportunity to appear before this august group to record our support for the badly needed legislation provided in H.R. 18686.

Thank you.

Senator JORDAN. Thank you very much.

Congressman Taylor, do you have something to add at this time?

Representative TAYLOR. I would add one statement, Mr. Chairman. Other tobacco problems have been mentioned this morning. And we all know that we have problems. The Department recommends leasing across county lines. This would be an amendment to the general law. And it would apply to other types of tobacco too. It would go far beyond the scope of this bill. And I would think perhaps that should be handled by separate legislation.

And then the problem of poundage control has been mentioned. And it certainly merits consideration and study and our best judgment. But again that reaches far, far beyond the scope of this little bill. And of course I would hope that these problems would not defeat this legislation.

Mr. Chairman, if I could, I have one more witness I would like to introduce.

Senator JORDAN. Yes.

I want to recognize Congressman Stubblefield from Kentucky.

Representative STUBBLEFIELD. Mr. Chairman, I do not have a statement. I just came to get apprised of what is going on in tobacco.

Senator JORDAN. If you have a statement we would be delighted to hear from you.

Representative STUBBLEFIELD. Thank you, Senator.

Representative TAYLOR. We have Zeno Ponder from Madison County, one of our better counties in North Carolina, back in the mountains where burley tobacco is a crop and a valuable crop, it means a lot to the economy of that county. And we would be glad to have a statement from you.

And when we get through I have some statements to put in from North Carolina's Governor, commissioner of agriculture, and some others.

STATEMENT OF ZENO H. PONDER, REPRESENTING THE NORTH CAROLINA FARM BUREAU FEDERATION AND THE ASHEVILLE AGRICULTURAL DEVELOPMENT COUNCIL, MARSHALL, N.C.

Mr. PONDER. Senator Jordan and gentlemen, I have about two purposes, I guess, or three, in being here. And I do come from a small mountain county. But I come from the one county in North Carolina that produces 24 percent of all the burley grown in North Carolina.

I was born on a tobacco farm. I started measuring tobacco in 1937, so I am familiar with the working of the program somewhat.

One purpose in being here, I was called by Mr. B. C. Mangum, president of the North Carolina Farm Bureau Federation. He is in a convention out in Houston, Tex., at this time, and he asked me to convey to you his regrets that he could not be here today.

He told me what the policy was adopted at the recent convention of the North Carolina Farm Bureau Federation. I asked him to send that to me by telegram if he would. This phone conversation was Saturday. So yesterday morning I did receive a telegram.

The North Carolina Farm Bureau policy on burley tobacco for lease and transfer within the county for sale of burley allotments they do favor. They favor the bill as it was introduced.

The North Carolina Farm Bureau Federation does not have any policy covering the amendment. It does not have any policy covering the minimum acres. It does not have any policy regarding acreage poundage. But they do go a step further there and advocate, the North Carolina Farm Bureau Federation does, that if the bill is passed with the amendment and a later adjustment, perhaps, that what they would favor would be that any small acreage leased, half of it would be taken up, bought, and retired forever, and half of it used by the farmers that are doing the purchasing, which would tend to get rid of some of this excess acreage.

Now—

Senator JORDAN. He means by that that the Department of Agriculture would buy half of it?

Mr. PONDER. They would buy half, and the purchaser, the farmer leasing it, would buy half, thereby retiring half of the minimum acreage each time it was leased. That is not in the bill. They favor it as is, but they would not object to that type of amendment.

Now, being from Madison County and western North Carolina, I am a member of the Burley Tobacco Committee of the Asheville Agricultural Development Council. There are 18 counties represented on that Asheville Agricultural Development Council, and an active burley committee. We meet annually and discuss the problem. And we realize that burley does have some critical problems facing it. And we accept and support this bill entirely as a step in the right direction, not as a cure-all, but the best piece of legislation that is before us. And we urge its passage.

I furnish to the committee the telegram from Mr. Graham, Mr. Chairman.

Senator JORDAN. That will be included in the record.

Mr. PONDER. Thank you, sir.

(The telegram is as follows:)

HOUSTON, TEX.

ZENO PONDER,
Marshall, N.C.:

North Carolina Farm Bureau policy on burley tobacco for lease and transfer within county for sale burley allotments one-half to Government for permanent retirement one-half to other tobacco producers.

B. C. MANGUM,
President, North Carolina Farm Bureau Federation.

Mr. PONDER. And the resolution of the Agricultural Development Council of Asheville supporting the bill.

Senator JORDAN. It will be included in the record at this point.

(The resolution is as follows:)

A RESOLUTION

Whereas many of the burley tobacco allotments in the mountain area of North Carolina are so small that it is often uneconomic or impractical for the allotment holders to fully utilize these allotments; and

Whereas failure to grow burley tobacco on all allotted acres in the area resulted in the loss of approximately \$1.7 million in farm income in 1968 and \$1.6 million in 1967; and

Whereas the majority of the counties of this area have low farm and per capita income and can ill afford the continued loss of such potential income year after year; and

Whereas authority to lease and transfer burley allotments from farm to farm would make it possible for many farmers to lease allotments and consolidate these on their own farms, thereby enabling them to produce enough burley tobacco to make a profitable farming operation; and

Whereas the ability to lease allotments to other farmers would also greatly benefit many elderly growers who can no longer grow their allotments or else who do the necessary hard physical labor at danger to their own health in order to hold their allotments; and

Whereas Congressman Roy A. Taylor has introduced a bill providing for the lease and transfer of burley allotments; now therefore, be it

Resolved That the Burley Tobacco Committee of the Asheville Agricultural Development Council, composed of tobacco producers and others from 17 burley growing counties of North Carolina; does this 24th day of February, 1969 strongly endorse Congressman Taylor's bill and urge all members of the North Carolina Congressional Delegation to support this measure.

Adopted in meeting in Asheville, N.C., on February 24, 1969.

FRANK DAVIS,
*Chairman, Burley Tobacco Committee,
Asheville Agricultural Development Council.*

Mr. PONDER. Now, if I may, I would like to give a little information here on some of the practical problems that I feel as an individual farmer and one who has a relatively large acreage in North Carolina—I have 4 $\frac{6}{10}$ acres, which is considered a pretty big tobacco acreage where I come from.

We were confronted with a referendum in 1967 areawide, the acreage poundage, a bill I believe introduced by Senator Cooper. North Carolina did not like it too much, but it went along pretty good, 69 $\frac{3}{10}$ percent of our people supported it. But we were simply overwhelmed when we got to the State of Tennessee. They did not like the idea of acreage poundage.

Since 1967, the number of small acreages has become greater, and the number of people we expect to vote against acreage poundage become greater. These people normally do not vote against their best interests.

So to get back to the original statement I made, this is, in the opinion of the North Carolina Farm Bureau, and in the opinion of the Asheville Agricultural Development Council, and in the opinion of myself as an individual from Madison County, where we grow one-fourth of all North Carolina burley, the best chance we have to do something now for our tobacco program. And I respectfully urge this committee to report it out favorably.

Senator JORDAN. Thank you very much.

Do you have any other statement, Congressman Taylor, at this time?

Representative TAYLOR. No.

Senator JORDAN. Congressman Stubblefield.

Representative STUBBLEFIELD. No, I do not have any statement.

Senator JORDAN. Senator Cooper, do you have any questions you would like to ask?

Senator COOPER. No.

Senator JORDAN. Thank you very much.

At this point on the record I would like to put a copy of a letter from Governor Scott to Mr. McGough in favor of this legislation. I saw Governor Scott yesterday, and he asked me to express his regrets at not being able to be here this morning, but he had another engagement and could not attend this hearing. And he said he had written Mr. McGough in favor of this legislation.

We will place his letter in the record at this point.

(The letter is as follows:)

RALEIGH, N.C., October 9, 1970.

MR. MORRIS L. MCGOUGH,
Executive Vice President,
Asheville Agricultural Development Council,
Asheville, N.C.

DEAR MORRIS: This is in reply to your letter of September 30, in which you ask for my assistance and support in passing legislation to provide lease and transfer of burley tobacco allotments.

I, as you know, am in wholehearted agreement with this bill and assure you that I will contact our North Carolina delegation to give my support in helping to enact this legislation.

Thank you for forwarding the information and a copy of the proposed act.

Cordially,

ROBERT W. SCOTT,
Governor, State of North Carolina.

Senator JORDAN. I have a memo of a telephone call from Mrs. Caldwell, master of the grange in North Carolina, favoring this legislation, which I will put in the record at this point.

(The memo is as follows:)

MEMORANDUM OF VERBAL REQUEST

Name: Caldwell, Harry B. (Mrs.)

Date: Dec. 7, 1970

TELEPHONE CALL

I regret that it will not be possible for us to be present for the tobacco hearing on Tuesday morning. The North Carolina State Grange favors legislation which will provide for the lease and transfer of burley tobacco allotments within counties.

(Signed) Mrs. HARRY B. CALDWELL,
Master, North Carolina State Grange.

Senator JORDAN. And I also have a letter here from Mr. McGough representing The Asheville Agricultural Development Council. And if that is not your full statement, we will include that at the same point.

(The letter is as follows:)

ASHEVILLE, N.C., September 30, 1970.

HON. B. EVERETT JORDAN,
Senate Office Building,
Washington, D.C.

