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BURLEY TOBACCO—PROCLAMATION OF MARKETING QUOTAS, FARM POUNDAGE QUOTAS

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HEARINGS

BEFORE THE

SUBCOMMITTEE ON TOBACCO

OF THE

COMMITTEE ON AGRICULTURE

HOUSE OF REPRESENTATIVES

NINETY-SECOND CONGRESS

FIRST SESSION

ON

H.J. Res. 365, H.R. 4328, H.R. 4462,
H.R. 5233, and H.R. 5732

FEBRUARY 23; MARCH 2 AND 16, 1971

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BURLEY TOBACCO—PROCLAMATION OF MARKETING QUOTAS

TUESDAY, FEBRUARY 23, 1971

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

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

Present: Representatives Abbitt, Stubblefield, Mathis, Wampler, Miller.

Also present: Representative Carter of Kentucky, Mrs. Christine S. Gallagher, chief clerk; Lacy C. Sharp, general counsel; and Hyde H. Murray, associate counsel.

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

Before us we have House Joint Resolution 365, by the Honorable William Wampler, distinguished Congressman for the Ninth District of Virginia.

(H.J. Res. 365, as introduced by Mr. Wampler, is as follows:)

[H.J. Res. 365, 92d Cong., first sess.]

JOINT RESOLUTION To extend the time for the proclamation of marketing quotas for burley tobacco for the three marketing years beginning October 1, 1971

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any other provision of law, the Secretary of Agriculture may defer any proclamation under section 312 of the Agriculture Adjustment Act of 1938, as amended, with respect to national marketing quotas for burley tobacco for the three marketing years beginning October 1, 1971, until the date he determines is necessary to permit growers to be notified of their farm marketing quotas and the referendum to be held prior to normal planting time.

Mr. ABBITT. I think probably we had better hear from the Department representative first. We are pleased, as always, to have our friend here from the Tobacco Division, Mr. Todd. Joe, can you give us some information on this.

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

Mr. TODD. 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.

I am pleased to give the Department's views on House Joint Resolution 365, joint resolution to extend the time for the proclamation of marketing quotas for burley tobacco for the 3 marketing years beginning October 1, 1971.

The resolution authorizes the Secretary to defer the proclamation of marketing quotas for burley tobacco for the 3 marketing years beginning October 1, 1971, until the date he determines is necessary to permit growers to be notified of their farm marketing quotas and the referendum to be held prior to normal planting time. The purpose of the resolution is to provide additional time for the Congress to consider legislation designed to make the marketing quota program more effective in adjusting supplies of burley tobacco to demand. We are advised that the subcommittee will hold a hearing on March 2 to consider bills which provide for farm poundage quotas for burley tobacco in lieu of the acreage allotment program now in effect.

The Agricultural Adjustment Act of 1938, as amended, provides that the Secretary shall proclaim marketing quotas for burley tobacco for the 3 marketing years beginning October 1, 1971, no later than February 1, 1971. Public Law 91-641, approved December 31, 1970, authorized the Secretary to defer such proclamation until March 1, 1971. House Joint Resolution 365 would further extend the final date for the proclamation until the date the Secretary determines is necessary to permit burley tobacco growers to be notified of their farm marketing quotas and the referendum held prior to normal planting time.

The approval of this resolution will have no effect on administrative expenses or CCC capital funds.

The Department recommends that the resolution be passed. 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 program.

Mr. ABBITT. Thank you very much.

Any questions?

Mr. WAMPLER. Mr. Todd, what would be the cost of this legislation?

Mr. TODD. There would be no cost attached to this resolution. This resolution is only a question of when we do something that we have got to do anyway, so there is no cost involved in connection with this resolution.

Mr. WAMPLER. Thank you.

Mr. ABBITT. This is similar to one we already passed, except this leaves it entirely to the discretion of the Secretary, and the other one just gave him 60 days or 30 days.

Mr. TODD. Thirty days, and this one goes up to normal planting time. We feel the farmers have to know their allotments or quotas or whatever it might be by planting time.

Mr. ABBITT. Any questions?

Mr. STUBBLEFIELD. No questions.

Mr. ABBITT. Mr. Miller?

Mr. MILLER. Mr. Todd, there is no reason why we should have a date in here limiting to a given time so that the people who will be wanting to plant will be aware what they should plant. Now, I know it is open end. Could a problem come up because it is open end?

Mr. TODD. I do not think so, Congressman Miller, because it says they have got to be notified prior to normal planting time, and normal planting time varies a little bit throughout the burley area. You plant tobacco in your district later than they do in Mr. Wampler's, for instance, so we would assume this applies to the earliest date, so it would have to be done in time to hold a referendum prior to the normal planting time.

Mr. MILLER. Thank you, Mr. Chairman.

Mr. ABBITT. The gentleman from Georgia?

Mr. MATHIS. No questions.

Mr. ABBITT. We thank you very much, Joe. You have been a help to us and we are appreciative.

I see we have the distinguished gentleman also from Kentucky, Mr. Snodgrass. Would you like to have something to say?

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

Mr. SNODGRASS. Thank you, Mr. Chairman. For the record, I am Frank B. Snodgrass, vice president and managing director of Burley and Dark Leaf Tobacco Export Association at 1100 17th Street NW., here in Washington.

My organization is a federated trade association composed of the following member organizations: Burley Auction Warehouse Association, Mount Sterling, Ky.; Burley Leaf Tobacco Dealers Association, Maysville, Ky.; Burley Stabilization Corp., Knoxville, Tenn.; Burley Tobacco Growers Cooperative Association, Lexington, Ky.; Eastern Dark Fired Tobacco Growers Association, Murray, Ky.; Virginia Burley Tobacco Growers Association, Abingdon, Va.; Virginia Dark Fired and Sun Cured Tobacco Export Association, Farmville, Va.; Western Dark Fired Tobacco Growers, Murray, Ky.; Association of Dark Leaf Tobacco Dealers and Exporters, Bowling Green, Ky.

Mr. Chairman, I greatly appreciate this opportunity to appear before your subcommittee to express the views of our membership in endorsing the enactment of House Joint Resolution 365. We urge that this resolution be adopted at the earliest in order to further extend the time for the proclamation of marketing quotas on burley tobacco for the three marketing years beginning October 1, 1971.

The tobacco leadership is in accord that a more effective method of controlling burley production than the present acreage control system must be enacted. Legislative proposals providing for quantitative controls for burley production has been introduced in both houses of the Congress, and I have been advised that hearings will be held on these measures by the appropriate subcommittees of the Senate and the House on Tuesday, March 2, 1971.

The enactment of legislation permitting quantitative controls for burley production is both necessary and highly desirable. This has been necessitated by the increasing yield per acre and the downward trend of domestic usage due to technological changes in the use of imported leaf in the manufacture of domestic cigarettes and tobacco products.

We, therefore, urge the adoption and passage of House Joint Resolution 365, which will permit the Congress the necessary time to consider the pending legislation that would provide for an orderly and effective production control for burley tobacco.

I thank you.

Mr. ABBITT. Thank you very much. We appreciate that information and appreciate your interest in our subcommittee as well as the tobacco dealers of America.

Any questions?

Mr. WAMPLER. No.

Mr. STUBBLEFIELD. No.

Mr. ABBITT. Mr. Miller?

Mr. MILLER. Mr. Snodgrass, did I understand the problem also to be one of exporting, we're not exporting as much burley tobacco?

Mr. SNODGRASS. No, it is on the domestic side. In fact, our export of burley has increased over the last 4 to 5 years.

Mr. MILLER. Do you have any figures to show us about how much?

Mr. SNODGRASS. Roughly 10 percent of the crop, somewhere between 58 and 60 million pounds.

Mr. MILLER. Per year?

Mr. SNODGRASS. Per year, yes.

Mr. MILLER. Thank you, Mr. Chairman.

Mr. ABBITT. Any questions?

Mr. MATHIAS. No.

Mr. STUBBLEFIELD. Mr. Chairman, may I ask Mr. Todd a question?

Mr. ABBITT. Sure.

Mr. STUBBLEFIELD. Off the record.

(Off the record discussion.)

Mr. STUBBLEFIELD. Thank you.

Mr. ABBITT. Thank you, Joe. We are very pleased to have the record show that the Gentleman from Kentucky, Dr. Tim Lee Carter is with us.

Dr. Carter, would you like to ask Mr. Todd or Mr. Snodgrass any questions? We would be glad to hear from you, whichever.

Mr. CARTER. I thank the distinguished Chairman. I do not believe I have any questions at this time.

Mr. ABBITT. You are welcome if you like. Is there anyone else that wants to be heard?

Mr. MILLER. Mr. Chairman?

Mr. ABBITT. Yes, Mr. Miller.

Mr. MILLER. Could I ask one question about the pool tobacco you said there were about 500 million pounds. That is last year, and that is tobacco that has been added to the pool over the years?

Mr. TODD. No, sir. It is total, from all of the crops. I think we have some 1962 crop, and I think we have, in fact, a few pounds of the 1961 crop still under loan.

Mr. MILLER. That is what I was after, how far back do you go. 1961 would be the earliest year of tobacco in the pool?

Mr. TODD. Yes, sir, just a very small quantity of 1961 crop, and beginning 1962 primarily.

Mr. MILLER. From 1962 on?

Thank you very much, Mr. Chairman.

Mr. TODD. Including the 1970 crop, what we have already taken under loan. That crop is sold now.

Mr. CARTER. Mr. Todd, are you in favor of poundage control, so-called poundage control bill?

Mr. TODD. We have a request in the Department for a report on Senator Cooper's bill now, and the Department has not taken any official stand on it. I would be glad to give you my personal view.

Mr. CARTER. All right. I have asked you for your opinion.

Mr. TODD. Personally, I think it is inevitable, Mr. Carter, because yields have gone up. We have set a record each of the past 2 years and we have in our county ASCS offices a record of marketings from each farm, and we have a number of farms that have already obtained yields of 3,500 to 4,000 pounds per acre, and we hear that there are test plots that have gone up considerably beyond that. So, I think we have to get something other than acres to keep supply in line with demand.

Mr. CARTER. Well, along with that, what about your Government purchases of tobacco? Have they increased? Did they increase this year or did they lessen?

Mr. TODD. The loan take from the 1970 crop was considerably less than from the 1969 crop, but we had all of this loan tobacco that is more or less segregated from the market by virtue of its price, so that accounts for the fact that even though we have a substantial surplus, we had an excellent market this past year with only $8\frac{1}{2}$ to 9 percent moving under Government loan.

Mr. CARTER. Then if we have a market next year and the next such as we have this year, would that continue to lessen the problem?

Mr. TODD. No; not unless we can move some of these loan stocks. That is the problem, the huge amount we have under Government loan.

Mr. CARTER. If we get down to the poundage proposals, is it not true that this will circumvent the five-tenths acreage allotment below which it cannot be cut, according to law?

Mr. TODD. Yes; if you get on a poundage basis, under the proposals that are being considered now there is no minimum protection. That is right.

Mr. CARTER. There is no minimum protection there. Have you noticed that all of the big farmers throughout the area support this bill and the vast majority of the small farmers oppose it?

Mr. TODD. No, sir. I agree with you that I think most of the larger, so-called larger farmers are supporting the poundage controls, but we are receiving some letters from some of the smaller ones too—they are divided.

Mr. CARTER. We have 35,000 allotments, I believe, in my district, 60 percent of which have bases of five-tenths or less and, of course, by law that cannot be cut. This, of course, would permit the pounds which they can, which they are allotted, to be cut, and when this is done it seems to me that, of course, naturally, the amount of money they will receive will be decreased. Is that not true?

Mr. TODD. That is true of all the growers; yes, sir.

Mr. CARTER. And true of small growers too? Would it not be lessened, would it not hurt, really, the status of the small farmer a great deal?

Mr. TODD. Well, it is hard to say. It would depend on the individual farming operation, whether it had any other thing that could take up some of the slack. Off-of-the-farm employment or livestock or something else on the farm. With 60 percent of all of the burley allotments in the United States in the minimum category now, and if there is a substantial reduction in allotment in the year ahead, which is inevitable under the current program, it will move 16,000 to 18,000 more into the protective category, so we cannot get the reduction we need, so we will have to take a further reduction the next year, and that will be even less effective because there are fewer farms sharing in it.

Mr. CARTER. Do you not feel that the small farmer should be so protected that he could make enough at least to supplement his other earnings and really earn a living, or do you disagree with that?

Mr. TODD. No, sir; I do not agree with that philosophy. We have had minimum allotments on burley since World War II. We do not have it on any other kind of tobacco. In my thinking it has gotten to the point where reductions, because of the increases in per-acre yields, and the downturn in domestic use—to get the program back in balance between supply and demand—I think all growers are going to have to share in it.

Mr. CARTER. You think our small farmers must be cut, too?

Mr. TODD. Yes, sir, I do.

Mr. CARTER. Do you not think that will cause more farmers to leave the farm?

Mr. TODD. Well, it is going to cause more farmers of the so-called big allotment holders to leave the farm, too.

Mr. CARTER. Do you not think that it would increase your urban migration and problems of the cities?

Mr. TODD. It possibly can. It depends again on what the other activities of the farmer may be and what he is engaged in.

Mr. CARTER. What do you think about putting, say, a pound acreage allotment below which the farmer could not cut, say of 1,750 pounds for a five-tenths acre?

Mr. TODD. Well, personally, I would be opposed to it.

Mr. CARTER. You would be opposed to it?

Mr. TODD. Because I think with all of the reductions in allotments that the larger allotments have had over the years, they have made the principal adjustment. There has been some adjustment in the small allotment, too. The problem with the minimum now, the first minimum we had on burley, the first one was a half acre, and then in 1944 it was raised to an acre. Well, that was in the war when there was a shortage, and when there was a shortage of cigarettes and a shortage of tobacco stocks like there were on a lot of other things. No one envisioned at that time that raising them up to an acre would ever have any serious effect, but since then the yields have more than doubled, and we have reduced the minimum to a half an acre. But, there are so many in that category I think to get the proper adjustment between supply and demand that all are going to have to share it. Now, that is my personal opinion.

Mr. CARTER. Then you would be in favor of cutting the small farmer below the five-tenths acre or below the 1,750 pounds?

Mr. TODD. Yes, sir. I think it is essential if you are going to reduce the total supply enough.

Mr. CARTER. Where is most of our burley tobacco produced, on the five-tenths basis or on larger farms?

Mr. TODD. On the half-acre allotments about 60 percent of the allotments are in that category; last year they had a little below 30 percent of the total acreage.

Mr. CARTER. A little below 30 percent, still the smaller part?

Mr. TODD. Yes.

Mr. CARTER. Yes, sir.

I would hope that the powers that be would temper justice with mercy and have pity on the small farmer. I represent 35,000 of them, Mr. Chairman, and I thank you.

Mr. ABBITT. Thank you. We appreciate it.

(Off the record discussion.)

Mr. ABBITT. Unless there are other witnesses that want to be heard, we will ask that the committee go into executive session.

Thank you, gentlemen.

(Whereupon, at 3:35 p.m., the hearing in the above-entitled matter was concluded.)

Mr. CARTER: Where is most of our purified tobacco produced, on the five cents basis or on larger basis?

Mr. TOOD: On the five cents basis about 60 percent of the tobacco is in the category of last year's crop and a little below 30 percent of the total average.

Mr. CARTER: A little below 30 percent, still the smaller part.

Mr. TOOD: Yes.

Mr. CARTER: Yes.

I would hope that the powers that be would temper justice with mercy, and have pity on the small farmers I represent \$2,000 of them.

Mr. CARTER: I thank you, and I thank you.

Mr. CARTER: I thank you, I appreciate it.

(Off the record discussion.)

Mr. CARTER: I think there are other witnesses that want to be heard, so I will ask that the committee go into executive session.

Thank you, gentlemen.

It began at 2:15 p.m. The hearing in the above entitled matter was concluded.

BURLEY TOBACCO—FARM POUNDAGE QUOTAS

TUESDAY, MARCH 2, 1971

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

The subcommittee met, pursuant to notice, at 2 p.m., in room 1302, Longworth House Office Building, Hon. Watkins M. Abbitt, presiding.

Present: Representatives Abbitt, Stubblefield, Wampler, Miller, and Mizell.

Also present: Representatives Carter, Watts, Hull and Natcher, Mrs. Christine S. Gallagher, chief clerk; Lacy C. Sharp, general counsel; and Hyde H. Murray, associate counsel.

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

I am highly pleased to see so many people interested in this legislation. We have under consideration this afternoon three bills. I'm also highly pleased to see a number of Members of the House here, and we would be pleased if you all would come on up here and sit, if you will. We have Congressman Natcher from Kentucky, Congressman Hull, and Congressman Watts, who was a member of this committee for many, many years. We will be pleased to have you come up here.

As you know, Congressman Watts was a member of this committee, and I will not say for many, many, many years, but quite some time, and he is vitally interested in this tobacco program along with all of the others here.

I might add for the benefit of the group that the Congressmen have reluctantly agreed to be heard last. It is very seldom that a Member of the House of Representatives or the other body, for that matter, will agree to take second place, but they have agreed since some of you have to catch a plane, and we deeply appreciate it. Of course, many of you happen to be members of the subcommittee, and if we are not able to get back to you, you can come on another day, if necessary, and we appreciate your being here and thank you so much.

Now, in view of the fact that a number of these people tell me they have to leave this afternoon, some of them have to catch a plane. I'm going to skip all of the executive branch, if that is agreeable, and the first one I have who has to catch a plane, Mr. Turner A. Gilmer, Jr., president of the Virginia Burley Tobacco Growers Association. He is from Mr. Wampler's bailiwick. Would you like to introduce him, Mr. Wampler?

Mr. WAMPLER. Mr. Chairman, ladies and gentlemen, it affords me great pleasure, and indeed it is an honor to present Mr. Turner A. Gilmer, Jr., of Castlewood, Va.