DEAR SENATOR JORDAN: I am sure you are well aware that there has been much interest in the mountain counties of North Carolina in recent years in legislation to authorize the lease and transfer of burley tobacco allotments. You will recall that we sent you copies of resolutions by this organization supporting such legislation last year and other farm organizations and leaders in this state have also given their endorsement.

As you probably know, previous bills to achieve the same lease and transfer opportunities for burley tobacco growers as have existed for flue cured tobacco have been held up in the House. However H.R. 18686, sponsored by Congressman

Roy A. Taylor, was given a favorable report by the House Agriculture Committee and passed by the House last week.

This bill now awaits action by the Senate Agriculture Committee.

We would like to request your support for this legislation and that you exert your influence in helping to secure favorable action by the Senate Agriculture Committee.

Lease and transfer of burley allotments would be especially beneficial to North Carolina, where so many of our 18,000 allotments are so small that it is often uneconomic or impractical for the allotment holders to grow tobacco. Passage of H.R. 18686 would make it possible for many farmers to lease allotments and by consolidating these they could produce enough burley to make a profitable farming operation.

I would point out that failure to grow burley on all allotted acres in this state resulted in the loss of approximately \$1.7 million in farm income in 1968 and \$1.5 million in 1969. This figure would be greatly reduced if the lease and transfer provisions are enacted.

Your help on this will be greatly appreciated.

Sincerely,

MORRIS L. MCGOUGH,
Executive Vice President,
Asheville Agricultural Development Council.

Senator JORDAN. I have a letter from Commissioner Graham which was sent to me some time ago which I would like to make a part of the record.

Let this also be included in the record at this point.

(The letter is as follows:)

RALEIGH, N.C., October 6, 1970.

HON. B. EVERETT JORDAN,
Senate Office Building, Washington, D.C.

DEAR SENATOR JORDAN: As you remember, several efforts have been made in recent years without success to get legislation passed to authorize the lease and transfer of burley tobacco. This, of course, is a privilege that flue-cured and growers of some other types of tobacco already have through action of previous legislation.

It now appears that we have the best opportunity we have ever had to get favorable action for lease and transfer of burley tobacco through H.R. 18686 sponsored by Congressman Roy Taylor.

As you probably know, a favorable report has been given this bill by the House Agriculture Committee, and it was passed by the House last week.

This bill now awaits the action of the Senate Agriculture Committee. We request your support for H.R. 18686 and urge that you exert your influence in helping to get a favorable report from the Senate Agriculture Committee.

This legislation is desperately needed in North Carolina where we have approximately 18,000 allotments that average less than one-half acre. In many instances, it is uneconomical or impractical for the allotment holders to grow these small quotas. Passage of this legislation would make it possible for many growers to lease acreage that has gone unplanted and consolidate it for a more profitable operation for both the lessee and lessor.

It should be pointed out that the unplanted acreage of burley tobacco in North Carolina during the past two years has resulted in the loss of more than \$1.5 million per year in badly needed farm income.

We should greatly appreciate your help in getting H.R. 18686 through the Senate.

Cordially,

JAMES A. GRAHAM,
Commissioner, North Carolina Department of Agriculture.

Senator JORDAN. And an editorial out of the Asheville Citizen-Times, which is a very good editorial dealing with the problems which affect burley in North Carolina. I would like for that to be made a part of the record.

(The editorial is as follows:)

[Editorial from the Asheville Citizen-Times, Nov. 8, 1970]

A BREAK FOR BURLEY GROWERS

Growers of burley tobacco in North Carolina's mountain counties are hurting from an economic pinch that the federal government considerably spared flue-cured tobacco growers some years ago.

The tobacco acreage allotment for their small farms is not large enough to make using it a very profitable business.

There are about 18,000 allotments in the 18 counties of Western North Carolina represented by the Asheville Agricultural Development Council, according to Morris L. McGough, the Council's executive vice president. The allotments average a half acre each.

For flue-cured tobacco, which accounts for about 60 per cent of U.S. tobacco production, the average allotment is about three acres per farm.

Growers of flue-cured tobacco have an extra advantage over burley growers because an amendment to the Agricultural Adjustment Act permits them to lease and transfer allotments. Growers who have the labor and equipment to work large acreages may lease the allotments of other farmers who do not want to grow tobacco, an arrangement, that benefits both of them.

Last year, 34 per cent of the flue-cured tobacco allotments, representing about one-fifth of the allotted acreage, were leased and transferred between farms.

In the opening days of the 91st Congress, Rep. Roy A. Taylor introduced a bill to give burley farmers the same advantage, and legislation comprising features of Taylor's bill and several similar ones was approved by the House on Sept. 21.

The bill is now waiting action by the Senate Committee on Agriculture and Forestry, and *Sen. B. Everett Jordan* has written McGough he will do every thing he possibly can to get the bill passed this year.

During 1969, McGough said, 839 acres of burley allotments in North Carolina were not used, for a net loss of 2.2 million pounds of tobacco worth an estimated \$1.5 million.

This state's burley growers harvested less than 88 per cent of allotted acreage in 1967, compared to 99 per cent in Kentucky, the big flue-cured tobacco state. With 20 times as much total tobacco acreage as North Carolina, Kentucky had only twice as much unused acreage.

Burley growers deserve an even break. The Senate should see that they get it, and give them a chance to turn a loss into a gain.

Senator JORDAN. I believe that is what I have to put in the record at this point.

Representative WAMPLER. Senator Jordan, could I make an observation?

Senator JORDAN. You certainly can.

Representative WAMPLER. I did not come prepared to testify this morning.

Senator JORDAN. We are glad to hear you. We appreciate your being here, Congressman.

**STATEMENT OF HON. WILLIAM C. WAMPLER, REPRESENTATIVE
IN CONGRESS FROM THE NINTH CONGRESSIONAL DISTRICT OF
VIRGINIA**

Representative WAMPLER. I was one of the sponsors of this legislation in the House. I serve on the House Agriculture Committee and I have been interested in this legislation for some years. I would hope that the committee would see fit to approve this legislation so that it will become the law of the land.

Senator Cooper has touched on some very pressing problems confronting the industry. I think all of us are painfully aware of the fact that the tobacco program does not have many friends either in or out of the government. We are under attack by the Surgeon General, the Federal Trade Commission, and the Federal Communica-

tions Commission, and sometimes I wonder about our friends in the Department of Agriculture. But nonetheless, I think the situation is going to get worse.

I assume that the use of tobacco may be harmful to one's health. But how harmful? I think there is a legitimate dispute here. You know some months ago there was a television commercial and I believe the actor was Tony Curtis, who was extolling the ill effects of smoking cigarettes. And then subsequently I understand he was arrested in England for the possession and use of marijuana. And the story down home on the tobacco market is if you quit smoking you go to pot. I do not know how much truth there is to that.

So this is the type of thing we are confronted with. In southwest Virginia I represent about 17,000 growers of burley tobacco.

And, Claude, if I remember correctly, our average allotment now is just slightly over a half acre. It has been going down. That has been the history of production in our area.

Unless something is done to put these producers on a more economic basis, or unit, I think we are going to find our program even in greater jeopardy than it is today. The testimony of the Department before the House subcommittee was that the enactment of this legislation would not substantially increase production. It simply would enable those that have the labor and the land and the facilities to lease these small allotments and put them together in a more economic unit.

We did adopt language, an amendment, that provided while the allotment was under lease it would be subject to acreage cuts. This was not in the original language of the bill. However, at the termination of the lease it reverts back to the allotment holder, and it would go back to any statutory minimum that he might have enjoyed at the time the lease was entered into.

I think this bill would help many of our small farmers.

I had the opportunity to visit out burley markets during the Thanksgiving recess of the Congress. I know in my area there are many tobacco growers who depend upon the income from their tobacco crop to pay land taxes at the end of the year, and to buy shoes for their children to go to school. And for many of these people it is their only source of income. If we destroy the tobacco program, Congress had better hurry up with this family assistance plan, because we have many people in our area that will potentially go into this program.

I think that we in the Congress can work together and come up with some legislation to give us some basis on which we can keep our tobacco program going. I feel like the leasing proposal that is before us today is important to help keep the program on a sound basis. And speaking for myself, I would be willing to have hearings at the earliest possible time and hear any proposal that Senator Cooper or others would care to make I feel that we should go into this because it is important that we do it just as expeditiously as possible. I would hope that we can act favorably on this bill and then proceed to other problems.

Thank you, sir.

Senator JORDAN. Thank you very much.

I was interested in your comment about whether it is harmful or not harmful. A few years ago one of the Senators here who attained a rather ripe old age, who was up toward 90—I will not mention his

name—one day was listening to the advocates of doing away with tobacco testify as to its harm, and so forth. And that particular Senator smoked three Camels while he was testifying. And they were not filtered Camels.

Representative WAMPLER. You know there are some people that have advocated outlawing tobacco, but on the other hand they see nothing wrong with legalizing marihuana. How you reconcile these two points of view I find it difficult to understand.

Senator JORDAN. It is hard to tell who it affects, and how much.

Representative WAMPLER. You are quite correct.

Senator JORDAN. And I am satisfied that tobacco is not guilty of all the things that have been said about it and all the sins that have been attributed to it. I have smoked enough cigarettes to fill one of the office buildings over there, and I seem to be getting along pretty well yet.