Mr. Gilmer is the president of the Virginia Burley Tobacco Growers Association, Inc., of Abingdon, Va. He is a tobacco farmer, cattleman, and is extremely knowledgeable of the problems of burley tobacco. The committee welcomes him here this afternoon and will listen with a great deal of interest to what he has to say.

We welcome you here.

Mr. ABBITT. Pleased to have you. Proceed.

STATEMENT OF TURNER A. GILMER, JR., PRESIDENT, VIRGINIA BURLEY TOBACCO GROWERS ASSOCIATION, ABINGDON, VA.

Mr. GILMER. Mr. Chairman and gentlemen, I was not prepared to be the first witness today, but I do have to catch a plane in a little while, and I appreciate this opportunity. I am not going to try to go into the details of the bills on the floor. I am sure someone else will do that in a little while. I simply want to state the position of the Virginia Burley Tobacco Growers Association, which I represent.

And I cannot speak to the House bills because I have not studied those, but I will, but I will speak about Senator Cooper's S. 789, which in principle is the same, I think.

Our board of directors support the principles embodied in Senator Cooper's bill. We could accept that bill as is, and would support it.

However, we feel that it should be liberalized in the area of leasing burley tobacco allotments. We think that leasing should be allowed to cross county lines. We think there should be less limitation on the amounts of leasing that any one farm could lease. It would make a better market for the leasing of tobacco, and in that way would help the minimum allotment men to get the maximum out of their allotments when it becomes impractical for them to use their allotments themselves.

Then in this area of leasing, we would like another provision. We would like in Flue-cured tobacco, in practice, and I do not know whether it is in the law or not, or whether it is a regulation, but about the first of April leasing is discontinued for that year. We feel that this would be a sounder program if leasing could be done at any time during the year, the year round, any day in the year. Now, the effect of that, those of you familiar with the program know, but I will explain it in case someone does not. In the Flue-cured program, if I lease an allotment, I have so many pounds I could sell in addition to my own allotted pounds. Now, if I did not lease an allotment, and I tried to raise my allotment, say if it was 5,000 pounds and I came up with 6,000 pounds, or if I came up with 7,000 pounds, I could sell perhaps 10-percent excess, I could sell 6,000 pounds and then have a thousand pounds I could not sell until the next year, and I would have to keep it around. But, if I could market today, if I found a neighbor who did not raise his allotment, still had his and could not lease it, I could go and lease it from him, or at least a thousand pounds of it from him, I could sell my other thousand pounds and get it out of circulation. There would be no temptation for me to use that thousand pounds by putting it into some illegal market channels. I would not have hurt the program, because it would have come off of production that other farmers could have used the next year anyway; and it would reduce

the temptation to break a rule, the breaking of which would not hurt our tobacco program in any way.

Those three changes we would prefer to have, though as I say, we would accept it as Senator Cooper's bill is.

Now, in addition to that we have a little—now right now I am not speaking for the board of directors, I would like to speak for myself, because the board of directors did not discuss this point. We are a little bit afraid in our area at least where 70 percent or more of our members have allotments protected by the minimum provisions of the present law, that we would not have time to explain to them well enough before this next referendum how it is to their advantage to accept the new program. Some might be antagonized, and some might not vote to continue the program.

Now, I would also like to point out that our association's historic position has been in defense of the grower of the minimum allotment and still is; and we feel that if he knew what his alternatives were, as members of this committee do, that he would vote for this new program, and these new principles, embodied in the bills before this committee. But we are not sure that he knows that.

Now, our board of directors, I guess approximately half of them have minimum allotments, they understand. They unanimously support the principles in Senator Cooper's bill, and I think that certainly 90-some percent of the others growers, if they understood the alternative that we are faced with, would support it. But I am a little bit uneasy that between now and or at least between a time a bill could come out of the Congress and the time we would have to have the referendum that we would not be able to get our educational program across sufficiently for all of these people to understand exactly what they were voting for, and personally I would sleep much better if these bills were changed so that the first 3 years would require only a simple majority to pass. Then after we had a chance to try it for 3 years, we can go back to our 66⅔ percent. That is all I have to say.

MR. ABBITT. Thank you very much, Mr. Gilmer. As I understand it, you suggest in the sale or the leasing of allotments that they be allowed to cross county lines within a State?

MR. GILMER. Yes, sir.

MR. ABBITT. Are there any questions?

MR. GILMER. We think it would make a better market for the minimum allotments that might want to be leased.

MR. ABBITT. Thank you.

MR. GILMER. Also, it would make it possible perhaps to produce tobacco in a more economical way.

MR. WAMPLER. Mr. Gilmer, I gathered in your response to the question from Mr. Abbitt that you favor the sale as well as the leasing of burley allotments, is that correct?

MR. GILMER. I would say that our board at this time, we are conservative people, and we take one step at a time. We are not quite ready to favor the sale part. Part of us are, I guess, and most of us realize maybe that is the logical next step, but we think it is a little too big of a move for we conservative growers to accept, possibly along with all of these other changes at the same time..

MR. WAMPLER. There is no question about the association supporting the principle of leasing allotments.

MR. GILMER. No question.

Mr. WAMPLER. And leasing across county lines, is that correct?

Mr. GILMER. Now, when I say the association—I said the association's board of directors who were supposed to represent the farmers there, but now they have a much better understanding of what we are faced with than the average grower across the belt. That is the reason I suggested this 66 be made for a simple majority for the first referendum we have on the new program.

Mr. WAMPLER. Mr. Chairman, I have a letter here that was written to me, under the date of February 16, from Mr. Gilmer as president of the Virginia Burley Tobacco Growers Association, Inc. I ask unanimous consent that this be included in the record.

Mr. ABBITT. Without objection, so ordered.

(The letter referred to follows:)

VIRGINIA BURLEY TOBACCO GROWERS ASSOCIATION, INC.,

Abingdon, Va., February 16, 1971.

HON. W. M. ABBITT,
Member of House of Representatives,
U.S. Congress, Washington, D.C.

DEAR MR. ABBITT: You are familiar with the provisions contained in Senate Bill 4613 to amend the Agricultural Act dealing with Farm Poundage Quotas for Burley tobacco.

This Bill was introduced by Senator John Sherman Cooper, of Kentucky, in the previous session of Congress, and we understand it will be reintroduced by Senator Cooper in the current session.

The Board of Directors of the Virginia Burley Tobacco Growers Association, realizing the survival of the tobacco program is being threatened, called a meeting on February 10, 1971, to consider the proposed legislation by Senator Cooper. The Directors voted unanimously to approve the general principles of Senator Cooper's Bill. The Board felt some of the provisions relating to the lease and transfer of tobacco allotments should be changed. These changes are as follows:

That leasing of allotments be permitted across county lines within the State;

That leasing of allotments be permitted at anytime during the crop year;

And that the provision restricting the amount of tobacco leased to any one farm to 5000 pounds be removed.

The Board of Directors of this Association respectfully solicits your careful consideration of the proposed legislation, as we know your support will be of inestimable value in the passage of any tobacco measure.

Sincerely yours,

TURNER A. GILMER, Jr., President.

Mr. ABBITT. Are there any other questions? If not, we thank you very much, Mr. Gilmer.

I will just take the witnesses as I get to them on this list, unless somebody else is in more of a hurry to get to a plane or something.

Mr. John M. Berry, Sr., president, Burley Tobacco Growers Cooperative Association, New Castle, Ky.

Mr. Berry is very familiar with this committee, and we are pleased indeed to have him.

Mr. STUBBLEFIELD. We welcome you, Mr. Berry, from the great Commonwealth of Kentucky, and a longtime member of the Burley Tobacco Growers Cooperative Association. We are happy to have you again with us, Mr. Berry.

STATEMENT OF JOHN M. BERRY, SR., BURLEY TOBACCO GROWERS
COOPERATIVE ASSOCIATION, NEW CASTLE, KY.

Mr. BERRY. Well, Mr. Chairman, and gentlemen of the committee, I am, as has been announced, John M. Berry of New Castle, Ky., and

I am president of the Burley Tobacco Growers Cooperative Association, 620 South Broadway, Lexington, Ky., an organization of approximately 400,000 tobacco farmers.

I want to say on behalf of the membership of this organization that we are mindful of and grateful for the attention that the Congress has given to tobacco problems over the years since the early 1930's, and specifically since the act of 1938 was passed, and which act we have been operating under since.

Before I go further, I want to refer specifically to some of the members who are present here today. Those of you who are members of the committee, Mr. Chairman, we have a very fine impression and estimate of you, and your service over the years, and Congressman Stubblefield who has been a very faithful member of this committee and faithful to the interest of the tobacco growers of Kentucky. There are others, one who is no longer a member of this committee, but who was at one time, and that is a Member of Congress from our Sixth Congressional District in Kentucky where I reside also, John C. Watts, who has been providing eloquent and able leadership in the effort to solve the problems that have plagued the producing industry.

And then we cannot fail to recall Congressman Natcher, who is not a member of the committee, but whose interests have always been quickly exhibited whenever any problem concerning tobacco has arisen. And then we recall also Dr. Carter's work when the charge of a causal relationship between the use of tobacco products and health was being aired before the committee and before the Congress.

We are mindful of all of these people and we are grateful for them, and I did not want to pass this opportunity of taking or giving expression to that sentiment on our part.

This organization I speak for, since January 1941, has had a contract with the Commodity Credit Corporation for the administration of the price support program for burley tobacco in the five States of Kentucky, West Virginia, Ohio, Indiana and Missouri.

Under the combination of the production control and the price support programs the burley tobacco farmers in these States have had increasingly satisfactory prices.

Out of the 31 crops produced and sold since January 1941 this organization has received more than 1.5 billion pounds of tobacco for which it has advanced to its members \$805 million, paid Commodity Credit Corporation more than \$70 million interest, and more than \$3 million for insurance; and in addition, has expended for research and promotion \$1.25 million and shows a net gross earnings, if sales of inventory should be made at current quotations of more than \$15 million.

This association's inventory of 445 million pounds of tobacco consists of receipts from the 1962 through the 1970 crops.

While it is hoped, it is not anticipated that this inventory will produce a gain because of the excessive total supply about 3.5 years versus the advisable statutory requirement of 2.8 years.

No one with the most profound preception could evaluate the benefits of the combination of these two programs to the farmers and to the governments of this country. As a result of these programs, burley tobacco farmers' incomes have been maintained at near parity.

It can be safely asserted that from tobacco money income taxes paid aggregate many billions of dollars. Prior to 1941 an income-tax-paying tobacco farmer was a rare individual.

In addition, the economy in the burley tobacco country has been sustained at a level that has provided country people a standard of living unprecedented in the history of tobacco culture.

Such economic condition is desirable but its continuation is in jeopardy because the price support program is contingent upon production control which we do not have.

Excessive supplies of burley tobacco have occurred due to annually increasing yields per acre and the ineffective control of production by acreage allotments.

In 1938 when the present law was enacted the average yield of burley tobacco per acre was 833 pounds. In 1969, the average yield per acre was 2,488 pounds; and for 1970, it is estimated that the average yield will be 2,585 pounds per acre, which I regard to be a conservative estimate.

An examination of the record reveals, surprisingly, that since 1940 of the 31 crops produced only four (1947, 1955, 1958, and 1960) were smaller than the quotas proclaimed by the Secretary of Agriculture, while 27 exceeded the quotas. Glaring excesses of up to 210 million pounds occurred in 1944, 1945, 1946, 1948, 1954, 1962, 1963, and 1966. The following tabulation showing the year and quota and the production demonstrates conclusively the ineffectiveness of acreage allotments as a control measure.

(The table referred to follows:)

BURLEY TOBACCO UNDER 1938 AAA AS AMENDED

[In thousand pounds]

Year	National quota	Production	Year	National quota	Production
1940.....	292,000	376,644	1956.....	429,000	506,000
1941.....	292,000	336,837	1957.....	446,400	488,000
1942.....	292,000	343,534	1958.....	476,000	465,000
1943.....	337,500	392,106	1959.....	492,000	502,000
1944.....	404,460	590,581	1960.....	494,900	485,000
1945.....	404,460	577,156	1961.....	536,000	580,000
1946.....	404,460	614,004	1962.....	572,800	675,000
1947.....	490,000	484,704	1963.....	599,400	755,000
1948.....	514,000	602,902	1964.....	579,200	620,000
1949.....	545,000	560,534	1965.....	553,200	586,000
1950.....	496,000	499,023	1966.....	500,200	587,000
1951.....	580,000	618,075	1967.....	531,700	541,000
1952.....	591,000	650,148	1968.....	556,800	563,000
1953.....	546,000	564,000	1969.....	558,400	591,000
1954.....	526,000	668,000	1970.....	523,200	1 552,000
1955.....	478,000	470,000			

1 Subject to revision.

It is only by the grace of good fortune that the supply situation and the prices support program are not in worse condition.

We have not had effective production control, but it is imperative that we have better control if the burley tobacco economy is to remain strong as by good fortune it has been for the past 31 years.

The situation is critical, hence the Burley Tobacco Growers Cooperative Association strongly approves and urges the enactment of Congressman Watts' House bill No. 4462, providing for poundage quotas for burley tobacco beginning with the 1971 crop.

Respectfully submitted.

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

Any questions?

Mr. STUBBLEFIELD. I might have a couple. Here on the next to the last page in your figures from 1940 to 1970, could you not well have added another column here on disappearance?

Mr. BERRY. Could I not have added another column for what?

Mr. STUBBLEFIELD. Another column for disappearance.

Mr. BERRY. Disappearance of tobacco or used tobacco?

Mr. STUBBLEFIELD. You have here national quota and production, and well, they have no relationship to disappearance per se, do they?

Mr. BERRY. Not necessarily. I only undertook to demonstrate by those figures that while we may have thought we were controlling tobacco production effectively in the burley counties that, as a matter of fact, we have not done it effectively.

Mr. STUBBLEFIELD. I mean, it could have been a little more informative if you had another column?

Mr. BERRY. Indeed it would have been, and if I had had your suggestion earlier, Congressman, I would have included another column.

Mr. ABBITT. Thank you very much.

Next on the list is Mr. William Balden, vice president, Kentucky Farm Bureau and chairman of the Council for Burley Tobacco.

STATEMENT OF WILLIAM BALDEN, VICE PRESIDENT, KENTUCKY FARM BUREAU FEDERATION, AND CHAIRMAN, COUNCIL FOR BURLEY TOBACCO

Mr. BALDEN. Mr. Chairman.

Mr. ABBITT. We are glad to have you, Mr. Balden.

Mr. BALDEN. Members of the Congress, my statement here today is for the Council for Burley Tobacco. I am William Balden, chairman of the Council for Burley Tobacco and a full-time farmer.

Our council is composed of the following organizations and, incidentally, there was a new organization that was formed this past year, and the organization represents the Burley Tobacco Cooperative Association, Burley Auction Warehouse Association, Burley Tobacco Leaf Dealers Association, Burley Farmers Advisory Council, Kentucky Farm Bureau Federation, National Farmers Organization, University of Kentucky College of Agriculture, and the Kentucky Department of Agriculture.

These organizations are here today to speak for themselves and will give their own testimony. I think it important, however, that I inform you of the actions of this group during the past year.

We were first called together on January 31, 1970, by the College of Agriculture, University of Kentucky. This followed an announcement by Secretary of Agriculture Hardin that he was cutting the 1970 tobacco acreage by 10 percent and that if a program was not developed to control production, there would be future cuts of a more substantial nature.

Our organization has met at least once each month during the past year and sometimes two and three times and—has thoroughly studied the burley tobacco situation. We have met with farmers throughout Kentucky, and have had discussions with representatives of all burley

producing States during the year. Every farmer and every other person has had an opportunity to express his views. Everyone was invited to attend these meetings and there was open invitations to attend these meetings, and anyone could have made himself known if he so desired, and we have had communications with many of them. Any person that was interested in burley tobacco, whether he be a dealer, or a warehouseman, or whatever he may have represented, had an opportunity to speak and make his views known.

After all these meetings, our council came back together and approved what we felt to be the consensus as to what farmers throughout the burley States desire in a tobacco program.

These proposals were then presented to each organization for their approval or disapproval.

It is our feeling that this poundage concept must be adopted if we are to continue to have and save our tobacco program.

Under a poundage program, production will definitely be controlled, whereas this is not being accomplished under the present program. Everytime we get a decrease in acreage under the present program all we, as farmers do, is throw a little more fertilizer, spray it two or three times with MH30, leave it out for 110 to 120 days and get additional pounds, and as long as we are doing this we are going to continue to grow additional pounds. We have farmers in Kentucky which have produced as high as 5,700 pounds per acre. Every year our production is going up at the rate of 80 to 90 pounds per acre, and there is no telling where it will stop if we continue under the present program.

In addition, quality will be improved. You know and I know when we throw fertilizer on and make a heavy tobacco, we are going to have higher nicotine and higher tar content in the tobacco. This is not the quality desired as far as the industry is concerned when they are having to produce a low-nicotine cigarette, so if we continue on this road we are going to gradually have less and less burley tobacco used. If we product better tobacco we feel we, as farmers, are going to receive a higher price for it. The production costs to the farmers under the present program can always be reduced. Many of the units of operation through the lease arrangement can be brought into more efficient uses. We can cut down on the amount of the fertilizer that we are using. We can also save money from not having to measure tobacco. At least a million and a half dollars is going to be saved by the Federal Government by not having to measure our allotment. We generally measure two or three times, so if the Government can save that much we should be able to save that amount, too.

Through the carry forward feature of the poundage program, each farmer will be guaranteed he can market his allotted pounds, even in the event of a complete crop loss or crop failure.