Do you have any statement you would like to make, Congressman Stubblefield?

Representative STUBBLEFIELD. I would just like to comment on Roy's statement that the leasing provision would in his opinion cut down on production. I would just like to ask Claude and Joe, do you agree with that, Claude, that it would cut production?

**STATEMENT OF CLAUDE G. TURNER, DIRECTOR, TOBACCO DIVISION,
AGRICULTURE STABILIZATION AND CONSERVATION SERVICE,
U. S. DEPARTMENT OF AGRICULTURE**

Mr. TURNER. Do you mean—

Representative STUBBLEFIELD. With the leasing provisions, and they would take the cut.

Mr. TURNER. No, sir, I do not think it would reduce production. I agree with Mr. Wampler entirely that it would not increase production much, because this past year we are producing 95 percent of our allotted acreage, so there is no room for much increase. But I do think it would have a material effect on the efficiency of production. And this is what is needed.

Representative STUBBLEFIELD. Thank you.

Representative TAYLOR. Mr. Chairman, if I could say a word at this point.

Senator JORDAN. Congressman Taylor.

Representative TAYLOR. Mr. Chairman, I did not mean to imply that I thought that the passage of this legislation would reduce the total tobacco produced. But in a lot of individual cases it will bring about a reduction.

Representative STUBBLEFIELD. I meant a half acre.

Representative TAYLOR. If you have a man with four-tenths of an acre which he is now planting, he might find it more economical to lease it. And in his case it would bring about a little reduction. So this amendment added here will tend to keep the increase from being too much.

Senator JORDAN. The reduction would come about if he leased this half acre down, then it would be subject to the reduction of the lease.

But when the lease time ran out it would revert back to the half acre, or whatever he had, less than the half acre. And it could in these cases reduce the poundage some.

Do you have a further statement on that, sir?

Representative STUBBLEFIELD. No, thanks.

Senator JORDAN. Senator Cooper?

Senator Cooper. I appreciate very much the testimony of my three colleagues, and also the statement by Congressman Wampler that he thinks it is possible the Tobacco Subcommittee of the House Committee on Agriculture, on which he serves, would agree to hold hearings on the entire burley tobacco program. I think that is important to do as quickly as possible.

I would just like to say this to make my position clear. I have opposed leasing in the past, and particularly the sale of allotments, because I felt it would militate against the small tobacco farmer; that the large tobacco farmers with greater resources would be able to offer prices which a small grower could not resist. I think it would increase production, because those acreages which are not now being produced would be leased up and bought up and would add, according to previous statements, perhaps 5 percent to production. Also, it would tend to go in the hands of farmers with better land and larger resources. They would lay on the fertilizer, I assume, and increase total production.

So as far as I am concerned, I would oppose leasing at this time.

If leasing is brought into connection with the adjustment of our entire burley program, however, I think it might be helpful to the program. That is another question. I will say that our problem is primarily the entire acreage control program. As production increases, cuts are made year after year, but production still increases. Finally, it will reach a point that so much tobacco will be held by the Department and at such great cost that the entire tobacco price support program will be put in jeopardy. I understand burley is already the second largest kind of tobacco in Government loan stocks.

Mr. TURNER. That is right.

Senator COOPER. The people in this Congress are not going to take it, and we will lose our tobacco if this program continues. We must get some program which will give everyone all a fair deal, both small and large producers, alike. And, any modification of production controls must, it seems to me, be either poundage or acreage-poundage, if we are to save the program. That is not very popular to say, but in my judgment changes must be made to put our tobacco on a sounder basis, or we are going to lose this program.

I am through.

Senator JORDAN. Mr. Todd, do you have anything further to say?

Mr. TODD. Mr. Chairman, would you want me to put into the record the 10-year tables for Flue-cured and burley tobacco production, supplies and disappearance?

Senator JORDAN. I think it would be well to have that in the record.

Mr. TODD. I would be glad to introduce them for the record, Mr. Chairman. Flue-cured and burley together account for about 90 percent of U.S. tobacco production.

(The tables are as follows:)

FLUE-CURED AND BURLEY TOBACCO: ACREAGE, YIELD, PRODUCTION CARRYOVER, SUPPLY, AND DISAPPEARANCE
1960-70

Marketing year	Acreage harvested (thousands of acres)	Yield per acre (pounds)	Production	Carry-over	Total supply	Disappearance		
						Total	Exports	Domestic
FLUE-CURED								
Million pounds, farm sales weight								
1960-61	692	1,808	1,251	2,106	3,357	1,267	475	792
1961-62	698	1,801	1,258	2,090	3,348	1,267	485	782
1962-63	730	1,930	1,408	2,081	3,489	1,208	431	777
1963-64	694	1,975	1,371	2,282	3,653	1,267	498	769
1964-65	628	2,211	1,388	2,386	3,774	1,219	444	775
1965-66	562	1,883	1,059	2,555	3,614	1,175	423	752
1966-67	607	1,825	1,108	2,439	3,547	1,274	587	687
1967-68	610	1,2,048	1,250	2,273	3,523	1,221	533	688
1968-69	533	1,869	1,996	2,302	3,298	1,198	525	673
1969-70	577	1,825	1,053	2,100	3,153	1,184	535	649
1970-71	² 583	² 1,993	² 1,161	1,969	² 3,130			
BURLEY								
1960-61	296	1,639	485	1,191	1,676	549	41	508
1961-62	319	1,820	580	1,127	1,707	570	45	525
1962-63	339	1,993	675	1,137	1,812	584	53	531
1963-64	338	2,231	755	1,228	1,983	571	57	514
1964-65	307	2,022	620	1,412	2,032	616	56	560
1965-66	277	2,116	586	1,416	2,002	607	57	550
1966-67	241	2,437	587	1,395	1,982	600	56	544
1967-68	238	2,274	541	1,382	1,923	599	53	546
1968-69	238	2,372	563	1,324	1,887	571	55	516
1969-70	238	2,488	591	1,316	1,907	565	58	507
1970-71	² 219	² 2,523	² 553	1,343	² 1,896			
10-year average							53.3	529.9

¹ Based on producer marketings.

² Estimate.

GOVERNMENT LOAN HOLDINGS, JULY 1

[Million pounds, farm sales weight]

	Flue-cured	Burley
1965	919	323
1966	836	271
1967	685	281
1968	773	326
1969	800	348
1970	747	465

DISTRIBUTION OF 1970 BURLEY TOBACCO FARM ACREAGE ALLOTMENTS BY SIZE GROUPS

Size of allotments	Number of farms	Acreage allotted
From 0.01 through 0.10	9,194	612.09
From 0.11 through 0.20	16,750	2,524.64
From 0.21 through 0.30	17,901	4,454.12
From 0.31 through 0.40	18,812	6,604.70
From 0.41 through 0.50	106,182	52,101.20
From 0.51 through 0.60	15,778	8,705.56
From 0.61 through 0.70	12,549	8,197.28
From 0.71 through 0.80	11,270	8,498.05
From 0.81 through 0.90	12,940	11,125.25
From 0.91 through 1	8,192	7,835.48
From 1.01 through 2	33,550	46,718.53
From 2.01 through 3	9,898	23,964.96
From 3.01 through 4	3,969	13,623.11
From 4.01 through 5	2,033	9,028.94
From 5.01 through 6	979	5,358.64
From 6.01 through 7	619	3,999.62
From 7.01 through 8	387	2,896.91
From 8.01 through 9	296	2,418.77
From 9.01 through 10	185	1,757.83
From 10.01 through 20	528	6,872.06
From 20.01 through 50	100	2,742.82
From 50.01 through 100	13	906.90
Over 100		0
Total	282,115	230,947.46

Note: A total of 168,839 farms, or 59.8 percent of all farms having burley allotments, had allotments of $\frac{1}{2}$ or less of an acre or less. The acreage allotted to these farms was 66,296.75 acres, 28.7 percent of the total allotted acreage.

Mr. TODD. And then I have a single page statement analyzing the burley supply situation.

Senator JORDAN. We would be glad to have that put in the record.

Mr. TODD. Do you want me to put it in the record, or read it?

Senator JORDAN. I would be glad to have you read it, if you will.

Would you like to have him read it, Senator Cooper?

Senator COOPER. Yes.

Senator JORDAN. I would be glad to have you do it, Mr. Todd.

Mr. TODD (reading). The carryover of burley tobacco in the inventories of manufacturers and dealers and under Government loan on October 1, beginning of the marketing year, was 1,343 million pounds, farm sales weight, an increase of 26 million pounds over the carryover a year earlier. The increase in the carryover is due to the fact that production during the 1969-70 marketing year exceeded domestic use and exports.

Government loan holdings of burley on October 1, 1970, totaled 455 million pounds, farm sales weight, 114 million pounds more than loan holdings a year earlier. Present loan holdings are sufficient to meet all domestic and export needs for about 10 months at current levels of domestic use and exports.

The 1970 burley crop is currently estimated at 553 million pounds, about 6½ percent less than the 1969 crop. Burley yields reached a record high of 2,488 pounds per acre in 1969, but yields for 1970 are currently estimated at 2,523 pounds per acre, a new alltime high.