Just for this feature alone, we feel that this program would be worth it to all tobacco producers because they are guaranteed that they can sell the allotted number of pounds, whereas under the present program we are not guaranteed anything. If a hailstorm hits us or a flood hits our tobacco crop we are not guaranteed anything.

We feel very strongly that the proposed program will be an advantage to all tobacco producers.

As far as the lease portion of the program is concerned, many of our farmers have an average age of 57 and a half years. Many of them

are getting too old to produce tobacco. These people can lease out their tobacco crops and make it possible for younger farmers who have a younger age range to lease this and get a better living income.

In all of the meetings we have attended since introduction of Senator Cooper's bill last December, where the program has been explained to the farmers and they understood all of the features of it, we find very little if any opposition to it. So, I earnestly request that you give favorable consideration to the proposal before you, that of Congressman Abbitt, Congressman Watts, and Congressman Hull's bills, and we feel that it is quite important that these, this proposal be passed if we are to continue in the business of producing burley tobacco.

Thank you, sir.

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

Are there any questions?

Mr. STUBBLEFIELD. I would like to ask Mr. Balden what district have you had these meetings in, all of the districts of Kentucky?

Mr. BALDEN. The University of Kentucky has been holding meetings in all of the counties throughout the State of Kentucky. Their representatives here today will make a statement on the meetings they have been conducting. We have held meetings in our Farm Bureau organizations, which I happen to be vice president of it, and Mr. Ison will probably testify to this effect, that in all we had a president's conference meeting where there were 50 some counties represented just recently and there was absolutely no opposition from the presidents and vice presidents from these 50 some counties.

Mr. CARTER. Mr. Chairman?

Mr. ABBITT. Yes, sir.

Mr. CARTER. Might I ask a question?

Mr. ABBITT. Yes, sir.

Mr. CARTER. You say there are no counties in the Farm Bureau that opposed the poundage that have opposed it?

Mr. BALDEN. No, I did not say there were any Farm Bureaus—any counties who opposed it.

Mr. CARTER. In the Farm Bureau Organization?

Mr. BALDEN. They have not indicated to us that they oppose it, no, sir.

Mr. CARTER. Mr. Chairman, I must state that I have on file at least one county which does oppose this system from the Farm Bureau.

Mr. ABBITT. Thank you very much, Congressman.

Thank you, Mr. Balden.

Mr. WAMPLER.

Mr. WAMPLER. Do you favor the leasing of burley allotments?

Mr. BALDEN. Yes, sir.

Mr. WAMPLER. Do you favor leasing across county lines?

Mr. BALDEN. We do not favor leasing across county lines.

Mr. WAMPLER. You do not?

Mr. BALDEN. Do not.

Mr. WAMPLER. Do you favor the sale of burley allotments?

Mr. BALDEN. We favor the sale of burley allotments.

Mr. WAMPLER. Do you favor the sale across county lines?

Mr. BALDEN. We do not favor the sale across county lines.

Mr. ABBITT. Thank you, Mr. Balden.

Mr. BALDEN. I might add one other thing. Of all of these organizations we have been meeting for the past year, and this is the first time in the history of tobacco that we have had all of these groups united on one particular subject, so we feel this is quite an accomplishment in itself.

Mr. ABBITT. That sounds real good.

Next I have on the list Mr. Louis F. Ison, president of the Kentucky Farm Bureau. We are pleased to have you here again today. It is always good to have you.

STATEMENT OF LOUIS F. ISON, PRESIDENT, KENTUCKY FARM BUREAU FEDERATION

Mr. Ison. Thank you, Mr. Chairman, members of the committee, and other distinguished Congressmen who are in attendance today.

My name is Louis Ison. I am president of the Kentucky Farm Bureau Federation.

On behalf of Kentucky Farm Bureau's burley-producing members, I want to express appreciation for this opportunity to appear before you and register our interest and concern regarding the future of the burley tobacco program.

May I also express our sincere gratitude to Congressman John Watts and to you, Mr. Chairman, for introducing the legislation under consideration today, and to this committee for so promptly holding hearings.

At the outset, I wish to say firmly and without equivocation that the Kentucky Farm Bureau Federation strongly supports the Watts and Abbitt bills, H.R. 4462 and H.R. 4328, which authorize a poundage control program for burley tobacco when approved by growers in a referendum.

I will not prolong my testimony by elaborating on the importance of burley tobacco to Kentucky's economy. But in considering legislation affecting the future of burley tobacco, I certainly believe we should keep in mind the basic objective we seek; that is, the preservation of a livelihood for thousands of Kentuckians and others in the burley-producing belt.

Tobacco accounts for approximately 40 percent of Kentucky's farm income, and produces about \$300 million annually for some 200,000 farm families in our State. Add to this the employment and income generated through the transportation, marketing, storing, and processing of tobacco, and the impact of tobacco on our State's total economy is brought fully into perspective.

Kentucky Farm Bureau's support of poundage controls is based on the wishes of our farmer members who produce burley tobacco. They have given us a clear and impressive mandate for replacement of the present acreage allotment system with a system based on poundage quotas.

For background purposes, let me briefly relate how this mandate for poundage developed.

Concern about the future of the tobacco program began to spread among our farmer members early in 1970 when it was indicated by the Secretary of Agriculture Clifford M. Hardin that a 10-percent cut was the least he could apply in 1970; and that unless something was done

to overcome the problems of overproduction, more excessive cuts could be expected in the future.

In order to get a preliminary assessment of the mood of Burley growers in our State, the Kentucky Farm Bureau Federation and University of Kentucky College of Agriculture held 10 meetings across the State in June 1970. These meetings were given advance publicity and were open to the public. As a result, they were well attended.

At each meeting, a questionnaire was distributed to gain the views of farmers on the Burley program. Of the farmers answering the questionnaires, 96 percent said they believe some changes are needed in the Burley program, 81 percent said they do not believe Burley production can be controlled under the acreage allotment system, 88 percent said they would be inclined to favor some type of "quantitative" control for Burley such as poundage or acreage-poundage, and 88 percent said they believe all growers should participate in future quota adjustments.

Between June and November 1970, county Farm Bureaus in Kentucky involved their members in local discussions of the Burley program and prepared recommendations for consideration by county voting delegates to the 1970 Kentucky Farm Bureau convention held November 15-18 in Louisville, Ky.

The problems confronting Burley tobacco were discussed at length at the Tobacco Conference held during the State Farm Bureau convention; and, on November 18, the more than 500 voting delegates to the convention, without dissent, adopted a policy favoring a "straight poundage control program" for Burley.

The following is the specific wording of the policy adopted unanimously by our voting delegates:

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.

Now, let me turn to the basic reasons the Kentucky Farm Bureau Federation favors a move to a poundage program.

Our most important reason for supporting a change in the production control method for Burley is that we fear the present acreage allotment system can eventually lead to abolishment of the total price support-production control program. We plant acres, and sell pounds, and by so doing could well be sowing the seeds for destruction of the total program.

You will, I am sure, be given specific information to demonstrate the problems brought about by the acreage control system. Boiled down to essentials, this information will show that the acreage system simply has not controlled production, and every year it remains in effect our overproduction problems are being compounded.

Burley production has steadily increased over the years, despite repeated reductions in burley acreage. This has happened because farmers are using techniques which enable them to get more tobacco off less land. Increased yields, averaging about 80 pounds per acre per year, have combined with declining domestic disappearance of burley to produce a serious oversupply situation. We are told that if the acreage system remains in effect, an acreage reduction of from 25 percent to 40 percent can be expected. Such a cut would not solve the problems, but merely would delay the time when overproduction can cause the fall of the entire burley program.

For the record, I would like to list the cuts which have been made in acreage allotments in the past 25 years:

Year	Percent cut
1946	10
1947	20
1950	15
1953	10
1954	10
1955	25
1964	10
1965	10
1966	15
1970	10

During this period, increases were received only during the following years:

Year	Percent increase
1951	10
1961	6
1962	6

As a result of these cuts, the 1970 allotment of 231,000 acres is only 38 percent of that in 1945. But production increases—from 1,127 pounds per acre in 1945 to 2,457 pounds per acre in 1969—coupled with a current declining demand for burley have offset the acreage reductions and consequently we face this dangerous oversupply condition.

Farmers recognize that the burley tobacco program is a partnership between growers and the Government. The Government provides price supports, and in return the growers agree to production controls.

Burley growers, speaking through Farm Bureau and other organizations, have expressed their willingness to hold up their end of the price support-production control program by abandoning the acreage allotment system and changing to a system whereby pounds will be controlled.

Poundage controls will get directly at the problem of overproduction because, as I mentioned earlier, we sell pounds, not acres. Consequently, we honestly view poundage as the salvation of burley price supports.

I also want to say that a switch to poundage does not involve drawing any battle lines between large burley growers and small growers.

All of us—large and small—are in the burley program together, and price supports are needed by each grower, no matter how much tobacco he raises.

If the overproduction problem is not met head-on by use of poundage controls, price supports are—I am convinced—in serious trouble.

And if price supports are ended, I firmly believe the small growers stand the most to lose. If small growers had to operate in an open market situation in competition with larger, better equipped growers, it is doubtful they could hold their own.

I recall in one of our meetings earlier this year, a grower said that under the acreage control system burley producers are “drowning a drop at a time.”

We are, indeed, drowning a drop at a time when repeated acreage cuts bring more and more growers into the minimum acreage category, and still fail to halt overproduction. And whether we drown slowly or quickly, the end result of the acreage system is likely to be the same—the death of price supports.

In conclusion, we sincerely request your favorable consideration of the legislation before you today, and urge that you act on it quickly so that it can apply to the 1971 burley tobacco crop.

Mr. ISON. Thank you, Mr. Chairman.

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

Mr. ISON. Also, Mr. Chairman, I have here a list of signatures of 82 burley producers who say in part:

We, the undersigned Kentucky burley producers attending the hearing on H.R. 4462 and H.R. 4328 on March 2, 1971, realize time will not allow each of us to testify individually.

However, we do wish to express our support for this legislation, which provides for poundage quotas for burley tobacco, and hereby request that our expression of support be placed in the hearing record.¹

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

Mr. ISON. Congressman, most of these folks are right here behind me, sir.

Mr. ABBITT. That is fine. Thank you so much. Just one minute, now. Without objection we will include this petition in the files of the committee and we will be glad for you folks whose name is on the list to stand up, if you like. We appreciate very much your presence here and thank you for your interest in the bill.

Mr. ABBITT. Any questions?

Mr. WAMPLER. Mr. Ison, does the Kentucky Farm Bureau Federation favor the leasing of burley allotments?

Mr. ISON. Yes, sir.

Mr. WAMPLER. This represents a change in position, does it not? You opposed it as of December of last year?

Mr. ISON. Yes, sir. Prior to November of last year our delegate body last year changed our position on this particular matter.

Mr. ABBITT. Would the gentleman yield? Remember that old song, “I have seen the light”?

¹ The original petition with the 82 names may be found in the files of the committee.

Mr. WAMPLER. You took the words right out of my mouth.

Mr. ISON. I believe there is another adage which is a wise man changes his mind.

Mr. WAMPLER. Has your organization taken a position on the sale of burley allotments?

Mr. ISON. Yes, sir. We favor the sale of burley allotments confined to county lines or within county lines.

Mr. WAMPLER. And would I assume thereby that you favor leasing, but restricted to within the county; is that correct?

Mr. ISON. That is correct.

Mr. WAMPLER. Mr. Ison, I appreciate your statement. We have had the opportunity to discuss this informally on a number of occasions, and I know that you are extremely knowledgeable of burley tobacco. As I told you before, I have a great deal of difficulty with this bill because my constituency is composed of 70 percent burley growers who are not subject to any further acreage cut. I think we all can see that we need some type of quantitative control on production. Our present program is simply not doing what it should in that area. We appreciate your presence here, and while perhaps you and I do not always agree, I respect you very highly, and respect your views.

Mr. ISON. Thank you, sir, for the opportunity of visiting with you.

Mr. ABBITT. Any other questions?

Mr. MIZELL. Mr. Ison, on page 2 of your statement is reference to the questionnaire that you mailed out to burley producers. Would you say that most of your returns came from your large burley producers?

Mr. ISON. Yes, in all honesty. However, Congressman Mizell, might I add, as I said in my testimony, these meetings were advertised. They were open to the public, so everybody had a right to be heard. There were minimum acreage producers, however, in attendance.

Mr. MIZELL. All right—and I noticed that 88 percent of those that were returned believed that all the growers should participate in any future cut. Also, only 17 percent of the burley producers in Kentucky have half-acre allotments or less. Now, in view of your other statement that most of the returns came from small producers, it seems that the vast majority of the small producers would be opposed to this particular measure.

Mr. ISON. I do not believe, sir, that the vast majority would be opposed. I would like to refer to Mr. Todd, if I might. I believe that percentage of minimum in Kentucky is much greater than what you quoted, sir. What is it?

Mr. TODD. Forty-seven percent.

Mr. ISON. Forty-seven percent of our producers are minimum producers, and that means half acre or less.

Mr. MIZELL. That means half acre or less?

Mr. ISON. Yes, sir.

Mr. MIZELL. Well then, I stand to be corrected on that, Mr. Chairman.

Mr. ABBITT. Yes.

Mr. MIZELL. But, in light of my figures it seems that the small producers would not have favored this particular measure. Mr. Ison, and in all due respect to you and to your growers, I do not think I have one producer that has more than an acre allotment in my district, and so herein lies a great deal of concern to me.

Mr. ISON. I believe, sir, that there is some testimony from North Carolina that might be enlightening on that.

Mr. MIZELL. If they check with my growers, yes; I think so. I thank you.

Mr. ISON. I thank you.

Mr. ABBITT. We appreciate that. Thank you.

Next on the list I have Mr. Glenn McCauley, president of the Burley Farmers Advisory Council of Kentucky. Mr. McCauley, we are pleased to have you here at this time.

STATEMENT OF GLENN McCAULEY, PRESIDENT OF THE BURLEY FARMERS ADVISORY COUNCIL OF KENTUCKY

Mr. McCAULEY. Thank you, sir.

I have presented a statement, but I would like to read it if you do not mind. I have with me from Fayette County, Mr. Bob Woods, the vice president of our organization.

Mr. Chairman, I am Glenn McCauley, president of the Burley Farmers Advisory Council. The council membership is composed of growers representing 33 major Kentucky burley producing counties.

Mr. Chairman, I would like to thank the subcommittee for this opportunity to appear here to express the feeling of the growers represented by our organization.

The Burley Farmers Advisory Council has for several years been on record as being aware and concerned as to the ineffectiveness of our present tobacco program to control burley production. We feel that further delay in new legislation will seriously jeopardize the tobacco control program and the future of the entire burley industry.

The Burley Farmers Advisory Council is in agreement with the statement made by Senator Cooper February 11 concerning problems we have with the present tobacco program.

We fully support the basic control features of Senate bill 789 and feel that any minor technical differences between this bill and similar bills introduced in the House of Representatives can be resolved.

At the time that we had this meeting we did not have Congressman Watts' House bill number.

Thank you, sir.

Mr. ABBITT. We appreciate very much that statement.

Any questions?

Thank you so much.

Next we have Mr. Albert G. Clay, chairman of the Burley Auction Warehouse Association.

Mr. WATTS. It gives me a great deal of pleasure that a number of these people who have testified here are from my district, the gentleman who just got through, Louis Ison, the gentleman who testified before him, and this one. It is a pleasure to have all of these fine people here, and I'm sure that this committee is getting the very best as far as tobacco knowledge is concerned out of Kentucky. Thank you.

Mr. ABBITT. Thank you, John. We all appreciate very much your being here today. You have been very cooperative over the years with our committee, and we are glad to have you.

**STATEMENT OF ALBERT G. CLAY, CHAIRMAN, BURLEY AUCTION
WAREHOUSE ASSOCIATION, MOUNT STERLING, KY.**

Mr. CLAY. Thank you very much, Mr. Chairman. I have filed a statement for the committee, but in view of the testimony that we had this morning on Senate bill 789, I would like to depart somewhat from my statement and summarize briefly my testimony before this committee.

My name is Albert G. Clay and I am chairman of the board of Burley Auction Warehouse Association. This association represents over 90 percent of the auction warehouses that sell tobacco throughout the 14 States that produce burley tobacco.

I am appearing before this committee representing our membership. I appreciate this opportunity, as I have on many occasions, in appearing before this committee on behalf of our membership, not only to endorse, but to encourage of favorable report and final passage of the House bills introduced by Congressman Abbitt, H.R. 4328; House bill 4462 by Congressman Watts; and House bill 5223 by Congressman Hull, and the companion bill that is very little different, really, in the Senate by Senator Cooper, Senate bill 789.

Mr. ABBITT. We just try to improve over the Senate whenever we can.

Mr. CLAY. This committee is well acquainted, more than any other body, with the history of our burley tobacco program and how over the years, through your recommendation and finally congressional passage, the tobacco growers have made needed adjustments from time to time in our program, and that we have been able to maintain what I call a workable and economically sound program.

I would like to add that all burley growers, and other segments of our industry which will appear here today, are deeply appreciate of the efforts, certainly of this committee, and of the chairman, and their efforts over the years to provide us with what I call the machinery for operating a sound tobacco program. We are indebted to Congressman Natcher and Congressman Hull, Congressman Carter, and Mr. Mizell, Mr. Miller who has just left, and all of the members of this committee, some of whom are not here.

I think every grower of tobacco, whether they be small or large, will benefit from the legislation that has been proposed. I am not unaware, Congressman Wampler, and Congressman Carter, and Mr. Mizell, of some of the sensitivity that prevails in this bill, but I think that there are many, many things at stake, and one I want to point out that I think it is of concern to our national economy, as well as to our Congress and those of us that are not in the tobacco business, that if we lose our program, or if we lose our price supports, I think this committee and the Congress should take into account that if price supports are eliminated and cease to exist, that there will be large financial losses on the burley stocks that are now held in the commodity credit law.

I had the privilege of serving on the Secretary of Agriculture's task force in designing and recommending the acreage-poundage program for Flue-cured tobacco that was adopted in Congress in 1965 and approved in a referendum.

I think all of you know the results of how that program has worked over the years. Flue-cured tobacco was in very deep trouble, probably

as deep as we are now, at the time that the acreage-poundage law was passed and was voted on by referendum, and I think in the last referendum over 90 percent of the growers approved this type of program.

This made a change in the Flue-cured program, a major change which came at a time that was critical, and now I think burley is just as critical or more so.

I also had the privilege to serve on three national tobacco advisory committees to the Secretary of Agriculture, the most recent one having been appointed by Secretary Hardin, met for the first time last week, on February the 25th. The two House bills, as well as the Senate bill, Congressman Hull's bill had not been introduced at that time, were discussed thoroughly, and I am happy to report that the Secretary's Advisory Committee, which was very representative of the major tobacco-producing States, unanimously endorsed the principle of all of these bills and recommended passage as soon as possible.

Now, I am not going to take this committee's time to go into the details of the various aspects of the House bills and the Senate bill, but I would like to make three closing comments. Tobacco, I think, has always had a united front when they went before the Congress of the United States.

I think that we are limited in our strength to speak before the Congress, and I hope, and sincerely hope, that whatever differences we have we can work out and go before the Congress with a united front on this legislation.

I think this legislation, and I sincerely believe this, is necessary for the salvation of our tobacco program. I think it is either this or we will have no price supports at all.

I want to make one comment because the witness who testified this morning representing the Department of Agriculture has not testified yet, and because I probably will not get an opportunity to rebut his testimony, but the Administrator of ASCS, Mr. Frick, will probably tell this committee, as he did this morning, that he feels that the provision of the House bills, the 95 percent reduction of the first year is not enough, and that it should be more than that.

I think he recommended either 10 percent the first year or probably 15 percent the following year. I would like to answer that by saying that I think this bill itself brings about a reduction because of going to pounds of 5 percent and then to another 5 percent, so actually you are getting a 10-percent reduction in your production the first year.

MR. ABBITT. Mr. Clay, may I just say one word. This is a rollcall, and I want you to keep going. I am going to have to catch it and come back, and I will leave Mr. Stubblefield.

MR. CLAY. And for the record, I would like to state that I think it was the opinion of those who testified this morning, that the reduction in the bill that is set out in the three House bills and the Senate bill is certainly adequate to reduce surplus stocks over the years ahead.

Mr. Frick said this morning that if it went to the 95 percent factor and only 5 percent the first year, that we would accumulate \$48 million more in stocks the first year. But, I call to the committee's attention that this is \$48 million in tobacco, and it is impossible to predict how much tobacco will go under loan because of production policy, price policies, qualities of tobacco and so forth.

Therefore, we feel that the orderly reduction over a period, or a gradual reduction over a period of years under this bill, 5 percent the first year, and 10 percent the following year will have an order reduction of loan stocks, and we can salvage a program that we have fought very hard for the last 35 years.

In closing, I want to say that I was very gratified this morning in the testimony, and what you will hear this afternoon, that the States of Virginia, North Carolina, Tennessee, and Ohio had representatives that testified that were all in favor of this proposed legislation.

I think all of us realize that there are some features of the bills, different features from the House and Senate side that we hope can be resolved, and I sincerely hope that this committee will favorably consider the two House bills, and that the final legislation that the Senate and the House bills will bring out of the Congress, that all of us that have fought for the tobacco program over the years will be explained to the tobacco growers and we will be able to continue a sound and workable program; because, if we do not bring such legislation out I think we will have no program at all and it will be economical chaos, and a lot of farmers will be on welfare.

Thank you very much.

Mr. STUBBLEFIELD (presiding). Thank you, Mr. Clay. We appreciate having your views on this matter.

Mr. WAMPLER. Mr. Clay, we appreciate your presence here this morning, and the contribution that you have made today and made in past years.

Do you foresee the day that tobacco will be outlawed as a product?

Mr. CLAY. I do not, Mr. Wampler.

Mr. WAMPLER. What would be your reaction to writing a limitation into the bill saying in effect that there could be no reduction to exceed 5 percent for the next 3 crop years, commencing 1971, 1972, and 1973?

Mr. CLAY. Mr. Wampler, I am sympathetic with the question you ask, and my answer will have to be an honest and frank one. I put this issue squarely on the basis of whether we can control our supply on some quantitative basis, which I think you earlier have stated you feel the need of.

A man that started out with 10 acres of tobacco, I think, in 1940, if he takes the cut this year that is proposed by the Department of Agriculture, which is, I think, a 30-percent cut, if we do not get legislation, he would be down to 2 acres. He would only have 20 percent of that allotment. I think it was stated this morning that if we continue on the road that you are going, if you have a 0.5 minimum, as you are proposing, that down the road, over the years all of us, everyone will be growing probably enough tobacco with a 0.5 base to provide for all the demand.

So, I think that your question, I would have to say that I do not believe the program would work if you put that minimum attached to it.

Mr. WAMPLER. You understand that a minimum cut, that nobody could be cut poundage-wise broader than 5 percent?

Mr. CLAY. Right, but what you would be doing, instead of establishing an acreage minimum you would have a poundage minimum, and it would be the same.

There would be no difference as far as the mechanics of operating the program is concerned.

Mr. WAMPLER. Well, now, I am not sure whether we are still on the same wavelength or not, but what I am trying to say is that the cut could be no greater than 5 percent in 1971, no greater than 5 percent in 1972, and no greater than 5 percent in 1973, meaning everybody would take the cut, but the cut would not exceed 5 percent of your base.

Mr. CLAY. Of course, I do not have a computer mind, and I would prefer the Department of Agriculture to answer that question, but I think that probably what you are suggesting is that you are just setting a new minimum.

Mr. WAMPLER. No; the cut would—

Mr. CLAY. Say the other growers took a 10-percent cut, then you are suggesting that the minimum growers—

Mr. WAMPLER. No, anybody.

Mr. CLAY. Everybody take a cut, but their cut—

Mr. WAMPLER. No greater than 5 percent.

Mr. CLAY. No greater than 5 percent, and if the other growers take 10 percent—

Mr. WAMPLER. No, sir; everybody, across the board, if no one could take a cut exceeding 5 percent it would be uniformly cut right across the board.

Mr. CLAY. Oh, I see; you are speaking of this for 3 years?

Mr. WAMPLER. Five percent in 1971, 1972, and 1973.

Mr. CLAY. I would have no objection to that, Congressman Wampler, because I think if this legislation is adopted, and I am sorry that I did not understand your question clearly—

Mr. WAMPLER. What we are attempting to do is to find some language that would ease the impact, and frankly, I feel that should poundage be adopted, if we get by the 1971 crop and the 1972 crop, then I think we are over the hump.

Mr. CLAY. Now that I understand your question, I think that if the Department of Agriculture will accept this, I think it would be workable, and I think that once we get to a true quantitative control program where we can really control production, that we will work ourselves out of our surplus situation, and we will be able to have a sound, workable program.

This is why I refer to the Department's testimony this morning, which wanted it much more, a much larger cut, even, than is in the House bill that is now proposed for 1971. Anything to get us on a quantitative control program with all growers working together for a sound workable program I would buy; yes, sir.

Mr. WAMPLER. Thank you.

Mr. STUBBLEFIELD. Thank you, Mr. Clay.

The next witness is Mr. E. B. Hillenmeyer, Jr., president of the Burley Leaf Tobacco Dealers Association.

Mr. Hillenmeyer, we are glad to hear your testimony this afternoon.

STATEMENT OF ERNEST B. HILLENMEYER, JR., PRESIDENT, BURLEY LEAF TOBACCO DEALERS ASSOCIATION

Mr. HILLENMEYER. Thank you, Congressman Stubblefield, Congressman Wampler.

I am Ernest B. Hillenmeyer, Jr., president of the Burley Leaf Tobacco Dealers Association.

This association is composed of 26 independent leaf processing and storage companies which are situated in Kentucky, Tennessee, Virginia, North Carolina and Missouri, five of the important burley producing States.

I probably will be the only spokesman that you will hear today that speaks from the buying side of the industry.

We respectfully recommend to this committee and to the Congress that a poundage control bill be enacted to control production of burley in the 1971 and subsequent crops. The present acreage control program is no longer effective. Poundage control, in our opinion, will guarantee the maintenance of adequate supplies to meet market requirements without the accumulation of burdensome surpluses. I think this is quite important.

It will also assure stable and orderly marketing conditions which are vitally important to our customers overseas.

Now, tobacco production is a process which stocks tobacco 2 or 3 years ahead of time, and the reliability and stability of the market is quite important to these customers.

Tobacco methods of production, processing and utilization are rapidly changing. The world market for burley is expanding and the U.S. share of this market is declining.

If we are to maintain or increase our share of this expanding market, then production costs and sale prices must be stabilized or lowered.

Mechanical methods of handling seem to be the only logical way to achieve such a result. Since burley allotments are quite small, only averaging about 0.8 of an acre, we suggest that the committee consider a provision for the sale of allotments within counties and set a limit on leasing within counties of 25,000 pounds.

This we feel would allow the small grower to increase his acreage to efficient size, as well as allow any grower to operate units of such economic size that mechanization would become feasible.

Our foreign customers, who took about 60 million pounds of burley in the 1969 marketing year, are becoming increasingly concerned about the 1971 program. If we wish to maintain this important source of foreign exchange, the Congress should act promptly on this legislation before our customers begin to place orders in other supplying countries.

This position, expressed in this statement, is supported by a majority of the members of the Tobacco Association of the United States and the Leaf Tobacco Exporters Association, who all together represent the leading independent exporters and processors and salesmen of American leaf tobacco.

Mr. STUBBLEFIELD. Thank you, Mr. Hillenmeyer. We appreciate having your testimony.

Mr. HILLENMEYER. Thank you, sir.

Mr. STUBBLEFIELD. Is there any other witness who has a time limit that he has to make?

Mr. SLEDGE. Yes, Mr. Chairman, John Sledge.

Mr. STUBBLEFIELD. All right, we will skip down to you, Mr. Sledge.

Mr. Sledge is the assistant to the president of the North Carolina Farm Bureau Federation of Raleigh, N.C.

We are glad to have you with us.

STATEMENT OF JOHN SLEDGE, ASSISTANT TO THE PRESIDENT,
NORTH CAROLINA FARM BUREAU FEDERATION, RALEIGH, N.C.

Mr. SLEDGE. Thank you, Mr. Chairman, and we appreciate this opportunity to testify before this committee.

I am John Sledge, assistant to President B. C. Mangum, and am appearing in behalf of the North Carolina Farm Bureau to present our position on burley tobacco as it relates to the legislation under consideration.

The situation as concerns burley tobacco growers is similar in many ways to the flue-cured situation prior to the present acreage-poundage program.

There was an all-out effort on the part of the flue-cured growers several years ago to produce every pound possible per acre.

Flue-cured growers have made great strides in supply adjustment with their present, quantitative-type program. The support of the acreage-poundage program for flue-cured tobacco is evidenced by the overwhelming support in each referendum since the inception of the program.

North Carolina burley producers are fully aware of the situation as concerns the overproduction of their commodity and the surplus stocks in relationship to disappearance. These burley growers realize the importance of a tobacco program that will permit them to produce as near as possible for a reasonable carryover.

They know that excessive surpluses must be avoided and that large financial losses should not be tolerated. This has been attested to by their support in former years. Burley growers know that to have a successful program it must be on a sound basis.

Out of approximately 18,000 growers in North Carolina, over 80 percent had allotments in 1970 of 0.5 acre or less. However, when we look at the total burley situation with the view that if under the present program the remaining growers with allotments over 0.5 acre will have to sustain all future reductions in acreage quotas, then the only reasonable alternative, if supply is to be kept more in line with demand, is to adopt a quantitative poundage program where in the future all growers would share proportionately in increases and decreases.

The policy of the North Carolina Farm Bureau on burley tobacco is for lease and transfer of allotments within the county, the lease not to exceed 5 years.

Farm Bureau's policy states that we favor the sale of burley tobacco allotments whereby one-half of any acreage sold could be sold to the producers in the county, and one-half would be bought by the Government and be permanently taken out of production.

When national figures are examined showing the large number of allotments as compared to the total number of acres for planting, the need is pointed out for legislation to make it possible to combine allotments to make production units more economical.

When figures for North Carolina are compared, we see that 8,400 acres are shared by 17,400 growers, with each having an average allotment of 0.48 acre; and in these figures are 14,500 growers with 0.37 acre as an average.

The size of allotments has caused many to go unplanted, thereby denying our mountain counties over \$1.5 million income per year. This they can ill afford.

In a recent series of meetings held by Farm Bureau with burley producers, it was the unanimous opinion of those present that in order to have a sound tobacco program some other means must be provided to alleviate all the foregoing conditions.

Therefore, the North Carolina Farm Bureau, then, does support legislation that would control the supply of tobacco on a poundage basis and lease and transfer of allotments within the county up to 5 years.

Mr. Chairman, we appreciate the time that we had for this testimony.

Mr. STUBBLEFIELD. Mr. Sledge, we appreciate your testimony.

Any questions?

Mr. WAMPER. No; thank you, Mr. Chairman.

Mr. STUBBLEFIELD. Thank you so much.

The next witness is Mr. Paul D. Goddard, secretary-treasurer, Burley Stabilization Corp. of Knoxville, Tenn.

Mr. Goddard, it is nice to have you with us.

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

Mr. GODDARD. Thank you. It is nice to be here, and I appreciate this opportunity.

I am Paul D. Goddard, a burley tobacco farmer and general manager and secretary-treasurer of the Burley Stabilization Corp., a farmers' cooperative that operates the price support program for burley tobacco on the market in Tennessee and North Carolina, under contract with the Commodity Credit Corporation.

Our membership comprises 104,626 farmers of this area who grow 58,319.99 acres of burley tobacco.

First, I would like to express my appreciation to this committee for holding these hearings to help try to solve some of our problems in burley tobacco, and of the members to express some of our views on the program, and we recognize burley tobacco is in trouble, the burley tobacco program is in trouble today, and that in order to provide for the needs of our growers and to manage a sound program and to entitle us to continued support of Congress, some changes need to be made.

Put simply, our problem is that we are producing too much and selling too little. Per acre yields have increased in the past 6 years more than 500 pounds per acre. Disappearance has decreased by 35 million pounds.

Under present law, the farms subject to reduction have decreased, making cuts less and less effective. We are at a critical crossroads for the burley industry, and it seems a different method of control must be adopted since increased yields per acre seem inevitable for the future; and each acreage cut places more and more acres in the protected category, leaving fewer and fewer acres to share in future cuts.

Ineffectiveness of these cuts and the problem of increasing yield is shown by the fact that a 10-percent cut in the 1970 crop resulted, in

our area, in less than a 3-percent reduction in tobacco sold, as compared to the previous year.

It is our understanding that a cut of 30 percent may be expected for the 1971 crop if the present acreage program remains in effect.

With prospects of further 10-percent cuts in each of the succeeding years, such a situation for the grower is self-defeating in itself. With production reduced so drastically, the manufacturing companies are faced with the prospect of an uncertain future supply, and will reduce the percentage of burley in their cigarette blend. This in turn will cut disappearance again, requiring further cuts in production, and in further curtailment of usage, ad infinitum. Such a chain reaction is inevitable and would bring only catastrophic results to our industry.

A comment attributed to the previous administration that "The burley tobacco program with the minimum acreage provisions only makes natural poverty," came to mind yesterday when a Member of the Congress asked us if we were doing any service to the small acreage producers by holding out hope to many of the prospects for providing a living for himself and his family from so small an allotment.

In many of the areas where minimum growers are numerous, however, already some have turned to industrial and other pursuits to provide a better and more certain income for themselves and their families and thus they no longer depend on a half acre of tobacco for a livelihood. This in itself has removed much of the need for the minimum protection.

We are quite familiar with the problems minimum acreage produces because we have so many of them in our area. In fact, almost half of all the farms in that category are members of our association.

In addition to our concern for the small grower, we must keep in mind the impact further acreage cuts will have on the 1½-acre growers, and even larger growers. Many of them are having to maintain two, three, and more families on their acreage, and cuts place them in a difficult economic position, too.

The total economy needs consideration also. Using figures for last year's crop as a basis, the prospective 30 percent cut in acreage would, when applied to those that would be affected by it, result in reduced tobacco income of almost \$13 million, and this applies to our area.

For each dollar of tobacco income, economists have deduced that \$8 of related business is generated in the economy. Thus a \$13 million loss would result in \$104 million loss in business for these two States, alone.

If a 10-percent cut were applied across the board, and this is the worst that could be expected under the poundage control program now being considered, the loss in tobacco sales would be \$8.7 million, or about \$70 million in generated income.

Thus, we see the poundage program would result in \$34 million less loss in generated income than the present acreage program.

These figures are applied to our area only, and would be greater in other areas. We are talking now of how to escape with the least amount of damage to the total economy. We must weigh the resulting effect on the individual against group effect, and estimate whether we will all eventually be out of business unless changes are made.

We are in general agreement with the provisions of the bills under consideration. We certainly think that we have to have poundage controls.

Increasing yields will continue to be the order of the day if we remain with the acreage program, since no one really knows what the upper limits are for increasing per acre yields.

We favor lease and transfer, but feel there should not be an upper limit on the amount leased, other than the relation to the total cropland of the farm, or a maximum limit of 25,000 pounds if one is considered desirable.

We also favor sale as well as leases, and neither leases nor sales should be limited to county lines, nor should there be a time limit for consummation of such a sale or a lease. In some counties, in what we call the fringe areas, the number of growers is so small that there are not sufficient growers interested in continuing in tobacco to utilize the amounts available for lease or sale.