The total supply (carryover plus estimated production) for the current marketing year is 1,896 million pounds. This supply is sufficient for about 3.4 years duration at last year's levels of domestic use and exports. The formula contained in the Agricultural Adjustment Act of 1938 provides for a normal supply of about 2.8 years duration.

Domestic use of burley tobacco during the marketing year ending September 30 totaled 507 million pounds—down 9 million pounds from the previous year—and 53 million pounds below the record high of 1964-65. Domestic use of both burley and flue-cured tobacco in recent years has not kept pace with increased cigarette production. This is generally attributed to the increased use of reconstituted sheet tobacco, increase in the proportion of filter tip cigarettes, and the increased use of oriental tobacco.

Cigarette production during the first 9 months (January-September) of 1970 totaled 438 billion, 3.2 percent above the corresponding months a year earlier. The production of smoking tobacco during the first 9 months of 1970 totaled 52 million pounds—up 10.6 percent from a year earlier. The production of plug chewing tobacco is running about 1.3 percent below last year.

Exports of burley leaf, during the marketing year ending September 30 were 58 million pounds, farm sales weight, about 3 million pounds above the previous year, and the highest of record.

The 1970 burley crop is being supported at an average of 68.6 cents per pound, about 4.3 percent above last year. Grade loan rates for the 1970 crop range from 40 to 79 cents per pound. Sales through December 3 averaged 72.8 cents per pound, with about 8 percent moving under Government loan.

Representative STUBBLEFIELD. May I ask a question, Mr. Chairman?

Senator JORDAN. Yes, indeed.

Thank you very much.

Representative STUBBLEFIELD. How does that 8 percent moving under Government loan compare with the previous 3 or 4 years?

Mr. TODD. Last year 27 percent of the burley crop moved under loan.

Senator JORDAN. What was it the previous year, do you remember?

Mr. TODD. I do not know. I will be glad to put it in the record.

Senator JORDAN. It was something less than that.

Mr. TODD. Yes. That 27 percent was unusually high. (Mr. Todd advised later that 10 percent of the 1968 burley crop moved under loan.)

Senator JORDAN. And unless there is something done about this crop and the 1971 crop there is going to be more of it going in the loan too, isn't there? It is obliged to.

Mr. TODD. Unless we bring about a better balance between supply and demand, I think that is inevitable.

Senator JORDAN. As you well know, we are having problems with our exports. That is the reason I have been to the Common Market when I had some other things that I could have done which would have been more pleasant than arguing with those Common Market people. They were tough to get along with. We did not come to blows, but I let them know that we wanted our tobacco programs continued. And there are ways that we can retaliate too if they decide that they are going to jump on tobacco. I know some very good ways that we can do it.

Senator Cooper, do you have some questions you would like to ask the Department?

Senator COOPER. The law provides for 2.8 years' supply. It appears, from what you have said, that the present supply is sufficient for 3.4 years. Is there any reason why that requirement could not be increased from 2.8 up to 3.4 or 3.5? Can you give me the reasons why 2.8 has continued?

Mr. TURNER. Senator Cooper, that was contained in the original act. And it appeared at that time that this pretty closely represented the normal supply-demand relationships. I think the answer to your question as to whether it could be increased is, of course, it could by legislation. But I do not think it could be increased taking into consideration the facts, because this 2.8 is based on the normal aging requirement for tobacco before it goes into the product.

Now, the stocks of the manufacturers and dealers has been reduced. And their holdings now are shorter than they were years ago.

I think the total stocks of manufacturers and dealers were reduced more than a hundred million pounds during the past marketing.

Senator COOPER. It is based upon the aging tobacco, is it not?

Mr. TURNER. Normal handling and aging.

Senator COOPER. I would like to ask Mr. Todd a question at this time.

Is it correct that our problem with the burley tobacco program is the increased production per acre? Is that one of the chief problems?

Mr. TODD. That and the decline in domestic use, yes. But I think yield per acre is the main reason, yes.

Senator JORDAN. If I am not mistaken, that was what was happening to the flue-cured tobacco exactly. And when it came under the poundage-acreage bill that is all that saved the program, and I think you will have to admit that, not because I was the author of the bill,

but the flue-cured tobacco people realized that they were headed for disaster with the poundage that the Government had at that time, and some of it undesirable tobacco at that.

Senator COOPER. As production per acre increases, and the total supply increases, manufacturers and dealers do not purchase the entire crop marketed. The remainder goes into government loan stocks—to the pool, as we say. In fact it is not a loan in a way, because the tobacco farmers are paid and are not required to pay back; it is a “nonrecourse” loan as in other CCC crop loans.

Mr. TODD. That is right.

Senator COPPER. Is the present volume of burley tobacco held by the Federal Government higher or lower than it has been in the past?

Mr. TODD. On October 1 we had under Government loan 455 million pounds of burley. We have sold very little since that time. And in addition, we have taken 8 percent of the sales from the 1970 crop.

There was one time in the past that we had a little more than that. I believe it was 760—

Mr. TURNER. No, that is the record.

Mr. TODD. That is the most we have ever had at this time of the year.

Senator COOPER. Can you estimate the total value of the holdings of the Government?

Mr. TODD. Can I put that in the record, sir? I did not bring those figures with me.

(The information is as follows:)

The principal amount of loans outstanding on burley tobacco, exclusive of 1970 crop, is \$339.1 million. The accrued interest on these loans totals \$50.9 million.

Mr. TODD (continuing). I will make this further statement, that the loan holdings on burley are more than any other tobacco in proportion to the amount grown. There is more flue-cured, for example, under loan than there is burley. That is the only one. But there is considerably more flue-cured grown in this country than burley. So in proportion to its total production we have a higher percent of burley under loan than any other kind of tobacco.

Senator COOPER. When is the date that the Secretary is required to make his proclamation as to whether or not there will be a cut in burley acreage allotments for the 1971 crop.

Mr. TODD. Under present legislation the Secretary is required to proclaim quotas on burley for the next 3 years no later than February 1, and then to conduct a referendum within 30 days following the proclamation.

Senator COOPER. Based upon the facts you have submitted here, can you state whether or not a new cut in acreage is contemplated?

Mr. TODD. In view of the supply situation now existing, a substantial reduction will be required under present legislation.

Senator COOPER. If you took the present formula, without any variations made by the Secretary, what cut would be required?

Mr. TODD. As you know, the Secretary makes that determination. It has not been discussed with him. But I will be glad to give you my personal opinion, that using the most liberal application of these figures, and using all of the discretionary authority that the Secretary has, it would be my personal opinion that a reduction of at least 25 percent will be required next year, unless something changes between

now and then. And the only figure that can change is 1970 production. And we do not anticipate much change from the estimate of 553 million pounds.

Senator COOPER. That is all.

Representative WAMPLER. Could I ask one question, Senator Jordan?

Senator JORDAN. Yes, you can, certainly.

Representative WAMPLER. Mr. Todd, I was told last year one of the reasons that a large amount, an abnormally large amount of burley, was going under loan was that the buyers of tobacco were not willing to pay the high interest rates and therefore they let the Commodity Credit Corporation buy the tobacco, and then they could buy it at a lesser cost subsequently. Is that true?

Mr. TODD. There is some feeling, Mr. Wampler, that because of the prevailing high interest rate, and the fact that Commodity Credit does not charge the associations that high an interest rate. However, we now follow a policy of pricing the loan tobacco to reflect what it would have cost the company to buy it, process, store, and age it. So that there is no profit for letting it go under loan and then taking it out. Of course, they have relieved themselves of some of the risks involved.

Representative WAMPLER. This administrative action was taken after the market last year and not prior to it; wasn't it?

Mr. TODD. It was about a year ago; yes, sir.

Representative WAMPLER. A good deal of tobacco had already gone under loan before you implemented that by administrative action; isn't that true?

Mr. TODD. Yes, sir.

Representative WAMPLER. Thank you.

Senator JORDAN. Mr. Taylor?

Mr. TAYLOR. You may have answered this. With the excessive carryover, and with 20 percent going into a Government loan last year, how do you account for the fact that there is only 8 percent moving into Government loan this year?

Mr. TODD. Perhaps others in the room can offer a better explanation than I can on that, Mr. Taylor. I am told that they feel the 1970 crop is a more usable crop, not necessarily better quality, but more usable, more desirable, let us put it that way, than last year's crop was.

Senator JORDAN. Wouldn't that indicate, then, that if there is enough of a 1970 crop to satisfy the domestic user, and probably the export also, that the Government is going to wind up just keeping the 1969 crop and carrying it on and on, unless there is a demand otherwise.

Mr. TODD. It could; yes, sir. But we are also taking 8 percent of the sales to date, and some people think that as the market progresses that percentage might go up.

Senator JORDAN. It is possible.

Mr. TODD. It did in Flue-cured.

Senator JORDAN. Yes, it did.

Mr. TURNER. I think another reason is that in addition to the 1970 crop being a more usable crop, the crop this year is 6½ percent smaller than the previous crop, and that would have some effect on the amount going under loan.

Senator JORDAN. Congressman Stubblefield, do you have any remarks you would like to add to that?

Representative STUBBLEFIELD. Thank you, Senator. I am just enjoying listening and being apprised of what you are thinking.

Senator JORDAN. I appreciate your being here with us, Congressman. Any further remarks at this time?