Adjacent or nearby counties would have numerous growers desiring to increase the size of their operations. By lease and sale growers who want to increase the size of their operations may do so. A small man may get bigger, and the person no longer interested in tobacco may obtain income from sale or lease of his allotment.

In the fringe areas burley cultivation is decreasing and the tendency will be for this tobacco to move more into the more intensified areas, if given the opportunity to do so. We think this would be good for it could possibly provide an opportunity for growers to become large enough in their operation to go to mechanized operation. This is necessary if we are to cut down on the high cost of hand labor and get production costs low enough to compete more adequately with foreign production, and possibly in the future with tobacco substitutes that may be developed.

In order to protect growers from excessive cuts in any one year, spread the economic impact over a longer period of time, during which we hope disappearance will increase rather than decrease and assure the users of our product a relative stable and continuing supply.

We would recommend that a provision be included in the bill which would prohibit a cut in any year in which production is 5 percent or more below disappearance levels, and then a cut could be no more than 5 percent. This would give protection to all growers against severe economic loss in any one year.

It would definitely cushion the smaller growers against any adverse impact resulting from removal of his protected status. It would further assure the manufacturing companies of a relatively constant and continuing supply of burley tobacco. If this supply is not available, we stand to gradually phase ourselves out of business. Any continuing total annual production of less than 500 million pounds would probably place us in that position.

Thank you.

Mr. STUBBLEFIELD. Thank you very much for that statement.

Any questions?

I believe next on the list is Dr. Milton Shuffett, College of Agriculture, University of Kentucky.

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

Dr. SHUFFETT. Thank you, Mr. Chairman. I am Milton Shuffett of Lexington, Ky. I am a member of the faculty of the Department of Agricultural Economics at the College of Agriculture, University of Kentucky.

I have previously filed a prepared statement for the record, and I think I will not read the statement, but will merely add to the prepared statement to say first of all that I know it is somewhat unusual for a member of an educational institution to testify pro or con on a legislative proposal. I do this only because, in fact, that as a representative of the College of Agriculture I have worked throughout the past year with the Council for Burley Tobacco and this group of organizations interested in burley tobacco as they have attempted to assess the situation and some possible alternatives for overcoming some of the problems in burley tobacco.

And I might say that since legislation was introduced in the Senate, and later in H.R. 4328, 4462, and 5233 I have, or the College of Agriculture, in many of these meetings I have participated in and met with extension personnel from each of the counties in Kentucky, and we have discussed with these people many of the details of the proposed legislation. We have also done this in many farm meetings over Kentucky, throughout all regions of Kentucky, and the role that we have played here is that of an educational approach in attempting to explain first of all the problems confronting burley tobacco, and secondly, the detailed proposals that have been set forth in legislation in both the House and the Senate as they proposed to meet some of these problems.

It is my judgment, from sitting in a number of these meetings that first of all, that there is reasonably good understanding of the situation and the seriousness of the situation in supply and utilization in burley tobacco among producers and industry representatives in Kentucky.

And, secondly, that there is generally a consensus, acceptance, or willingness to accept the proposals that have been made in the bills proposed by Congressmen Abbitt, Watts, and Hull.

Mr. Chairman, I thank you for the opportunity to appear before the committee.

Mr. ABBITT. Thank you very much.

Any questions?

We appreciate it.

Mr. CARTER. Mr. Chairman, may I?

Mr. ABBITT. Yes.

Mr. CARTER. I want to compliment the distinguished gentleman for his presentation, and note that in your résumé, which I read, which you supplied, I believe you are the only man who has really explained the fact that the 0.5 acre-man or, rather, the 0.5 acre-base will be circumvented.

This has not been mentioned. It has been passed over. I think that in all fairness we should tell just what all this bill does, and most people, Mr. Chairman, are not cognizant of that fact.

Thank you, Professor.

Mr. ABBITT. Thank you so much.
(The complete statement follows:)

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

My name is Milton Shuffett, of Lexington, Kentucky. I am Professor of Agricultural Economics, Department of Agricultural Economics, College of Agriculture, University of Kentucky.

For the past 20 years I have worked in the area of agricultural economics, primarily in burley tobacco marketing and policy. During the past year, I have served as a member of the Council for Burley Tobacco and have worked with this organization in assessing the policy problems of burley tobacco and in evaluating alternative methods for solving the problems facing this important industry.

In my role as a representative of the College of Agriculture on the Council for Burley Tobacco I have served as a resource person in presenting factual information on:

(1) The very critical situation faced by the burley tobacco industry due to the imbalance between supply and demand. In the 10 year period from 1960 to 1970 burley yields per acre increased from 1639 pounds to 2585 pounds—approximately 95 pounds per acre per year. During the same time period (1960–1970) the total acreage of burley allotted to producers was reduced by 25.4 percent, but production increased by about 15 percent due to the higher yields. Burley tobacco supplies are presently sufficient for about 3.4 years use and quantities held under price support loans are nearly equal to a year's domestic use of this crop.

(2) The difficulties of the present burley program in adequately meeting the problems of rising yields, declining use, and of supply control in view of the increasing proportion of allotments and total acreage of the crop that are subject to the minimum acreage provisions of the present burley program.

During the period when domestic disappearance of burley was increasing (prior to 1964) rising yields per acre were about offset by increased use of burley and the acreage control program worked reasonably well in balancing supplies with use. Since 1964 the domestic use of burley has declined by about 10 percent due to the smoking and health problem, improved efficiencies in tobacco manufacturing that have enabled manufacturers to produce more cigarettes from a given quantity of leaf tobacco, and changes in leaf tobacco blends used in cigarette production. As a consequence, burley allotments have been reduced sharply in an effort to maintain balance between supply and use. However, each decrease in total allotments becomes relatively less effective due to the continued increases in yields per acre and the increasing proportion of the total allotment and acreage allotted that are under the minimum acreage provisions of the present burley program and cannot be further reduced as total allotments are decreased.

In 1960, 28 percent of burley allotment holders had allotments of 0.5 acre or less representing 9 percent of the total allotted acreage. In 1970, nearly 60 percent of all allotments with 29 percent of the total allotted acreages were in the minimum acreage category. Further acreage reductions will increase the proportion of allotments and acreage protected under the minimum provisions of the law and further reduce the effectiveness of the acreage program as a means for adjusting supplies to lowered market needs.

In addition to defining the nature of the present supply and use situation and the shortcomings of the current burley program in dealing with the current problems, it has been my role as a representative of the College of Agriculture on the Burley Tobacco Council to appraise and evaluate various policy alternatives in federal programs for burley tobacco with regard to the expected effectiveness of such alternatives in overcoming the problems now faced by the burley tobacco industry.

There are certain objectives that appear basic to any successful production control-price support program for burley tobacco. These objectives are: (1) improved supply control in order to achieve and maintain balance between supply and demand, (2) improved quality of production to encourage utilization of burley, (3) equitable sharing by all producers who have contributed to the present supply problems in making the adjustments that are needed, (4) reasonable program costs and (5) improved economic efficiency in production. I have advised the Burley Tobacco Council that the provisions of the legislation proposed by Congressman John C. Watts to amend the Agricultural Adjustment Act of 1938 as amended, by adding a new section (Section 319) appear to meet

the above objectives and in my opinion provide changes that are in the best interests of all segments of the burley tobacco industry. The policy changes provided for in the amendment to the Agricultural Adjustment Act of 1938, as amended, by Congressman Watts, are in my considered judgment changes that are urgently needed in the burley tobacco production control and price support program.

Mr. ABBITT. Now, our next witness we have on the list is Mr. John Sledge.

Mrs. GALLAGHER. He has testified.

Mr. ABBITT. Mr. George Marsh of the Kentucky National Farmers Organization.

We are glad to have you this afternoon and will be glad to hear from you.

STATEMENT OF GEORGE MARSH, KENTUCKY NATIONAL FARMERS ORGANIZATION

Mr. MARSH. Mr. Chairman, I am happy to be here representing the Kentucky National Farmers Organization. I would like to say that I am a farmer, and my total income comes from farming.

I am George Marsh, president of the Harrison County National Farmers Organization, representing Kentucky N.F.O. members who grow burley tobacco. Kentucky N.F.O. is in agreement with the fundamental control features of Senate bill 789 and believes that any difference between this bill and similar bills, introduced in the House of Representatives can be resolved.

We believe the present acreage control program must be changed to a poundage program in order to preserve the entire tobacco industry and the economy of the Commonwealth of Kentucky.

Mr. Chairman, it was mentioned that the House of Representatives wanted to make a better bill than the Senate, and this is what the N.F.O. is all about. And this bill that was introduced in the House was not available when this statement was drafted.

Mr. Chairman and members of the subcommittee, thank you for this opportunity to appear here and present the views of our members.

Mr. ABBITT. Thank you very much.

Any questions?

Mr. Morris Alton, Ohio Farm Bureau.

Mr. Alton, we are pleased to have you and appreciate your coming.

STATEMENT OF MORRIS ALTON, OHIO FARM BUREAU

Mr. ALTON. Thank you, Mr. Chairman.

May I recognize with pleasure on your committee the distinguished member from my State, Congressman Miller, who I am pleased always to appear before, and the other members of your committee.

Mr. Chairman, I do not have a prepared statement. However, let me say that we have in Ohio out of our 88 counties about nine counties in southern Ohio, across the Ohio River from the State of Kentucky which produce a very fine quality of Burley tobacco.

We have one member of our State Farm Bureau Board, Mr. Golden Cannaday, of Gallia County, who is one of those producers and who gives considerable leadership among the Ohio tobacco growers of the Burley tobacco.

These growers, in turn, are very closely identified with the Kentucky growers, because their program is identified with it, and their marketing is through the Kentucky outlets for tobacco.

Therefore, Mr. Chairman, I would like to go so far as to say that we of the Ohio Farm Bureau endorse the content and intent of the statement made to you by the Kentucky Farm Bureau, by the Kentucky Cooperative and Warehouse and Marketing people of Kentucky, because there have been many, many kinds of conferences through the years with common identity between our growers and their growers, and in the last while since this legislation has been brought into focus, introduced I believe about the end of December, not introduced at that time, but made known at that time that it was to be introduced, from that time on there have been many meetings between tobacco growers in Ohio, most of whom are very small growers.

Our average production is about three-quarters of an acre, 9,900 producers and 7,300 acres.

And, Mr. Chairman, it is my understanding through those who have dealt intimately with them in relation to this problem that they endorse this concept of poundage basis for production and marketing of tobacco.

So, I merely add credence to the testimony of those who have preceded me by saying that tobacco growers of Ohio look upon this as important legislation, without which they will be tending toward more and more problems, rather than a greater solution to the problems that exist.

Mr. ABBITT. Thank you so much. We appreciate that statement.

Any questions?

Mr. MILLER. Mr. Chairman?

Mr. ABBITT. Yes, sir.

Mr. MILLER. I would like to state that Mr. Morris Alton, the vice president of Public Affairs for the Ohio Farm Bureau, has been in Washington many times to testify and we have come to learn that what he says is very reliable. Thank you for being here this afternoon.

Mr. ALTON. Thank you very much.

Mr. ABBITT. Mr. Linville Bryant, Indiana Farm Bureau?

Either he did not get here or he had to leave. Maybe if he shows up before it is over, we can hear from him.

Now, we have Mr. Frank B. Snodgrass, vice president and managing director, Burley and Dark Leaf Tobacco Export Association.

You have been very faithful in attending this committee hearings, and we appreciate it, and we would like to hear from you and get your wisdom and judgment on this matter.

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

Mr. SNODGRASS. Thank you, Mr. Chairman.

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, Inc., 1100 17th Street NW., Washington, D.C.

The association I represent is a federated trade association, composed of the following member organizations representing growers, warehousemen, and exporters of tobacco:

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

I appreciate this opportunity of appearing before the committee and giving the views of our organization concerning these bills "to amend the tobacco marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended."

I would first like to join with Mr. John Berry and Mr. Albert Clay in their remarks of praise for the members of the committee and the other Members of the Congress from the burley producing areas, because we have long recognized the yeomanship that you have given to us at the national level, and also the fact that you are always willing to be helpful to us in legislative matters.

The major problem confronting our 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 2,585 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 advent of the filtertip cigarette, new technological changes in domestic manufacturing permitting fuller utilization of the leaf, and the increased usage of imported leaf in the manufacture of domestic cigarettes have been responsible for decreased usage of our burley in recent years.

Although we have more than doubled our export sales of burley tobacco during the past decade, we have been unable to absorb the mounting surplus of burley, due to increased production under an acreage control system.

Representatives of several of our member organizations have appeared here today and I join them in their endorsement of the enactment of this legislation. It is long overdue and a dire necessity, if we hope to retain the price support program for tobacco.

The tobacco grower has an obligation to maintain a balance between supply and demand in return for the privilege of price supports. It

has been proven that we are unable to control acres and sell pounds.

In addition to the change to quantitative controls, this legislation will also provide for the sale, lease, and transfer of burley tobacco acreage allotments or quotas.

The lease and transfer arrangement has worked well for other types of tobacco, 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 sale, lease, and transfer of tobacco allotments is to create more economic units of production. In the event mechanization for planting, cultivating, and harvesting of tobacco is perfected, larger units of production would be advantageous.

Mr. ABBITT. Thank you very much.

Any questions?

Thank you, Frank.

We have one other witness that I think we had better hear from before we get to the Members of the House and the Congress, and that is Kenneth E. Frick, Administrator of the Agricultural Stabilization and Conservation Service.

I appreciate so much your waiting and being patient with us, because a lot of them did not have time. And I see also you have with you Claude Turner, who has been coming here for a longer time than I have been here.

Mr. TURNER. Don't tell on me.

Mr. ABBITT. I don't want to tell on you, but I used to call him Mr. Turner when I first came up here.

Thank you very much. You can go ahead.

STATEMENT OF KENNETH E. FRICK, ADMINISTRATOR, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE, AND EXECUTIVE VICE PRESIDENT OF THE COMMODITY CREDIT CORPORATION, U.S. DEPARTMENT OF AGRICULTURE, ACCOMPANIED BY CLAUDE TURNER

Mr. FRICK. Thank you, Mr. Chairman, and members of the committee. I have rather enjoyed waiting and listening to the comments of the people that are here and are from the tobacco areas.

I do have with me Mr. Turner, who is the Director of our Tobacco Division, and Claude Coffman, who is Deputy General Counsel of the Department, and Mr. Joe Todd, who is the Deputy Director of the Tobacco Division.

Mr. ABBITT. He is well known to the committee.

Mr. FRICK. I would like to read the statement, please, and then add a few comments afterward.

Mr. ABBITT. All right.

Mr. FRICK. We are pleased to give the Department's views on H.R. 4328 and H.R. 4462, bills to amend the tobacco marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended.

The bills provide for establishing farm marketing quotas for burley tobacco on a poundage basis rather than an acreage basis, as they have operated the past 30 years.

The bills provide for referendum of burley tobacco growers to determine whether they favor or oppose the establishment of farm marketing quotas on a poundage basis for the next three crops.

If two-thirds or more of the farmers voting approve marketing quotas on a poundage basis, quotas will be in effect on such basis for the next three crops of burley tobacco. If marketing quotas on a poundage basis are not approved by at least two-thirds of the farmers voting, no marketing quotas or price support will be in effect for the 1971 crop of burley tobacco.

Farm marketing quotas would be based on the average of each farm's four highest yields during the 5 years, 1966-70, multiplied by the farm's 1970 acreage allotment. Farm marketing quotas, regardless of size, would be adjusted uniformly to equal the national marketing quotas (less a reserve of no more than 1 percent for correcting errors, adjusting inequities, and for establishing quotas for new farms). Under the bills, the national marketing quota would be the amount of burley tobacco produced in the United States which the Secretary estimates will be utilized and exported during the marketing year, adjusted upward or downward as the Secretary determines is desirable to maintain an adequate supply or for an orderly reduction of supplies to the reserve supply level.

If marketings from a farm are less than the farm's poundage quota, the difference—up to 100 percent—is added to that farm's quota for the following year. Marketings from a farm may exceed the farm's quota by 10 percent without penalty and with price support, but any marketings in excess of a farm's quota would be deducted from that farm's quota for the following year.

The bills provide for the sale and lease of burley tobacco farm marketing quotas and transfer to other farms in the same county. The bills limit the amount that can be transferred to any farm to 15,000 pounds.

The bills provide that farm marketing quotas for the first year shall not be reduced by more than 5 percent below an amount determined by multiplying the farm's average yield by the 1970 acreage allotment. Thereafter, the amount of the national marketing quota for any year cannot be less than 90 percent of estimated utilization and exports.

It is generally agreed the present acreage allotment program was for many years effective in maintaining burley tobacco supplies in line with demand, with favorable prices to growers and with minimum costs to the Government for price supports.

However, in recent years sharp increases in per acre yields, and decreased domestic usage have combined to build up a surplus which has resulted in excessive amounts accumulating under Government loan.

Reductions in acreage allotments stimulate increases in per acre yields, which in turn necessitate further reductions in acreage allotments. In 1970, 60 percent of all burley tobacco farm acreage allotments established were one-half acre or less, and cannot be reduced under present legislation.

Thus, further reductions in acreage allotments will result in greater inequities between holders of allotments which are reduced and those which cannot be reduced, and will be less effective in bringing supplies into balance with demand.

The Department recommends that one of the bills be passed, if H.R. 4328 is amended by the deletion of the proviso in lines 5 and 6 on page 6, and if the figure "1" appearing in line 8, page 4, is changed to "15"; or H.R. 4462 is amended by deletion of the proviso in lines 7 and 8 on page 6 and if the figure "10" appearing in line 10, page 4, is changed to "15."

These changes will provide for a more effective adjustment of supplies. Since we do not know the total of the preliminary poundage quotas for all farms, we cannot estimate the amount of reduction for each farm at this time. But hopefully if the bill is passed, the farmers would be notified of their quotas prior to the referendum.

These modifications are designed to gear the program more realistically to trends in production and disappearance. This is vital if the program is to adjust supplies effectively. The bills as drafted could result in adding to the already burdensome supplies in its first year. This would be intolerable and totally unacceptable.

In addition to the two amendments mentioned above, it is suggested that the bills be amended to authorize the sale, lease and transfer of farm marketing quotas across county lines in the same State. Such authority would provide more flexibility and would give farmers in outlying counties in which there is little interest in producing tobacco a better bargaining position. Present legislation authorizes the sale or lease and transfer of fire-cured, dark air-cured and Virginia sun-cured tobacco allotments and transfer to other farms in the same county.

Leases—for periods up to 5 years—and within county transfers are authorized for all other kinds of tobacco, except burley and cigar-binder—types 54 and 55.

Burley tobacco allotments were established for 282,115 farms in 1970 and the total acreage allotted was 230,947 acres. This is an average of 82 one-hundredths of an acre per farm.

The sale and lease of burley quotas will enable those farmers who have the labor and equipment for producing larger acreages to increase their operations to more economic units, and will encourage mechanization of planting, harvesting, curing and marketing tobacco.

This has already taken place in many other commodities, but some 400-450 man-hours are still required to produce and market an acre of tobacco.

The enactment of this proposed legislation—with proposed amendments—will not necessitate the expenditure of additional administrative funds, and will result in a substantial reduction in the amount of outstanding CCC loans in the years ahead as excessive supplies of Burley tobacco are reduced.

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 program.

I think I should add a comment or two. It appears that really there are only two points at which we have some discussion. One is the 95 percent proviso, and then 15 percent rather than 10 percent. The reasoning on the 95 percent proviso is that it is based upon past acreages, and we are trying to start with a provision that recognizes disappearance at this time, and by again, including the 95 percent proviso, and then going ahead with the 10 percent we show that we do increase the

first year some 55 million pounds difference than operating under the present law. I believe it amounts to \$48 million. And as we look ahead for the next 5 years, without the 15 percent we would be unable to by that time get down to a 2.8-year carryover.

If we went with the bill as it is today, at the end of 5 years we would still have over a 3-year supply.

This concludes my statement at this time, Mr. Chairman.

Mr. ABBITT. What page is that proviso on?

Mr. FRICK. Page 6, on line 5, of H.R. 4328.

Mr. ABBITT. And the other is on page 7?

Mr. MILLER. Page 4, line 8.

Mr. FRICK. The provisos are on page 6 of both bills.

Mr. ABBITT. Now, how has the poundage control worked for the other tobacco?

Mr. FRICK. The poundage control on flue-cured has worked much better than without the poundage control.

Mr. ABBITT. We appreciate very much that statement.

Are there any questions?

Mr. WAMPLER. Mr. Frick, under present acreage allotment programs, am I correct in saying that the only question beyond the referendum this year, 1971, would be whether to accept acreage allotments as proclaimed by the Secretary or no program at all?

Mr. FRICK. That is correct.

Mr. WAMPLER. What would be the option under the present law with the crop years of 1972 and 1973 as it relates to the question that would be on the referendum?

Mr. FRICK. Mr. Turner?

Mr. TURNER. What you could do then, Congressman Wampler, assuming that the vote carries, in 1971, then you would have quotas in effect for 3 years. Then the Secretary would have the option of offering the acreage-poundage program, which has already been offered twice in the burley area and failed to carry.

Mr. WAMPLER. Acreage-poundage would be offered, then, in the year 1972 and/or 1973 if we assume it did not pass in 1971?

Mr. TURNER. That is correct.

Mr. WAMPLER. Under the proposed bill, what would be the question to the referendum growers in the 1971 referendum?

Mr. TURNER. Under the proposed bill they would be voting for quotas on a poundage basis.

Mr. WAMPLER. Or no program at all?

Mr. TURNER. Or no program at all.

Mr. WAMPLER. Actually, under the pending bill, the question of continuing it or the present program, the growers would not have an opportunity to vote on that?

Mr. FRICK. That is correct.

Mr. WAMPLER. With relation to the program that the flue-cured tobacco industry had a few years ago with the burden of surpluses, did it not take you a number of years to work out of this problem? You did not do this in 1 year; get rid of your surplus in 1 year?

Mr. TURNER. No, sir. I think they set out to reduce the surplus by 100 million pounds a year. Now, are on target for 6 years. Now, we have reduced the total supply by about 615 million pounds, but we are not quite out of the woods, because domestic use has been

decreasing, so as this domestic use decreases you have got to further decrease the supply.

Mr. WAMPLER. What bothers me, and I assume it does others who have an interest in this legislation, is what is going to happen to the grower in the second year under this poundage program?

For example, the man who now enjoys a statutory minimum of half an acre or less, depending on what he has, and he takes a modest cut this year, and then next year, perhaps if you had a very excessive cut with this, what is this going to do to him? So, we have problems with the 1972 and 1973 as well as 1971.

Mr. FRICK. My understanding, Mr. Congressman, is that if this were amended as suggested that the 15 percent, or whatever part of this, we only had asked for the 15-percent authority, and what would happen this year then there would not be a great adjustment in the next year compared to this year?

Mr. TURNER. This is correct.

Mr. WAMPLER. This still is within the discretion of the Secretary? There is no statutory protection?

Mr. FRICK. Other than the maximum.

Mr. WAMPLER. Which would be the 15 percent?

Mr. FRICK. But recognizing the utilization of tobacco or the disappearance, and if it held steady or near steady there should then be very little change.

Mr. WAMPLER. I assume you were present when Mr. Clay and I had the colloquy on the proposed limitation of the 5-percent cut for the next 3 crop years. Does that do violence to the department's philosophy or not?

Mr. FRICK. We worked that out here, one of the men worked it out just a minute ago—you were talking about 5 percent?

Mr. WAMPLER. Per year for the next 3 years.

Mr. FRICK. In comparison to his allotment?

Mr. WAMPLER. Yes, sir.

Mr. FRICK. With the poundage?

Mr. WAMPLER. Yes, sir.

Mr. FRICK. And this would reduce the production more than this present bill would in the first year, and would in each succeeding year on through the first five years, and we figured it here. We would like to check these figures and submit them to you later to be sure.

Mr. WAMPLER. Do I understand your preliminary estimate would be it would reduce production greater than the language of the present bill?

Mr. FRICK. It would reduce total production more than the present bill.

Mr. TURNER. I think for the first year it would be the same because it is 5 percent from the base under both bills, but the difference here is that the production would be in excess of what it would be under the present law.

Mr. WAMPLER. Well, I would be grateful if you could supply that.

Mr. FRICK. We would supply you with the information.

Mr. WAMPLER. And give us the base if, in fact, it does reduce production greater than the present language, and then I suppose I will have to reexamine my position.

(The information requested is as follows:)

BURLEY TOBACCO, PRODUCTION, SUPPLY, SUPPLY-DISAPPEARANCE RATIO, ALTERNATIVE PROGRAMS

Item and year	Acreage allot- ments	Abbitt- Watts bills	5 percent reduction		
			USDA proposal	Below disap- pearance	Below base
Production (million lbs.):					
1971	470	536	450	503	536
1972	459	472	446	498	510
1973	472	467	442	494	484
1974	450	463	437	489	460
1975	446	459	433	484	437
Total supply (million lbs.):					
1971 to 1972	1,818	1,879	1,798	1,851	1,884
1972 to 1973	1,737	1,811	1,704	1,809	1,854
1973 to 1974	1,654	1,743	1,611	1,768	1,803
1974 to 1975	1,574	1,676	1,518	1,727	1,733
1975 to 1976	1,495	1,610	1,426	1,686	1,654
Supply-disappearance ratio (number):					
1971 to 1972	3.37	3.48	3.33	3.43	3.49
1972 to 1973	3.25	3.39	3.19	3.38	3.47
1973 to 1974	3.12	3.29	3.04	3.34	3.40
1974 to 1975	3.00	3.19	2.89	3.29	3.30
1975 to 1976	2.88	3.10	2.74	3.24	3.16

Mr. ABBITT. I know you are interested in the welfare of the program, and if you come up with an idea that is better, we will listen to it.

Mr. WAMPLER. Mr. Frick, I think you understand what we are trying to do is to lessen the impact during the transition if we are, in fact, going to the poundage program, and we want to protect as best we can the small grower, medium-sized grower, and the large.

Mr. FRICK. We understand this, and we agree with the concept of the two changes. One is the poundage or else you never will have the control that is needed, and secondly, with everyone taking some share of the cut, that seems to be necessary, and our only problem is this, in increasing more under this program the carryover stock, or the stocks held by CCC, compared to the law we are under today.

Mr. ABBITT. Any other questions?

Go ahead.

Mr. MILLER. Mr. Frick, we discussed the amount of burley that is in the CCC at the present time. Can you give us that figure?

Mr. FRICK. Yes; we have about 500 million pounds.

Mr. MILLER. 500 million pounds?

Mr. FRICK. Which is 11 months of the normal domestic consumption.

Mr. MILLER. This is burley alone?

Mr. FRICK. That is correct, sir.

Mr. MILLER. Now, would you anticipate that with this bill, this stock will be reduced?

Mr. FRICK. Yes; there would be a slight reduction because of the bill itself.

Mr. MILLER. In the first year or—

Mr. FRICK. In the first year.

Mr. TURNER. Maybe.

Mr. FRICK. In the first year. It is about level, and a slight reduction.

Mr. MILLER. I see. How about the second year and the third year?

Mr. FRICK. Yes; we do get more reduction in the second and third year.

Mr. MILLER. Is it a large amount?

Mr. TURNER. Under the acreage program that we now have, and that is a major cut. It starts with a total supply of about 1,900 million pounds, and by the third year under the acreage program you would come down to 1,650. I am rounding these figures to make it easier. You come down to about 1,650 million pounds.

That is about 250 million pounds drop. Under the House bill and the bill that was introduced in the Senate you would come down to about 1,740 million pounds. That is almost 100 million pounds above the present acreage program.

If you adjusted the bill in the way the department is suggesting, by the end of the third year you would be down to about 1,610 million pounds, which is almost 300 million drop from the beginning supply.

You would have on hand a total supply of about 3 years under that bill. Under the acreage bill it would be about 3.1, and then under the bill that we are discussing and the Senate bill it would be about 3.3, just slightly below where we are now.

Mr. MILLER. I am not sure I am following you in the 3.1 and the 3.3. You are talking about years?

Mr. TURNER. Yes, sir; 3 years duration.

Mr. MILLER. But at the present time we have approximately 11 months?

Mr. FRICK. As far as Commodity Credit Corporation stocks are concerned as to the total supply we have 3.4 years of the total supply.

Mr. MILLER. But we are outside burley. We are beyond burley?

Mr. FRICK. No, sir; in burley we have a total supply of 3.4 years and 500 million pounds of that is in Commodity Credit. The rest is in private hands.

Mr. MILLER. I want to collect my figures, Mr. Chairman, if you will pass over and come back.

Mr. ABBITT. All right.

Mr. MIZELL. Thank you, Mr. Chairman.

Mr. Frick, reference was made to the success of the Flue-cured program. Is this not an acreage and poundage program, the Flue-cured?

Mr. FRICK. Yes, sir.

Mr. MIZELL. And it has worked very successfully, having been adopted overwhelmingly this past year, and it is doing a good job.

But, what percentage of burley tobacco is produced by the minimum producers, with half-acre or less?

Mr. TURNER. I think the acreage allotted to the minimum farms is about 27 percent, 27 to 30 percent of the total.

Mr. MIZELL. But how much of the total production in poundage is this?

Mr. TURNER. I do not know.

Mr. MIZELL. While it is 27 percent of the total acreage allotment, it is not 27 percent of the total poundage production?

Mr. TURNER. That is correct.

Mr. MIZELL. In fact, it would be a good deal less than the 27 percent?

Mr. TURNER. I would suspect it would be less, yes.

Mr. MIZELL. I think the gentleman is correct in saying that the poundage will run less.

Is the real problem with burley not necessarily the size of the allotments, but the ability of major producers to increase production on those acres?

Would you say this is what has made the greatest contribution to the problem now?

Mr. TURNER. Apparently they are all able to increase the yield per acre.

Mr. MIZELL. I think you sidestepped that very well, but I would like to come back to some figures I have here, and I will have to refer to North Carolina because I do not have them for all areas, but in North Carolina we have 17,416 producers, with an average of just slightly less than a half acre per producer.

In 1966 they were able to produce 2,325 pounds per acre, which is 1,162 pounds on the half acre. On this same half-acre allotment in 1970, they were able to produce 1,286 pounds, which totaled 124 pounds per acre that my producers in North Carolina have contributed to the overproduction. When we take the same figures and apply it to those areas where you have average allotments close to 11 acres per allotment, we find that—I do not have the figure for 1969, but in 1970 they produced 2,742 pounds per acre.

That was the average, and if we go back to the national average of 1966 this means that they have overproduced over 300 per acre.

Now, I am not criticizing the ingenuity of the burley producers, but the point I want to make is that the little man is not the one that is making the major contribution to the overproduction.

On his small acreage he has just about reached a maximum that he can produce, but a man with a 10-acre allotment has contributed between 3,000 to 3,500 pounds per allotment in overproduction the last 5 years.

I do not feel that the man with a half-acre allotment—and many times this is what pays the taxes on the old homestead—is making as great a contribution to the problem, and I cannot quite see why he should be penalized on the same standard as those who have made the major contribution to the problem.

So, if we were to reduce the acreage by 15 percent, when you get this down to dollars, to the smaller producer it means a great deal; and under the present legislation—of course, the point has already been made by Mr. Frick, and also by Mr. Wampler—he either takes this package or he does not have anything, under the present bills that we are considering.

If the referendum were held, and the legislation reported out of our committee that would continue under the present law, if this were put to the people for referendum, accepting the judgment of the Secretary of Agriculture to reduce the allotment, do you think it would pass?

Mr. FRICK. Of course, I have no idea, sir. I do not know.

Mr. MIZELL. I think it has been accepted several times before. It has passed by more than the two-thirds majority that has been needed. It has, or evidently you would not have a program. But, under this present legislation they have no option. How much trouble would it

be if this committee saw fit to pass legislation that did give the farmer an option where he could either accept the poundage as proposed in the legislation or accept a continuation of the program limitations or the reductions that would be proposed by the Secretary, or—even go a little further—give him a third option of accepting the poundage as proposed with a built-in float under the little producer whereby he could not be cut below a certain poundage? This would give him three options. How much trouble would this be to the department to present this in referendum?

Mr. FRICK. The three options, no matter which three options, become a problem. As to two choices, I do not see this is a major problem.

We do get into a time factor here, as to being able to get one or the other to him. What we would have to do is the first two options you suggested, we would have to be sure when he got the pieces of paper in his hands he would know the minute the votes are counted which option he has.

Mr. MIZELL. I see. Well, would it be possible even to permit the referendum to be held under the present law, and then at a later date present a chance to vote for poundage, if this is what is desired?

Mr. FRICK. Well, look, we will go back and check our timing, but off of the top of my head I believe we will run out of time, sir.

I believe the planting time is somewhere about the middle of May, and really not much later than that.

Mr. MIZELL. We then would not have time this year?

Mr. FRICK. That is right, sir.

Mr. MIZELL. But it could be presented to him next year?

Mr. FRICK. Yes.

Mr. MIZELL. The answer is yes?

Mr. FRICK. Yes.

Mr. MIZELL. Well, needless to say, Mr. Frick—and I am sure the others can understand my concern for the producers of burley in my area—we share this same concern as you for a good, healthy industry, but I am hoping that before this legislation is reported we will be able at least to get some minimum protection in there for that small producer who is not depending on this for money that is over, in excess of any cost he might have—I hesitate to say this, with a group of farmers present—or money that he could put in the bank, but that which merely contributes to his livelihood. He is very dependent on it. I think we have the danger in my area, in the mountain areas of North Carolina, that if we drive this man off of the farm and into the cities and the towns, it is going to create even more problems for us, and this is my major concern.

I appreciate your responding to my questions and I thank you, Mr. Chairman.

Mr. ABBITT. May I ask you just this: What is the difference in the allotments of a dark-fired tobacco in Virginia and burley tobacco, say in Virginia?

Mr. TURNER. You are thinking of the size. The Fire-cured acreage is much larger.

Mr. ABBITT. What is the average for Fire-cured?

Mr. TURNER. Do you have the average, Joe?

Mr. MIZELL. Mr. Chairman, I have one other question to follow through, if I may.

Mr. ABBITT. Yes.

Mr. TODD. In Virginia you have 6,169 allotments, 11,672 acres, and a little less than 2 acres per farm on your Fire-cured.

Mr. ABBITT. And the burley is what?

Mr. TURNER. About half an acre.

Mr. MIZELL. You are in the high rent district if you have got that much.

Mr. TODD. In Virginia you have 16,327 burley allotments, 8,750 acres—a little more than a half acre.

Mr. MIZELL. Well, you are down in my area.

Mr. ABBITT. Did you have another question?

Mr. MIZELL. Yes, I did. I did not follow through with the point I had started out to make in reference to the Flue-cured as far as acreage-poundage. Could not this same principle be applied to burley, and if we are not able to develop poundage protection for the little man, then he would have protection under an acreage?

Mr. TURNER. Under the law—

Mr. MIZELL. He could put a poundage-acreage control on it. Could you not do that?

Mr. TURNER. Under the law, you could for 1972—you could not for 1971—unless there is a change in the law.

Mr. MIZELL. But it could be incorporated in this legislation and be presented to him, and it could then be done under this legislation?

Mr. TURNER. Could be.

Mr. MIZELL. I thank you.