(No response.)

Senator JORDAN. Senator Cooper?

Senator COOPER. No, thank you, Mr. Chairman.

Senator JORDAN. Claude, do you have anything you want to ask? I did not mean to pass you over.

Mr. TURNER. I did not come to make a statement. But I do want to take this opportunity to thank this committee for bringing into this discussion the burley supply-and-demand position, because I think the program is in serious jeopardy. I do not think it is fully recognized or realized by growers, primarily because some of the questions being asked as to while the crop is being supported at an average of 68.8 cents per pound this year—about 4.3 percent above last year—why a much smaller percent is moving under loan? I share Senator Cooper's concern over the continuation of this program if we maintain a carry-over of loan stock at the level we have now. And I think that the problem of reducing these stocks is the important thing to get the program back on a sound basis. And I believe that the only way this is going to be done is by reducing the production to a point where manufactures and dealers would have to rely somewhat upon these loan stocks.

I think it is dangerously high, and I think, in the light of the criticism of the antitobacco people, it is high time that we begin to get this program in order. I appreciate your permitting the discussion.

Senator JORDAN. Thank you very much.

As I said, Senator Holland could not hold this hearing, and I felt it was so important that I volunteered to do this job.

It reminded me of an old cook we had one time—you know they are getting to be a scarce article—that has been a long time ago. My wife asked her one day, "Mary, why didn't you do this? You know that it ought to have been done."

And she said, "Yes, ma'am, I know it ought to have been done, but I ain't running around just hinting something to do."

Thank you very much.

And every one of you are welcome to stay, because we have a few other witnesses, and you may wish to hear what their testimony is.

Zeno, you may stay if you like, I would be glad to have you stay.

Mr. Balden, come right up, sir. And we would be glad to hear you at this time, sir.

Is Mr. Woods still here?

Mr. WOODS. Yes, sir.

Senator JORDAN. And Mr. Stokes?

Good.

Mr. Balden, you may proceed, sir.

Let me ask if it is going to be possible for some of you to file your statements and just sort of sketch through them. Because we are going to run out of time. And we cannot go this afternoon, because we run into other committee meetings which I will have to attend. And I have not been able to get any relief on this hearing.

Will you proceed, sir?

STATEMENT OF WILLIAM BALDEN, VICE PRESIDENT, KENTUCKY FARM BUREAU, AND CHAIRMAN, BURLEY LEADERSHIP COMMITTEE, DANVILLE, KY.

Mr. BALDEN. Thank you.

Mr. Chairman and members of the committee, I am William Balden, vice president of the Kentucky Farm Bureau and chairman of the Kentucky Farm Bureau Tobacco Advisory Committee. I am also chairman of the Burley Leadership Committee in Kentucky which is composed of:

The Kentucky Farm Bureau,
The National Farmers Organization,
The Burley Tobacco Growers Cooperative Association
The Burley Auction Warehouse Association,
The Kentucky Department of Agriculture,
The Burley Leaf Tobacco Dealers Association,
The College of Agriculture, University of Kentucky, and
The Burley Farmers Advisory Council.

First, in behalf of the Kentucky Farm Bureau which represents more than 105,000 family members in Kentucky, I would like to indicate that we are sincerely concerned with the seriousness of the situation with respect to tobacco and particularly with the gravity of the situation with respect to the burley tobacco control programs.

The supply situation has been such that continued downward adjustments in acreage have been necessitated by the U.S. Department of Agriculture. During the past 25 years the following cuts have been made:

	<i>Percent</i>
1946.....	10
1947.....	20
1950.....	15
1953.....	10
1954.....	10
1955.....	25
1964.....	10
1965.....	10
1966.....	15

Increases have been:

	<i>Percent</i>
1951.....	10
1961.....	6
1962.....	6

It has become obvious to us that increased yields, averaging about 80 pounds per acre per year, and declining disappearance has brought about a dire need for changes in the basic control program for burley tobacco.

Early in 1970, Secretary of Agriculture Clifford Hardin requested and challenged us to develop recommendations for program changes that will bring supplies in line with marked needs. I would like to report that many meetings have been held in an effort to determine the views of farmers and others in order to develop an acceptable and workable burley tobacco program. For example, a special series of 10 meetings was held with county farm bureau leaders in Kentucky to determine the view of burley producers.

These meetings were attended by more than 400 counties. At these meetings, held in cooperation with the College of Agriculture,

University of Kentucky, a lengthy questionnaire was used which revealed that a vast majority of the leadership felt very definitely that the present burley program is not adequate and that a quantitative control program must be developed if we are to retain a burley tobacco program.

Subsequent to these meetings many additional conferences were held and recommendations were developed which were unanimously approved by the more than 500 delegates attending our Farm Bureau State convention. The recommendations approved were:

(1) That the present burley allotments in acreage be changed to poundage quotas.

(2) That all producers share in future quota adjustments, and

(3) That lease and sales of burley quotas be authorized within counties provided a new and effective program is adopted.

As chairman of the Burley Industry Leadership Committee I wish to report that this group has met at least monthly since January 1970, to consider the current situation and problems in the burley industry, including production, production trends, utilization, and accumulation of loan stocks which are almost equal to a year's domestic use and involve many millions of dollars in Commodity Credit Corporation loans.

After complete study and consideration by this group and in meetings held with representatives from all burley-producing States, our committee has concluded that the current situation in burley tobacco is critical and that action must be taken immediately to bring about effective production controls. We have proposed to the U.S. Department of Agriculture and to Members of Congress, and it is our recommendation here that:

(1) The burley tobacco program be changed from the present system of acreage controls to quantitative controls.

(2) That all producers share in future adjustments of quotas, and

(3) That lease and/or sale of quotas be permitted within counties as a part of the new program.

We further recommend that these proposals be subjected to comprehensive review at an early date by all segments of the burley industry in order that legislation may be proposed and enacted prior to the planting of the 1971 burley crop.

In view of the comprehensive nature of the recommendations made by the Kentucky Farm Bureau and the Burley Industry Leadership Committee, we respectfully request postponement of action on H.R. 18686, in order that more comprehensive legislation, including leasing provisions for quotas, be enacted.

As was indicated by many of the people here this morning recommending that this bill be enacted because it would make a more economic unit, we agree that it will make a more economic unit, but that it will put allotments in the hands of the more efficient producers. We are therefore going to have more efficient production and increased production, resulting in a detriment to our program rather than a help. So we do encourage postponement of the legislation.

I would like to submit for the record a resolution of the Kentucky Farm Bureau Federation, and suggestions for the proposed program of the Burley Industry Leadership Committee.

Senator JORDAN. That will be received for the record, Mr. Balden.

(The resolution is as follows:)

The following resolution was unanimously adopted by the voting delegates at the 51st annual meeting of the Kentucky Farm Bureau Federation on November 18, 1970:

"To keep supply in line with demand, we recommend that the burley tobacco law be amended to permit growers to adopt by referendum a straight poundage control program and this be done in time to apply to the 1971 crop. The poundage program should include the following:

"1. The 'base' poundage quota for each farm be determined by historical data.

"2. The present formula be used in determining national quota.

"3. Permit leeway for a reasonable overproduction or underproduction to be carried over to the farm's quota for the following year.

"4. Provide that all growers share proportionately in future quota adjustments.

"5. Provide for lease and sale of quotas within counties if all growers are to share proportionately in future quota adjustments."

Mr. BALDEN. Thank you for letting us attend this hearing today.

Senator JORDAN. Thank you very much.

Senator Cooper, any questions?

Senator COOPER. Just one.

You noted that the committee under your chairmanship has been working during this year, and that a great many of the members were from Kentucky. Did this committee consult with representatives of farm organizations in other burley-growing States?

Mr. BALDEN. Senator Cooper, we have meetings this year with representatives of all of the eight major burley-producing States, with the leadership of these States. We met on two different occasions. And we think as far as this program is concerned we have reached common agreement as to what this program should encompass. And we feel that it will need to be enacted.

Senator JORDAN. Mr. Carter, I am delighted that you got here.

Senator COOPER. This is Congressman Carter, from my own district in Kentucky.

Senator JORDAN. We are glad to have you, sir. We appreciate your being with us. We would be glad to hear any statement you would like to make.

STATEMENT OF HON. TIM LEE CARTER, REPRESENTATIVE IN CONGRESS FROM THE FIFTH CONGRESSIONAL DISTRICT OF KENTUCKY

Representative CARTER. I do not have any prepared statement. But I would like to say that I am not opposed to the legislation of the distinguished gentleman from Virginia. I am opposed to some of the proposals made by some other groups. In fact, the present poundage system propounded by this witness would circumvent the present five-tenths allotment of the small farmer. By law they cannot cut a man below five-tenths of an acre.

Whenever we fix the rate at pounds it can be cut across the board. This would hurt the small farmer greatly. And I have 35,000 of them in my district. It would injure to the benefit of the large farmer, such as my distinguished friend from Boyle County happens to be. I regret this, but the small farmer has a small allotment. Five-tenths or in that neighborhood is the usual thing. And this is the money crop. He engages in other things. And they raise corn, of course, and they have

cattle, dairy cattle. And they have recently started growing cucumbers. And some of them grow watermelons and they all raise gardens.