Thank you, Mr. Chairman.

Mr. MILLER. Mr. Frick, if I may, have you projected a little as to what would take place if H.R. 4462 or H.R. 4328 were not passed? What position would that put the Secretary in, and what position would that put the man who owns one-half acre or less in?

Mr. FRICK. We would operate under the law we have today, and the half-acre man would not be reduced if there is any reduction. We have not made any final decision as to the extent of a reduction, we recognize there must be a reduction in the coming year or in the 1971 year under the present law, and let us talk in terms of 30 percent.

If you project on again, trying to aim for the 2.8 years total supply, this could be projected at an additional 10 percent cut in each of the next 4 years.

Still, even with that we would come out at a 2.9 years supply, and this is just using, you see, these are pure projections. No one knows for sure the consumption or production, but projecting in the trends at the department, as they have developed them, why, we would have to continue a cut under the present system and there would have to be that much, recognizing that some of the acreage would not be cut at all.

Mr. MILLER. And this would be necessary for a referendum in order to continue the program?

Mr. FRICK. Yes, there would be a referendum this year to continue the program.

Mr. MILLER. Under that condition, could you project that such a referendum could or would be approved?

Mr. FRICK. I really do not know, sir. I have gotten both indications. Of course, it has passed in the past.

Mr. MILLER. But not with a cut like you mention?

Mr. TURNER. Well, we had a 25-percent cutback in 1955, and it carried.

Mr. MILLER. And it carried?

Mr. TURNER. Yes.

Mr. MILLER. Let us go beyond that. If the two bills were approved by the subcommittee, the full committee, and then approved by the House and become law and the referendum failed, then what position would the Secretary be in, and also the man who owned one-half acre or less allotment?

Mr. FRICK. Well, for the 1971 year we would have no program.

Mr. MILLER. I understand that. Now, would you project that the man who has an allotment of one-half acre or less, would be better or worse off without that program?

Mr. FRICK. I do not know, sir.

Mr. MILLER. No predictions? Do we have enough allotments of large size where people would be able to mechanize and produce more economically which would create a hardship for the man who has the one-half or less acre allotment?

Mr. FRICK. Well, certainly as you look forward and in Flue-cured in particular, there is more mechanization taking place, and it has been told to me recently that where the costs of gathering the tobacco and the whole process might be as much as 25 cents a pound, when you are fully mechanized you reduce this considerably, by more than half, and so, I presume that if burley were ever mechanized similarly, why what you are saying is probably true.

Mr. MILLER. Thank you, Mr. Chairman.

Mr. ABBITT. I did not quite understand what you personally felt or some people in your department felt, that if there is no additional program offered this year whether or not the referendum would pass, and what is the story on the present proposal? What was your answer to that? What does the department feel?

Mr. TURNER. It would be a pure guess. I think it would be close.

Mr. ABBITT. You think it would be close, and that is as to whether it would carry, or not?

Mr. TURNER. Yes.

Mr. ABBITT. Any other questions?

Mr. MURRAY. One for the record, Mr. Frick, could you supply the committee with an estimate of the cost of the enactment of each of these bills for the current and each of the five subsequent fiscal years. We would also appreciate the same cost estimate based on the amendments suggested by the Department.

Mr. FRICK. We will.

Mr. MURRAY. Thank you.

(The information referred to above follows:)

BURLEY TOBACCO: PRODUCTION, PRICES, INCOME, AND CCC ACTIVITY, 1969-70-1975-76 MARKETING YEARS

Item and unit	1969-70 (actual)	1970-71 esti- mate)	Present system (projected)				
			1971-72	1972-73	1973-74	1974-75	1975-76
National factor (number).....	1.00	0.90	0.70	0.90	0.90	0.90	0.90
Acreage allotted (thousand acres).....	250	231	185	174	165	159	153
National poundage quota (million lbs.).....	238	217	174	164	156	150	144
Acreage harvested (thousand acres).....	238	217	174	164	156	150	144
Percent of previous year (percent).....	100	91	80	94	95	96	96
Yield per acre (pounds).....	2,488	2,585	2,700	2,800	2,900	3,000	3,100
Production (million lbs.).....	591	560	470	459	452	450	446
Total disappearance (million lbs.).....	565	555	540	535	530	525	520
Support level (cents per lb.).....	65.8	68.6	71.5	74.4	77.2	78.9	80.7
Average price (cents per lb.).....	69.6	72.2	75.0	78.0	80.5	82.5	84.0
Value of production (million dollars).....	412	404	352	358	364	371	375
CCC activity ¹ (million lbs.):							
Loans outstanding, beginning of year.....	311	416	435	398	343	286	232
Loans made.....	137	47	25	25	25	25	25
Repaid.....	32	28	62	80	82	79	78
Outstanding, year end.....	416	435	398	343	286	232	179
Change during year.....	+105	+19	-37	-55	-57	-54	-53
CCC Budget outlays (million dollars):							
Loans made.....	127	44	23	24	25	25	26
Loans repaid.....	32	23	53	70	74	73	73
Net outlay or receipt (-) (million dollars).....	94	21	-30	-46	-49	-48	-47
Investment in loans, year end (million dollars).....	346	367	337	291	242	194	147
Change during year.....	94	21	-30	-46	-49	-48	-47

¹ Dry weight.

Item and unit	1969-70 (actual)	1970-71 esti- mate)	H.R. 4328 and H.R. 4462 (projected)				
			1971-72	1972-73	1973-74	1974-75	1975-76
National factor (number).....	1.00	0.90	1.0.95	0.88	0.99	0.99	0.99
Acreage allotted (thousand acres).....	250	231	154.7	482	477	472	468
National poundage quota (million lbs.).....	238	217	214.4	188.8	186.8	185.2	183.6
Acreage harvested (thousand acres).....	238	217	154.7	482	477	472	468
Percentage of previous year (percent).....	100	91	90	88	99	99	99
Yield per acre (pounds).....	2,488	2,585	2,500	2,500	2,500	2,500	2,500
Production (million lbs.).....	591	560	536	472	467	463	459
Total disappearance (million lbs.).....	565	555	540	535	530	525	520
Support level (cents per lb.).....	65.8	68.6	71.5	74.4	77.2	78.9	80.7
Average price (cents per lb.).....	69.6	72.2	75.0	78.0	80.5	82.5	84.0
Value of production (million dollars).....	412	404	402	368	376	382	386
CCC Activity ² (million lbs.):							
Loans outstanding, beginning of year.....	311	416	435	453	411	368	326
Loans made.....	137	47	42	25	25	25	25
Repaid.....	32	28	24	67	68	67	66
Outstanding, year end.....	416	435	453	411	368	326	285
Change during year.....	+105	+19	+18	-42	-43	-42	-41
CCC Budget outlays (million dollars):							
Loans made.....	127	44	38	24	25	25	26
Loans repaid.....	32	23	20	59	62	62	62
Net outlay or receipt (-) (million dollars).....	94	21	18	-35	-37	-37	-36
Investment in loans, year end (million dollars).....	346	367	385	350	313	276	240
Change during year (million dollars).....	94	21	18	-35	-37	-37	-36

¹ Estimated farm marketing quotas equals 576 million lbs. by .95 equals 547 million lbs. national quota.² Dry weight.

BURLEY TOBACCO: PRODUCTION, PRICES, INCOME, AND CCC ACTIVITY, 1969-70-1975-76 MARKETING YEARS—Continued

Item and unit	1969-70 actual	1970-71 estimate	H.R. 4328 and H.R. 4462 as amended (projected)				
			1971-72	1972-73	1973-74	1974-75	1975-76
National factor (number).....	1.00	0.90	1 0.80	0.99	0.99	0.99	0.99
Acres allotted (thousand acres).....	250	231					
National poundage quota (million pounds).....			459	455	451	446	442
Acres harvested (thousand acres).....	238	217	180	178	177	174.5	173
Percent of previous year (percent).....	100	91	83	99	99	99	99
Yield per acre (pounds).....	2,488	2,585	2,500	2,500	2,500	2,500	2,500
Production (million pounds).....	591	560	450	446	442	437	433
Total disappearance (million pounds).....	565	555	540	535	530	525	520
Support level (cents per pound).....	65.8	68.6	71.5	74.4	77.2	78.9	80.7
Average price (cents per pound).....	69.6	72.2	75.0	78.0	80.5	82.5	84.0
Value of production (million dollars).....	412	404	338	348	356	360	364
CCC activity ¹ (million pounds):							
Loans outstanding, beginning of year.....	311	416	435	373	301	231	161
Loans made.....	137	47	25	25	25	25	25
Repaid.....	32	28	87	97	95	95	92
Outstanding, year end.....	416	435	373	301	231	161	94
Change during year.....	+105	+19	-62	-72	-70	-70	-67
CCC budget outlays (million dollars):							
Loans made.....	127	44	23	24	25	25	26
Loans repaid.....	32	23	71	82	83	85	85
Net outlay or receipt (-).....	94	21	-48	-58	-58	-60	-59
Investment in loans, year end (million dollars).....	346	367	319	261	203	143	84
Change during year (million dollars).....	94	21	-48	-58	-58	-60	-59

¹ National quota divided by 576 (estimated sum of preliminary farm marketing quotas).

² Dry weight.

Mr. ABBITT. That concludes the witnesses, except the Members of Congress, and I would like to recognize the Honorable John C. Watts, the author of a bill, who was for a long time a member of this committee, and as you gentlemen know from the sound of my voice, he has been an active leader, and taken an active leadership part in every piece of tobacco legislation we have had.

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

Mr. WATTS. Mr. Chairman, members of the committee, and distinguished guests, all of you: Throughout the 20 years I have been a Member of Congress, I have appeared in Congress before this committee, on the floor and before other committees in behalf of making changes in the tobacco program that I thought would be to the betterment of it. Many of them that were made have led to the betterment of it. I cannot recount all of the various bills during that period of time that I have introduced and that have been enacted into law that have helped the tobacco program, but we are not here to merely help the tobacco program, we are here today to make a decision whether we are going to have a program or not and that is what is before the Congress, and that is what is before the Tobacco Subcommittee of the House Agriculture Committee.

The tobacco program has been amended and changed all it can be changed. Today we are here to see whether or not we want to continue the tobacco program which has been the most satisfactory program that has been enacted by this Congress, because it has cost the Government practically nothing, whereas lots of programs, such as the cotton program, the wheat program, or whatever other program you want to look at, has cost a tremendous sum of money. But, due

to the excellent work of the various associations that have handled tobacco, and the willingness of our people to abide by the decisions that were correct, we have had an excellent program throughout our years. And what we are here assembled today to do is to see whether or not the grower, big and little, want to continue the tobacco program, and that is the question before us.

Now, during the period of time I have been here I have seen lots of things happen. Once I had to pass a bill to keep people from growing tobacco, two crops on one piece of land in the same year. I believe, Brother Todd, the 25-percent cut you referred to was when I introduced a bill to restore 15 percent of it.

Certainly it is not my desire in any manner or form to hurt the little growers, or to hurt the big growers, or to hurt any grower, but all of us are in the hotbox together today, and something has got to be done.

Today the average burley tobacco base is eighty-two-hundredths of an acre, and 60 percent of these bases are protected behind a shield, namely, the five-tenths of an uncuttable base and they do not have to bear any of the burden of carrying on the program.

When I came to the Congress, the minimum protected acreage was an acre. What would have happened to the program with the average base only eighty-two-hundredths of an acre if the minimum was still an acre? Why, of course, the program would have to go out the window because it would be unreasonable to let people raise all of the tobacco that would be raised if the minimum protected base had remained an acre.

Please be assured that I deeply appreciate the gentlemen who are today defending the minimum acreage allotment but I want to say to them that when I reduced the minimum acreage down from an acre to seven-tenths their predecessors protested very vigorously and made the same fight that these gentlemen are today, and I am assuming if these gentlemen had been there they would have resisted removing the acreage down to seven-tenths.

Again it became necessary in 1965 to reduce it to five-tenths of an acre to save this program, and we did so. Had it remained at an acre, the tobacco would really be growing out of our ears now, so thick that we would not know what to do with it. It has been very amply testified to here today, that we cannot control production by merely saying that the person can grow x number of acres, because all we do is to buy more fertilizer, we spread more manure, we put on more nitrogen, and we use every kind of additive or particle that we can to increase production. We have done a remarkable job of it, but we have just about produced ourselves out of the business.

Now, I introduced a bill, and I do not take any pride in this particular bill I introduced. I want to explain to you the difference between that bill and Senator Cooper's bill. The first difference is that Senator Cooper, if I remember correctly, provides in his bill that, if the acreage cut is going to be in excess of 15 percent, the cut be made under a poundage basis; but if it is going to be less than 15 percent, it be under the acreage basis.

My bill provides that all cuts in the future shall be strictly on poundage basis.

The second change is that where Senator Cooper's bill provides leasing allotments, mine provides for sale and leasing, which gives the owner of the base, regardless of his age, his financial condition, whether he is going to remain on the farm, whether he is going to sell his little tract of land, or whatever he might want to do, to either lease or sell, as he chooses.

The third change I have made in Senator Cooper's bill, with the help of the Department, was to increase the 5,000 pounds which he said could be leased to 15,000 pounds. I did that specifically for the reason that I wanted anybody who wanted to remain on the farm, and goodness knows, it is hard enough for these people to be down on the farm in this day and time, to have enough tobacco to raise that there would be some incentive for them to stay there.

I restricted the sale and lease to county, because I did not want to see some sections of a State where they have lots of money, where they can outbid the fellow in the poorer section to buy and lease up all of these bases, which would result in big, monstrous growers of tobacco, and that is the reason I was in favor of restricting it to within the county, so that no section of any State would be impoverished by the moving of tobacco away from that section to a central spot where somebody might be allowed to raise large crops of tobacco.

The only other change of the bill I introduced was to provide in the bill that if any action was taken by the Secretary under the present law, and my bill became law that everything the Secretary might have done under the old law is wiped out, and he would have to start all over under the new law.

Now, I am telling you all, every one of you members of this subcommittee, and myself, and everyone else, that we are at the crossroads so far as this tobacco program is concerned. I have patched it up over the years. I expect in the course of that time I have had 15 or 20 bills that I have introduced and passed that I thought were helpful to the tobacco program, and were recommended by the majority of the tobacco growers. Certainly I do not want to hurt the little grower, or the big grower, but Lord knows, that you cannot run a program where 60 percent of the people today are protected and the other 40 percent have to take all of the loss, and if a 35- or 40-percent cut comes in this year, you are going to see that 60 percent climb up close to 70 percent, where you have only 30 percent of the people carrying the burden, and one more cut would just about wipe them out.

So, I am pleading with this committee and everybody else to enact what I consider a fair and equitable tobacco program, and if we will all work together, and all cooperate, we will not have any problem, just like we have had none in the past.

I have a lot of little growers myself. I do not want to hurt them. It so happens that maybe I have a larger average of large growers than anybody else.

Let's all get together and work out a satisfactory poundage program.

MR. ABBITT. Thank you very much, Congressman Watts.

Any questions?

(No response.)

MR. ABBITT. The next witness we have—thank you so much, John, for those remarks. We appreciate your being here and helping the committee.

We now have the Honorable Tim Lee Carter.

Mr. WATTS. I hate to leave, but I have got some appointments at my office, and I will be there the rest of the time. Thank you very much.

Mr. ABBITT. Congressman Carter, we are so pleased to have you with us, and we know of your great interest in the program, and you have taken a vital interest in all tobacco legislation that has been here, and we are glad to hear from you at this time.

STATEMENT OF HON. TIM LEE CARTER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF KENTUCKY

Mr. CARTER. Thank you, Mr. Chairman.

In my district of Kentucky there are 35,763 burley allotments. Of this number, 20,317, or 37 percent of the allotments, are of one-half acre basis or less. As it happens, I have talked to all tobacco farmers in the past, and I intend to protect their interest to the best of my ability.

In 1965 and again this last year, or the year before, we were faced with the labeling of cigarettes. Perhaps you remember this. This bill came through the committee, of which I am a member. I fought to keep the label small and as innocuous as possible. Some of the leading newspapers in the country said all manner of evil against me because I fought this tough label.

The same papers today favor poundage, strangely enough. If I had not fought this label, it would have been in large letters in red on both sides of the cigarette pack, and I have a pack right here.

What I was fighting for, actually, gentlemen, was for the right of the tobacco farmer to make a living. Now, I did not want the small farmer or the large farmer either denied the right of making a living.

What I am asking for today for the small farmer is that he retain a small base, enough on which he can make a living. In a sense all he wants is the crumbs that drop from the rich man's table. Of course, I know the values of the poundage, and I am willing to support the poundage program, but this program as it is presently proposed empties no farmer from cuts regardless of the size of his base.

Furthermore, it would allow the sale or leasing of tobacco bases.

It is my sincere and earnest feeling that the poundage proposal must be amended to provide for a poundage allotment limit beneath which cuts could not be made in the allotment of those farmers who have only a half acre. This limit should be fixed at, say, 1,600 pounds per half acre, and then graduated according to the acreage allotment below this half-acre level.

I further believe that this proposal should be amended to provide that bases may not be sold. When the small farmers really learn the substance of the poundage proposal, and I assure you that most small farmers have not learned of this, they will note that it permits allotments to be bought and sold. They know also that over the years the larger farmers who have money will purchase the allotments of the small farmer, and that before too long all of the tobacco allotments will be owned by the wealthy.

This, of course, will diminish the profits of the small farmer.

I realize there is much objection to the growth of tobacco, and to support prices for tobacco. However, this commodity has been grown

in the United States for over 350 years, and has served as a source of income during all of this long period. The farmers of Jamestown, Va., depended on it. The farmers of the Carolinas, Virginia, Kentucky, and Tennessee now depend on it, and in my area the cultivation and sale of tobacco serves as a supplement to the small farmers from their other crops, cattle, chickens, and seasonal jobs.