When you circumvent the five-tenths acreage allotment we will hurt the small farmer of Kentucky more than ever. And these people are the salt of the earth, to my way of thinking. And I just do not want to see them hurt in any way.

That is my statement, Mr. Chairman.

Senator JORDAN. Thank you very much.

Senator Cooper, do you have something you want to add at this time?

Senator COOPER. As I said, Congressman Carter is my Congressman. I have great respect for his views.

I do believe, though, that if the burley tobacco price support program is going to be maintained for any farmer, whether he is large or small, we will have to make some adjustments in the production control part of it. That is a tough position to take, but I am concerned about maintaining the price support program for the future. I am afraid that it might all go down, so there would be no support prices for anyone. That is the danger we are facing.

Representative CARTER. Certainly I realize that there should be some. And for that reason I recently introduced a soil bank bill which would permit farmers to soil bank part of their tobacco land. This would reduce the amount on the market, and would increase the price, and would help the small farmers a great deal.

I realize there must be some adjustments. But I would just hate to see the small farmer cut down to where he would have to go to the city for jobs and increase the urban growth and diminish the population in the rural areas.

Senator JORDAN. Thank you.

Mr. BALDEN. Mr. Chairman, if I might make one other statement, since this subject has been brought forward.

Our industrywide group developed this program with all farmers in mind throughout the State of Kentucky and the Burley Belt. We felt that with the lease proposal which we have it would enable these small farmers to become larger farmers if they desire to, by leasing and by buying additional allotments. There are not any of us—since he made the personal reference—there aren't any of us in Kentucky any more who are really large farmers. I personally happen to own 250 acres of of land, of cropland, which I am in the process of paying for. I have 4.23 base on this 250 acres. I lease an additional 250 acres which also has 404 and 2,300 base.

I have 20 people who are depending on this farming operation. So there are many small people under me as an individual that depend on me for their livelihood just the same as people in Mr. Carter's district. And we are going to enable these people to become large to whatever point they desire.

So I would like to enter that.

Senator JORDAN. In other words, a farmer who now has an allotment of half an acre or four-tenths of an acre, or whatever it might be, could lease any amount of acreage he wanted to lease, as well as a big farmer could lease a small one?

Mr. BALDEN. That is right, sir.

Senator JORDAN. It is not confined to any particular sized farm as to whatever he could lease or transfer himself?

Mr. BALDEN. That is right.

Representative CARTER. Mr. Chairman, if I might reply to that, the men with the money will buy up these allotments if they are offered for sale in a short time. The poor people will have to sell these allotments. And the large farmers will get hold of them.

Senator JORDAN. I want to make one statement that I think cannot be refuted. If something is not done the burley tobacco situation is not going to be worth much. It is going to be a liability instead of an asset. And this program has got to be helped, and it has got to be helped very quickly.

Senator COOPER. I think you realize that in the statement you are making here. There is a tremendous carryover. If a great amount of money gets involved in the agricultural appropriations it could be disastrous not only to the budget program but to the whole tobacco program. And that we do not want to happen, because the whole program is tremendously important. And we want to keep it, the economics of it so that you can get the Senators to keep voting this money, and the House Members too. And you know it is not easy to get that done any more, is it, Senator Cooper? That is one of the problems every day.

Representative CARTER. Mr. Chairman, I am in contact constantly with the small farmers. I meet with them regularly at the Farm Bureau meetings, for instance. And I certainly will represent the will of the majority of those people. But I feel like I know what their desire is. And I further realize that tobacco is in trouble. And that is the reason why I introduced a bill for soil banking of tobacco.

Thank you, sir.

Senator JORDAN. I have an interest in the burley tobacco growers not only in North Carolina but in Kentucky and Tennessee, because we have got the same type of farmers in western North Carolina, the small acreage farmers. And they do not want to see what they have destroyed, they want to see it helped. That is what we are trying to do at this time.

Thank you very much.

Do you have anything you want to add?

Mr. BALDEN. No, sir.

Senator JORDAN. Does anybody from the Department want to ask any questions?

(No response.)

Senator JORDAN. Mr. Kessler, do you have a statement to put in the record?

Mr. E. W. KESSLER. No. I am with Mr. Balden.

Senator JORDAN. Thank you very much. That was my understanding that you were with Mr. Balden.

STATEMENTS OF ROBERT D. WOODS, VICE PRESIDENT, AND S. J. STOKES, JR., BURLEY FARMERS ADVISORY COUNCIL, LEXINGTON, KY.

Mr. Woods. Mr. Chairman, I am Robert Woods. My statement would only concur with Mr. Balden's statement, so I would just file it.

I would like to call attention to the seriousness of the situation and to reemphasize the importance of getting congressional action

to change our burley tobacco program before next year's referendum.

We are somewhat bothered with the time issue on that, Senator Cooper, I believe. And the situation is critical, and action is imperative.

Senator COOPER. May I ask, what is your official capacity? Do you come just as a grower or as a representative?

Mr. WOODS. I am a grower, a small grower. I grow 4 acres of tobacco. But I am representing the Burley Farmers Advisory Council. And it is composed of 33 of the major producing counties in Kentucky. I am from Lexington, Ky.

I would like to submit my prepared statement for the record, Mr. Chairman.

(The prepared statement of Mr. Woods follows:)

Mr. Chairman, and Members of the Committee, I am Robert D. Woods, Vice President of the Burley Farmers Advisory Council.

First, I would like to express my appreciation for the opportunity to appear before your Committee. I am eternally grateful for our System of Government that allows its citizens to express their feelings on issues such as we have before us today.

The Burley Farmers Advisory Council with grower membership in major Kentucky Burley producing counties, is in full support of the recommendations made by Mr. Balden.

I would like to underscore the seriousness of the situation and to reemphasize the importance of getting Congressional action to change our Burley tobacco program before next year's referendum—the situation is critical, action is imperative.

Senator JORDAN. Is Mr. Stokes here with you?

Mr. STOKES. Mr. Chairman, I just concur with Mr. Woods.

Senator JORDAN. Thank you very much.

Mr. Miller is our next witness.

Senator COOPER. Mr. Robert Miller is our Kentucky Commissioner of Agriculture.

Senator JORDAN. Do you have a statement to file, Mr. Miller?

**STATEMENT OF J. ROBERT MILLER, COMMISSIONER, KENTUCKY
DEPARTMENT OF AGRICULTURE, FRANKFORT, KY.**

Mr. MILLER. Mr. Chairman, I do not have a statement to file. But I would like to take this opportunity to thank this committee for looking into this situation and to urge you to continue and to urge the Congress to enact legislation which will be accepted by our people. I am concerned—interested as an official of the State I represent, the Department of Agriculture, and Kentucky produces approximately 70 percent of our burley, which accounts for 40 percent of our farm income, I am tremendously concerned with maintaining the industry. And I am here on behalf of all the people.

I hope that we can come forward with legislation which will be accepted by all of our growers.

Thank you.

Senator JORDAN. Thank you very much. I appreciate your being with us.

Senator COOPER. May I ask a question?

Senator JORDAN. Yes, sir.

Senator COOPER. Mr. Commissioner, have you participated in these meetings over this last year?

Mr. MILLER. Yes, sir. Our department is interested, and met with the various groups as outlined there by Mr. Balden in discussions throughout the State, and in committee meetings.

Senator COOPER. Meetings were held throughout Kentucky?

Mr. MILLER. Yes, as indicated by Mr. Balden there.

Senator JORDAN. Thank you, sir.

Mr. Snodgrass is our next witness.

Mr. Snodgrass, we are all glad to have you, sir.

We shall be happy to hear your statement at this time.

Please, proceed.

STATEMENT OF FRANK B. SNODGRASS, VICE PRESIDENT AND MANAGING DIRECTOR, BURLEY AND DARK LEAF TOBACCO EXPORT ASSOCIATION

Mr. SNODGRASS. Thank you, Senator.

I have a brief statement I would like to read if I may, please.

Senator JORDAN. Yes, you certainly may.

Mr. SNODGRASS. Thank you, sir.

Mr. Chairman and members of the committee:

For the record, I am Frank B. Snodgrass, vice president and managing director of the Burley and Dark Leaf Tobacco Export Association in Washington, D.C.

I appreciate this opportunity of appearing before your committee and giving the views of our organization concerning H.R. 18686, a bill to authorize the lease and transfer of burley tobacco acreage allotments

I appeared before the Tobacco Subcommittee of the House Committee on Agriculture at the time they were considering this legislation. I recommended that consideration of this legislation should be delayed until such time that we can come up with a recommendation for an overall revision of the burley production control program.

While I agree in principle that it is desirable to adopt at some future date provisions similar to those contained in this legislation I feel that enactment of this measure at this time is premature.

The major problem confronting the producers of burley tobacco and endangering the price support program at this time is one of overproduction. This, coupled with a decline in the domestic usage and an increased buildup of surplus loan stock tobaccos is threatening the fiscal stability of our price-support system, which means so much to the economy of our burley producers.

I am sure that you are aware that we have moved from an average yield per acre for our burley production of 1,316 pounds in the post-war period (1949-53) to an average yield per acre in the amount of 2,488 pounds for the 1969 crop and the latest estimate for the 1970 crop is 2,523 pounds per acre.

The increase in the yields per acre for our burley tobacco production has come as a result of improved varieties, cultural practices, increased fertilization and the use of new chemicals.

The membership of our organization had the foresight to initiate foreign market development programs for the purpose of expanding our markets for U.S.-produced burley throughout the world. Although we have more than doubled our export sales, we are unable to absorb the surplus of burley due to increased production related above.

The advent of the filter-tip cigarette, new technological changes in domestic manufacturing permitting fuller utilization of the leaf, the increased usage of imported leaf in the manufacture of domestic cigarettes and the decline in domestic consumption of cigarettes due to the

smoking and health controversy have been responsible for decreased usage of our burley in recent years.

The enactment of legislation to permit the lease and transfer of burley tobacco acreage allotments would only serve to further complicate the situation and add to the already burdensome surplus at this time. When steps are taken to place our house in order concerning overproduction then and only then should we consider passage of a measure to permit the lease and transfer of burley allotments.

Provisions for lease and transfer of tobacco allotments have worked well for other types, particularly Flue-cured tobacco, where quantitative controls are in effect and there is not a burdensome surplus of tobacco.

The primary reason for adopting measures to permit the lease and transfer of tobacco allotments is to create a more economic unit of production. In the event mechanization for planting, cultivating, and harvesting of tobacco is perfected the larger units of production would be desirable.

Presently the experimental models of mechanized harvesters are not readily adaptable for burley tobacco and are not economically feasible for the average producer. So, we are still faced with approximately 450 man-hours of labor per acre of tobacco in the production of air-cured types, such as burley.

In the areas in the extreme eastern portion of burley production, such as the mountains and hills of eastern Kentucky, south Tennessee, western North Carolina and western Virginia, the terrain will not lend itself to the use of mechanization, therefore through necessity production in those areas must continue to utilize hand-labor.

I have been informed that members of the tobacco leadership in the burley-producing area are in the process of formulating recommendations for revising the burley production control program and I feel it is advisable that action on the bill, H.R. 18686, be delayed until such time that it can be incorporated with the other changes that are to be recommended.

I further recommend, as I did to the House committee, that it is imperative that this legislation or any other piece of tobacco legislation that might be voted out by your committee for full Senate consideration should be done under a rule which would not permit amendments from the floor, since I am always fearful of the possibility of the introduction of amendments to terminate the price-support program for tobacco.

I thank you for the privilege of appearing before your committee. Senator JORDAN. Thank you very much.

Senator COOPER?

Senator COOPER. Mr. Snodgrass, you are executive secretary of the Burley Dark Leaf Tobacco Export Association?

Mr. SNODGRASS. Yes, sir.

Senator COOPER. As I understand, this is an association of associations?

Mr. SNODGRASS. That is correct.

Senator COOPER. Would you file with the committee a list of the members?

Mr. SNODGRASS. I would be happy to.

(The information is as follows:)

BURLEY AND DARK LEAF TOBACCO EXPORT ASSOCIATION, INC.,
100 Seventeenth Street NW., Washington, D.C.

LISTING OF MEMBER ORGANIZATIONS

Burley Auction Warehouse Association, Mt. Sterling, Ky.
Burley Leaf Tobacco Dealers Association, Maysville, Ky.
Burley Stabilization Corporation, Knoxville, Tenn.
Burley Tobacco Growers Cooperative Association, Lexington, Ky.
Eastern Dark Fired Tobacco Growers Association, Springfield, Tenn.
Stemming District Tobacco Association, Henderson, Ky.
Virginia Burley Tobacco Growers Association, Abingdon, Va.
Virginia Dark-Fired and Sun-Cured Tobacco Export Assn., Farmville, Va.
Western Dark Fired Tobacco Growers Association, Murray, Ky.
Association of Dark Leaf Tobacco Dealers and Exporters, Bowling Green, Ky.

Senator COOPER. Are you also speaking today for the Burley Tobacco Growers Cooperative Association?

Mr. SNODGRASS. I am speaking for them, since they are part of our membership. But they are also a member of the leadership committee that Mr. Balden testified for.

Senator COOPER. Mr. John Berry is president of the Burley Tobacco Growers Cooperative Association. Do you know whether or not he participated in any of these leadership meetings?

Mr. SNODGRASS. He did, sir.

Senator COOPER. For the record, would you describe as briefly as you can the Burley Tobacco Growers Cooperative Association—what its functions are in the tobacco program?

Mr. SNODGRASS. Well, it is a burley cooperative in the sense that it is farmer managed, and it was organized under the Bingham Act to administer the price-support program for burley tobacco in five States of the eight-State area where burley tobacco is produced. When they take on loans such as Flue-cured stabilization, which accounted for that, they take a loan on tobacco that does not mean more than the advance price, and they process it and store it until such time as it is disposed of through normal trade channels.

Senator COOPER. May I ask, is it the position of the cooperative that the burley program is in difficulty and action should be taken?

Mr. SNODGRASS. Yes, it has been recognized in recent years that the yields per acre have gone up where we are getting into serious difficulty as far as accumulating surpluses of tobacco.

Senator COOPER. Thank you very much.

Senator JORDAN. Thank you, Mr. Snodgrass.

Mr. Shuffett is our next witness.

We are going to have to ask you to make your presentation very short, Mr. Shuffett, because the Senate is now in session, and the morning hour is over, and if I do not get permission to sit I am going to have to pay for this transcript, and I do not like to buy them—they are too high—and this could be thrown out on the floor.

Will you proceed, sir, with your statement.

STATEMENT OF DR. MILTON SHUFFETT, PROFESSOR OF AGRICULTURAL ECONOMICS, COLLEGE OF AGRICULTURE, UNIVERSITY OF KENTUCKY, LEXINGTON, KY.

Mr. SHUFFETT. I have a statement I would like to file, Mr. Chairman.

I have worked with the leadership throughout the year representing the college administration. And we feel that the situation is very

critical. And some producers in Kentucky now produce as much as 5,700 pounds of tobacco per acre. And we see yields continuing upward and we have no doubt that this will continue upward. And when yields increase from the present high level to as much as 3,500 pounds per acre, then the current utilization of burley tobacco would require all producing goals to be limited.

(The prepared statement of Mr. Shuffett is as follows:)

My name is Milton Shuffett. I am a Professor of Agricultural Economics, College of Agriculture, University of Kentucky. Approximately one year ago the Secretary of Agriculture advised representatives of the burley industry to review the present burley tobacco program and to furnish him recommendations for needed changes. Throughout the year representatives of the College of Agriculture, University of Kentucky, have worked with the organizations listed in the statement presented to this Committee today by Mr. William Balden in order to provide an environment conducive to consensus views in the burley industry. The role of representatives of the College of Agriculture, University of Kentucky, has been: (1) to present facts on the very critical situation now faced by the burley tobacco industry due to the imbalance between supply and demand and (2) to evaluate various alternatives for burley tobacco policy.

After full review of the situation and what we believe are workable alternatives, we concur in the recommendation of Mr. Balden for full and comprehensive assessment of the present burley tobacco program in order to develop the modifications in this program that are needed to deal with the present problems facing this important farm and non-farm industry.

Senator JORDAN. May I ask a question at this point, because I am sure you are an expert in this?

Has the quality of your tobacco deteriorated with the enormous production per acre as it did in some of the Flue-cured tobacco?

Mr. SHUFFETT. Sir, I think very definitely it has, because the incentive to producers has been to maximize pounds per acre rather than quality of tobacco. Fertilization, chemicals, and all of these practices leading to higher yields have undoubtedly been detrimental to high quality.

Senator JORDAN. And the fertilizers and all these other things that come along have had an effect?

Mr. SHUFFETT. Yes.

Senator JORDAN. And that could be serious too, as I am sure it is, because the aroma and flavor and a great many things that you use in burley to blend with in cigarettes, if that deteriorates very badly, they are going to use less of it in cigarettes.

Mr. SHUFFETT. I think it is very definitely that producers produce a high quality product, particularly in today's market.

Senator JORDAN. Thank you very much.

Senator COOPER?

Senator COOPER. Are you a member of this committee, Mr. Shuffett?

Mr. SHUFFETT. Yes. I represent the college of agriculture on this committee.

Senator COOPER. What is your position at the University of Kentucky College of Agriculture?

Mr. SHUFFETT. I am a professor of agricultural economics; I teach courses and do research in the department of agricultural economics.

Senator COOPER. And through your department, do you keep in touch with the county agents throughout the State?

Mr. SHUFFETT. Yes, sir, particularly on tobacco policy. It has been my responsibility, along with an extension person we have in in policy, to keep county agents informed through annual publications of the policy situation in burley tobacco, and in numerous meetings over the State with county agents and farmers.

Senator COOPER. It has been stated—and I have asked Mr. Todd, since I have great respect for his statements and I have found them to be correct in the past—that using the official figures and estimates of the Department with respect to supplies, production and use, although the determination must be made by the Secretary, that an acreage cut of a minimum of 25 percent would be called for. Have you had a chance to look at these tables and study them, Mr. Shuffett?

Mr. SHUFFETT. I have, Senator Cooper. And I have worked through the formula. And of course the Secretary has some flexibility. And I am not taking a different position from Mr. Todd, but I would be very surprised if the cut were as small as 25 percent basically on the formula. It seems to me that the formula might call for an even greater cut than 25 percent. Certainly this would be a minimum.

Senator COOPER. We have discussed also the existing law, which provides that the limit on supplies, at which cuts will not be made, is 2 $\frac{1}{10}$ years' consumption. What is that based upon?

Mr. SHUFFETT. I think it is traditionally based upon practices of companies holding tobacco for aging purposes prior to manufacturing. And it has been in the law since the 1938 act, 2 and 8 years has been assumed to be legally a normal supply. Certainly I do not think this has increased any with the technology that has developed in manufacturing.

Senator COOPER. Has there been a change in technology or practice which would cause you to believe that that figure of 2.8 should be changed?

Mr. SHUFFETT. Not really, sir. I think possibly—and this is a personal opinion—that certainly it should not be increased; I think, because the technology and manufacturing has apparently resulted, or at least practices of manufacturers have apparently trended toward holding smaller stocks relative to utilization rather than larger stocks. So I do not personally feel that there is any valid reason for changing the 2.8.

Senator COOPER. Thank you, Dr. Shuffett.

Senator JORDAN. Thank you very much.

Mr. SHUFFETT. Thank you.

Senator JORDAN. Mr. Hillenmeyer, your statement will be filed.

Do you have anything you want to say orally, sir?

**STATEMENT OF ERNEST B. HILLENMEYER, PRESIDENT, BURLEY
LEAF TOBACCO DEALERS ASSOCIATION, MAYSVILLE, KY.**

Mr. HILLENMEYER. I would only say, Mr. Chairman, and members of the committee, that our association has participated in all these leadership meetings. And our dealers' associations also represent members from almost all the burley producing States and some of the Flue-cured States. And it does represent every independent processor on land. And we think this is in serious trouble, and the whole program is in serious trouble.

The only provisions that we feel are important is that we are expanding exports to some extent, and we would like to see in any new legislation some provision made to protect this increase in exports.

Thank you, sir.

Senator JORDAN. Thank you very much.

We will place your prepared statement in the record at this point. (The prepared statement of Mr. Hillenmeyer is as follows:)

I am Ernest B. Hillenmeyer, President, Burley Leaf Tobacco Dealers Association.

During the past year we have participated in almost all the meetings of the Burley Leadership Committee. Our Association concurs in the statement made by Mr. Balden. Any new program must include provisions to guarantee maintaining and expanding our export markets which now take about 10% of the Burley crop. We respectfully request that these export markets be considered when the new legislation is drawn.

Senator JORDAN. Just as soon as this testimony is typed up and printed each member of this subcommittee will get a copy of it as well as every member of the full committee.

And Senator Cooper, I say to you, sir, I will get it before the full committee just as quickly as possible. And of course you know Senator Ellender has got to hold that meeting. And Senator Holland, it will be up to him to get his subcommittee together to deal with this question, unless he would like for me to go ahead and do it. And I am willing to do it if he wishes me to, because this is tremendously important in my opinion.

So with that statement, the subcommittee will stand adjourned, unless you have some statement you would like to add to that?

Senator COOPER. Could you leave the record open for a small period of time?

Senator JORDAN. Certainly. That is the usual practice, Senator.

This is Tuesday. Would Tuesday of next week be ample time for anybody else to file a statement?

Senator COOPER. Yes, indeed.

Senator JORDAN. We will leave the record open until Tuesday of next week for any other group that wishes to file a statement, and we would be glad to put it in this record at that time.

Thank you, every one of you, for being with us. And for the testimony which is very helpful to us.

I will do my best to see that we get some action on this promptly.

Thank you, Senator Cooper, for being with us, and for your help.

The subcommittee will adjourn at this time.

(Whereupon, at 12:20 p.m. the subcommittee adjourned, to reconvene subject to the call of the Chair.)

(Additional statements filed for the record are as follows:)

STATEMENT OF HON. WILMER D. MIZELL, REPRESENTATIVE IN CONGRESS FROM FIFTH CONGRESSIONAL DISTRICT OF NORTH CAROLINA

Mr. Chairman, I appreciate this opportunity to express my views on the burley tobacco bill, which is now under consideration by this committee.

I was privileged to sponsor the House version of this legislation, which was conceived in the need for a more equitable policy regarding the leasing and transfer of burley tobacco acreage allotments.

I was gratified when the House passed this bill, but more importantly, the burley tobacco farmers of the fifth district of North Carolina, which I represent, were buoyed by the hope that at last they would be included in this lease and transfer program.

The right to lease and transfer acreage allotments has been enjoyed by other kinds of farmers for years, and this right has accounted for a more productive farming industry, and thus for a more prosperous national economy.

The fact that hundreds of burley growers have been legally discriminated against for so long is not only a great injustice to them; it is also a disgrace to this government which has perpetuated that discrimination.

Many of the burley growers in my district in North Carolina, as well as in other parts of the state, do not have the labor or the facilities to fulfill their tobacco allotments.

The legislation you are considering today will, as the House bill does, give these people the opportunity to make money by leasing their allotments to other growers in the county.

Under the House version, leases may be binding for up to five crop years and must be filed with and approved by the county Agricultural Stabilization and Conservation Committee. Only farmers who already have burley tobacco allotments will be eligible to lease other allotments.

When the leasing arrangements is made between the farmers, the crop from the leased land will be considered as having been produced on the original cropland. This provision will protect future allotments as well as referendum voting rights.

These provisions, if enacted, will especially benefit the burley growing areas of Alleghany County and Ashe County in my district, and many other areas throughout the tobacco-growing region.

I urge you gentlemen to act favorably on similar provisions in the Senate version of the bill. To do so would require you only to recommend the inclusion of burley tobacco in Section 316 of the Agricultural Adjustment Act of 1938.

The action would represent a mere stroke of the pen for you, but it would be the same as a new lease on life for hundreds of burley growers. I urge you to take that action. No additional federal funds would be required to implement this provision, but it would mean an end to prolonged and needless discrimination against a hard-working, industrious group, the burley growers of America.

FRANKFORT, KY., December 11, 1970.

Hon. JOHN SHERMAN COOPER,
U.S. Senator,
Senate Office Building, Washington, D.C.

DEAR SENATOR COOPER: I am indeed sorry that I was unable to attend in person the tobacco hearing held Tuesday, December 8, by the Tobacco Subcommittee of the Senate Committee on Agriculture and Forestry.

I wish to commend the Senate for holding the hearing and permitting Kentucky farmers and other tobacco interests to be heard. You, as well as I, realize that tobacco is the major source of farm income in Kentucky and that it is extremely important to the entire economy of our Commonwealth as well as the nation. In fact, burley tobacco produces about forty percent of the total farm income in Kentucky.

In addition, I appreciate the concern of the Senate for the seriousness of the situation in which we find ourselves with respect to the supply-demand problems of burley tobacco.

It would be impossible for me to estimate the value that the price support program has been to the tobacco economy over the years. Unquestionably, it means millions of dollars annually in higher prices paid to farmers for their tobacco. In many instances, it has meant the difference between living wages and bankruptcy.

We also know that the price support program is based upon the premise that tobacco supplies are to be kept in line with demand. As I understand the present situation with respect to burley tobacco increased yields, averaging about 80 pounds per acre per year, coupled with a declining domestic disappearance of burley have resulted in a dangerous oversupply of the crop. Should this trend continue, I feel it could result in the loss of the entire price support program for tobacco producers. I am told also that if the present program for attempting to control burley productions by acreage allotments is continued, farmers would have to take a 25 to 40 percent reduction in allotments in 1971. As you know, this would follow many previous allotment cuts, the most recent of which was a 10 percent cut in 1970. Such a reduction in burley allotment in one year would be very detrimental to the economy of Kentucky and seriously affect the income of our farms.

After reviewing the history of the burley tobacco price support and control program, I recognize that it has required modifications from time to time in order

to keep supplies in line with demand. Tobacco leaders in Kentucky appear to be in full agreement that we are again at a place where a change in the program is badly needed. They are recommending that Congress enact legislation which will permit producers by referendum to adopt the poundage control program which will permit maintenance of a reasonable supply-demand balance where the acreage control program is now falling short.

I am of the opinion that the tobacco industry in Kentucky and a majority of farm families who depend upon burley for either all or a portion of their income would support the poundage program which has been recommended to you. I recommend to Congress that it enact such legislation as will permit growers of burley tobacco to vote for a poundage control program in time to apply to the 1970 crop.

Since a major change in the burley control program is so obviously needed, I heartily recommend that the Senate not act on HR 18686 at this time, but that consideration for lease and transfer of allotments be postponed to be considered as a part of a new control program to be offered to growers in a referendum.

Thank you for permitting me to express by this letter the views of my office with respect to this important subject, the contents of which I would appreciate having entered as a part of the Committee's hearing record.

Yours very truly,

LOUIE B. NUNN, *Governor,*
State of Kentucky.

[TELEGRAM]

MAYSVILLE, KY., *December 8, 1970.*

Senator B. EVERETT JORDAN,
Senate Office Building,
Washington, D.C.:

In considering sampler House bill HR 18887 in Senate Agriculture and Forest Committee on Tuesday, December 8, please consider that the Burley tobacco situation should have a complete regulations and that ability of ASC committees to cut minimum acreage when combined.

C. A. MARSHALL, Jr.

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