It is, in fact, the largest cash crop in our State. It is with this that the small farmers pays his store accounts, his physician, and others at the end of the year.

Most of the men who have visited me from Lexington to Louisville advocating the poundage system, and preaching doom, death, and disaster without poundage are men of great wealth. Many have had bases from 40 to 100 acres, and cuts in their poundage might make their trips to Jamaica or the Bahamas or Bimini a little less fruitful. Cutting the small farmer's poundage, on the other hand, would take meat and bread from his table, and with such a forced dimension in income, there would be an increased migration from rural to urban areas, compounding the problems already existing in our Nation's cities, as well as depriving our farmlands of the stout yeomen who have been the backbone of our rural America for years.

It is my feeling that the poundage program has not been adequately explained to the small farmer. To me, lots of them have had it explained as if it were the same acreage-poundage program voted on 2 years ago. Many of the larger farmers send into my office votes taken 2 years ago in the acreage-poundage program to induce me to support the bill.

Their statements are extremely misleading, for the bill voted on 2 years ago did not include cuts for our small farmer.

In the upcoming referendum on the system under which burley should be cultivated, not only should the issues be made clear, but in addition I believe that the farmers must be given a choice between two or three alternatives first, to continue the present acreage allotment system; second, to establish a poundage program; or a soil banking program to permit farmers to retire 50 percent of their acres, and such a program could be financed by a half-a-cent tax on each package of cigarettes.

At the end of the last week I sent out a questionnaire to the burley farmers in my district which I expect to be returned in the near future. My objective in doing so is to determine which program these farmers will favor, and I intend to base my vote on this issue, on the responses I receive from the questionnaires.

As I stated previously, I am willing to support the poundage program, but I believe that it should be not an impoverishment of the small burley farmers. My recommendations to this committee are, therefore; first, that the poundage proposal be altered to provide a limit beneath which cuts could not be made on farms, for farmers whose allotments are half an acre or less.

Such an amendment should fix a definite poundage for five-tenths acre of tobacco of 1,600 to 1,750 pounds.

Second, the poundage bill should be amended, not permitting the sale or the leasing, the sale of allotments.

Third, that the poundage bill must be presented clearly to all farmers, without attempting to cover up the fact that poundage grown by

small farmers can be and will be cut. The fourth alternative which I think should be considered is the possibility of a soil bank program. As I have stated before, this would be by which a farmer might retire as much as one-half of his base with $\frac{1}{2}$ -cent tax on each package of cigarettes.

Mr. Chairman, I appreciate the opportunity of being before this committee. I think that most of these gentlemen present realize that I strongly have supported the tobacco program and I continue to do so, but I have small farmers in my area, many of them, and they depend upon tobacco for a livelihood, and I ask consideration for them.

Mr. ABBITT. Thank you very much, Congressman. We appreciate so much your being here.

Any questions?

Mr. MIZELL. Mr. Chairman, if I might. First, I would like to say that all of us who have an interest in the tobacco industry of this Nation are fortunate to have a man like Dr. Carter, who serves on the Interstate and Foreign Commerce Committee, from which comes legislation that sometimes seems to take an arbitrary view of our interests, with the attack that has been made on the interest.

Again, I say we are fortunate to have a man like Dr. Carter serving on that committee at such a vital time. He is one of those that led the fight to see that the labeling placed on cigarette packs would not be on the front, and in red letters, but rather on the side. I think we owe him certainly a debt of gratitude, and Dr. Carter, I want to say that I appreciate your statement, and I share your concern for the small producer who vitally depends on the dollars from his small allotment to sustain his farm.

Mr. Chairman, I did have my figures mixed up a while ago when I stood corrected; 47 percent of the producers in Kentucky are minimum producers, but they grow on only 17 percent of the total acres that produce burley in Kentucky.

Thank you, Mr. Chairman, and thank you, Dr. Carter.

Mr. CARTER. Thank you.

Mr. ABBITT. I ask unanimous consent that the statement on the part of Senator Cooper, given this morning before the Senate, be made and put in this record here.

(The prepared statement of Senator Cooper, above referred to, follows:)

STATEMENT OF HON. JOHN SHERMAN COOPER, A U.S. SENATOR FROM THE STATE OF KENTUCKY, BEFORE THE SENATE COMMITTEE ON AGRICULTURE AND FORESTRY

I

Mr. Chairman, I appreciate very much the courtesy of the Chairman, Senator Talmadge, in arranging for an early hearing on the bill, S. 789, which I introduced on February 11, and of Senator Miller and Senator Eastland in hearing the witnesses today, at a time when Senator Jordan, the Chairman of the Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices, is unable to be with us. I know that in addition to the witnesses who are here today from Kentucky and other burley producing states, representing farm and grower groups and other interested segments of the industry, we have with us a number of farmers from Kentucky—members of the Kentucky Farm Bureau who visit Washington each year, and who of course are always and especially interested in the tobacco price support program.

I will not take much time, because it is important that the Committee have the testimony of the Department of Agriculture, there are a number of witnesses who wish to address the Committee, and I have stated my views earlier.

I ask that there be included in the Record of the hearing my statement to this Subcommittee at the hearing held on December 8, at which I outlined and the Department of Agriculture reviewed, the burley situation, and recommendations were received from several of the same individuals who are appearing today. I would ask also that there be included in the Record my statement in the Senate on December 31, when I first introduced a bill to provide poundage controls for burley tobacco, so that it could be discussed at meetings and as widely as possible throughout the burley belt. At that time also, I introduced a resolution in the Senate, as did Congressman Wampler of Virginia in the House of Representatives, securing a postponement of the declaration of the Secretary of Agriculture of quotas under the existing acreage allotments program, to provide time for a more effective plan to be considered by the Congress. That deferral was further extended by a resolution, S. J. Res. 44, which I introduced on February 18 and which was enacted by the Senate and the House, with the full cooperation of this Committee and the House Committee on Agriculture, in one week—and as a result a cut in allotments of 25 percent or more has not had to be ordered by the Secretary.

This year, on February 11, I reintroduced the poundage bill in substantially the same form, which is the proposal now before this Committee, and which the House Subcommittee on Tobacco is holding hearings this afternoon. I ask also that my February 11 statement in the Senate be included in the Record.

Mr. Chairman, I have been very anxious that all who desire have an opportunity to make their views known, either for the bill or against the bill, and I hope that the hearing record can be kept open for a reasonable time for statements and letters which may be made part of the record or filed with the Committee.

II

The principal facts are these:

The burley tobacco program, which provides 90 percent of parity price support, and which has been one of the most successful farm programs over the years, depends absolutely on strict and effective production controls. In the past, this control has been a limitation on the amount of land—acres—which a farmer having an allotment may plant and market. But yields per acre have steadily increased, through the use of fertilizer, closer planting, better varieties, and even irrigation. In the early forties yields were 1,000 pounds per acre; last year they exceeded 2500 pounds per acre. During the years that use of burley tobacco expanded, with the general population growth, this increased yield was largely offset by greater use. But in recent years, government loan stocks increased and a surplus has built up, and the testimony that we received on December 8 and the statements of the Department of Agriculture and those who know the program, recognize that acreage allotments alone will no longer effectively control production. They could only do so through massive cuts in acreage, which would work a hardship on thousands of farmers, and which will prove less and less effective.

This is especially true at a time when the use of burley tobacco has begun to decline somewhat, and estimates expect this decline to continue. The decline in use also markedly affects the surplus reduction effort required under existing law. For example, with the formula goal of 2.8 years supply, when there is a decline of 10 million pounds in use, 28 million pounds of supply automatically becomes surplus which must be worked off. On a rising market, supplies appear as an asset, but as a burden on a declining market.

So, while farm prices have been good, and while only a small percentage of the 1971 burley group went to the pool, it is evident that the burley program is in serious difficulty. For if a surplus and the Federal investment in burley stocks continues to grow, the price support program will no longer continue to enjoy public support and the support in the Congress which it has always had.

Tobacco growers have always given strong support to their price support program—by votes of 97 percent and 98 percent and 99 percent in the regular referenda which occurred every three years. They have known that they must control production to avoid large losses to the government or costs to taxpayers, and they have "shown their willingness to keep supplies in line with demand" as President Eisenhower stated in 1956. I believe they will do so now.

III

I would point out briefly two provisions which I hope the Committee may consider.

First, Congressman Abbitt, Chairman of the Tobacco Subcommittee, and Congressman John Watts of the Sixth District of Kentucky, have introduced H.R. 4328 and H.R. 4462, which are substantially identical to S. 789. The House bills, however, provide for larger leasing, and for the sale of quotas within counties. I have always opposed the leasing of burley allotments, but believe that it might be helpful on a limited basis, permitting small growers to grow a larger amount—enough to support a family farm type operation—or to lease their small allotment to another farmer to be grown.

I oppose the sale of allotments, I am concerned that it could lead to the concentration of allotments in the hands of a few farmers in each County having the largest resources in capital, equipment and labor. I do not want to see the allotments, often small but held by a widow or family without great means, brought up—perhaps at a time of some personal hardship—leaving them without this means to supplement their annual cash income.

I point out that in the definitive case, *Lee vs. Berry*, the Supreme Court of South Carolina held in 1951 that the allotment “runs with the land”, and is not made to an individual. This has been the historic basis of the tobacco allotments, and I consider that the sale of allotments would violate that principle, and change the quotas into a kind of Federal franchise which can be bartered back and forth. The allotments also have become associated with the farms they are assigned to, and to permit their sale would depreciate the value of these farms. I urge this Committee not to authorize the sale of burley quotas, either within or across county lines—and if leasing is approved, to limit it to an amount which would not encourage the concentration of tobacco production in a few hands.

Second, a provision of the bill on page 6, lines 15 and 16, sharply limits the discretion of the Secretary of Agriculture in establishing farm marketing quotas for the first year, which would be the 1971 crop. It provides that the preliminary farm quota, determined by averaging the farm marketings for the four highest of the last five years (including the good 1970 crop marketed at the end of last year), may not be reduced by the Secretary more than 5 percent. I hope the Department will testify to this point. It may be that such a provision is too restrictive, and could result in a 1971 crop slightly greater than estimated use or no smaller than estimated use—depending somewhat on the amount of leasing, and the number of allotments not now planted which would be grown under poundage. In that event, no progress would be made in reducing surplus stocks until the following year, when a reduction in quotas would have to be made in the 1972 crop.

I believe now that it would be better to strike this proviso so that the Secretary would set the first year farm quotas on the same basis as in succeeding years—that is, at the level necessary to accomplish an orderly reduction of excess supplies, which the bill otherwise defines as not to exceed 10 percent of annual use. This would be a straightforward way of dealing with the problem we face, and would reduce the possibility of a further reduction in 1972. If the crop forecasts of use prove reliable, it would mean that further reductions would be necessary only to accommodate any decline in use. Once poundage is adopted, the largest factor requiring allotment cuts—increasing yields of 4 percent a year—would no longer operate to require cuts in allotments.

IV

Mr. Chairman, flue cured tobacco, which is the largest type grown changed its method of production control in 1965, and since that time surplus supplies have been steadily reduced, prices have been good, and exports have increased. They have got their house in order. But as Senator Jordan pointed out at the earlier hearing, if burley tobacco is in trouble, farmers will lose their burley support program—and in fact, the entire tobacco program could go down. We must not allow this to happen.

When a farm program gets in trouble, and production controls are no longer effective, it is the responsibility of the Congress, with advice from the Department of Agriculture and support from the farmers themselves, to change that program so that it will be effective and can continue to meet the needs of farmers. Then, whatever program is decided upon should be submitted to the farmers for their approval—or, if they choose to reject it, they could produce without controls and without price support. I trust that would not occur.

I am convinced that, difficult as it may be, the time has come to change the production control method of the burley tobacco price support program.

I hope the plan I have outlined, which I believe has the unified support of all interested groups, will be approved by this Committee, adopted by the Congress, and approved by burley growers. This is not an issue between large and small producers, or between the interests of different states. Rather, it is an effort to save the burley tobacco price support program for all growers, large and small, in all the burley states.

Mr. ABBITT. I have here a telegram from the managing director of the Bright Belt Warehouse Association, Inc., from the Commonwealth of Kentucky, and I ask that that be put in the record.

(The telegram from the Bright Belt Warehouse Association, above referred to, follows:)

HON. WATKINS M. ABBITT,
Chairman, Subcommittee on Tobacco, House Agriculture Committee, House Office Building, Washington, D.C.:

I strongly endorse H.R. 4328 and urge favorable action on same.

F. S. ROYSTER,
Managing Director, Bright Belt Warehouse Association, Inc.

Mr. ABBITT. And a telegram also on H.R. 4388, and I assume that can be printed, from the Tennessee Farm Bureau.

(The telegram from the Tennessee Farm Federation, above referred to, follows:)

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

The Tennessee Farm Bureau supports House bill 4388 as an alternative to the sharp acreage cuts which we understand are contemplated. If the present acreage allotment program for Burley tobacco remains in effect, continued sharp acreage cuts applicable to only a portion of growers is creating an intolerable situation. Provision for leasing and sale of allotments as contained in House bill 4388 should lessen the impact of eliminating the minimum provisions of present law, a step which we believe necessary. We urge the House to insist on this and to hold fast a maximum allowance for lease or sale of no less than 25,000 pounds and that these be authorized on a statewide basis.

CLYCE M. YORK,
President, Tennessee Farm Federation.

Mr. ABBITT. We also have here a resolution and a statement of Mr. Edward B. Eller, and they will also be made a part of the record.

(The resolution above-preferred to and the statement of Edward B. Eller, follow:)

RESOLUTION OF THE HOUSE OF REPRESENTATIVES, COMMONWEALTH OF KENTUCKY

A resolution declaring the support of the House for the proposal to put burley tobacco allotments on a poundage basis.

Whereas burley tobacco production is of the highest importance in Kentucky, resulting in an annual cash income of a total of \$300,000,000 to a total of 200,000 families; and

Whereas the burley tobacco support program, which in past years has been one of the most successful of government price-support programs, is now threatened by a combination of declining use of burley tobacco and increasing yields per acre due to application of fertilizer, irrigation, development of new varieties and other intensive cultural practices; and

Whereas it appears that the burley tobacco program and its benefits can best be preserved by changing the farm allotments from an acreage basis to a poundage basis; and

Whereas bills to accomplish this objective have been introduced in both Houses of Congress: Now, therefore, be it

Resolved by the House of Representatives of the General Assembly of the Commonwealth of Kentucky:

1. That this House declares its approval and support of the proposals to change the burley tobacco allotment program from an acreage to a poundage basis;

2. That the Clerk of this House is directed to send a copy of this resolution to the Secretary of Agriculture, to each member of Kentucky's delegation in Congress, and each member of the House and Senate Committee on Agriculture.

3. That the Clerk of this House is directed to request that a copy of this resolution be entered into the record of the hearings on these proposals.
Attested:

ADDIE D. STOKLEY,
Assistant Clerk of the House.

STATEMENT OF EDWARD B. ELLER, AGRICULTURAL MARKETING AGENT, VIRGINIA
DEPARTMENT OF AGRICULTURE AND MARKETING

Mr. Chairman, Gentlemen of the Committee, I am Edward B. Eller, an Agricultural Marketing Agent for the Virginia Department of Agriculture and Commerce, with headquarters in Abingdon, Virginia. I work with the Tobacco Marketing Section and with burley growers in the marketing of burley tobacco.

I appreciate this opportunity of appearing before you and presenting the position of our department on behalf of our commissioner, The Honorable Maurice B. Rowe. Commissioner Rowe asked me to express his regrets that he is unable to be with you and his appreciation of the opportunity of presenting his views.

That a change in the production adjusting program for burley tobacco is needed becomes quite clear when one studies the operation of the present program over the past five years. During this period strong efforts have been made to reduce surplus of burley to more reasonable levels by limiting acreage.

By increasing yields, burley growers have offset the expected reduction in production. During the same period, a decline in use of burley has reduced the need for carry-over supplies to the extent that the surplus is now fifty million pounds greater than five years ago.

By transferring the production adjustment principal to a quantitative market basis, as proposed by this legislation, we believe progress can be made in time to bring surplus to more reasonable levels. We recognize that this proposal will place responsibility for adjustment on each farm, but we feel that this proposal protects each farm from loss of marketing opportunities due to wind, hail, fire, crop disease, and crop loss from other causes, and the flexibility it gives each farm through lease and transfer of the quota more than offsets any reduction that will be needed if use can be maintained at, or near, present levels.

We further recognize that to go to a quantitative marketing quota will permit each grower to use his land and managerial ability to produce the tobacco the market wants without undue reference to yield. This should help maintain use levels for burley tobacco.

Basically we feel that acreage-poundage principal employed by flue-cured growers is superior to the poundage principals proposed by this legislation. However, since there are elements within the burley industry who take a different view, we would not propose to jeopardize the passage of this legislation by insisting the acreage-poundage be substituted for the proposal, provided that firm assurance can be given that the program will be administered to prevent the movement of burley tobacco into marketing channels without being properly charged to a marketing card. If this can be reasonably assured we would urge the passage of this proposed legislation.

Mr. ABBITT. And also, if any other members of the committee want to submit statements, it can be done.

Now, did we skip anybody who wants to be heard. Dr. Carter, just one minute.

Mr. CARTER. Yes, sir.

Mr. WAMPLER. Dr. Carter, I want to commend you on your statement. I know that it is one you made with all of the sincerity at your command, and honest men and honest women, and reasonable men and reasonable women can differ. But I know that what you have told us is what you believe, and I know there are others that share that view.

You indicated that you thought perhaps the bill should be amended with a proviso for an amendment that would, in effect, write in a minimum poundage somewhere in the range of 1,600 to 1,750 pounds for the half acre; is that correct?

Mr. CARTER. That is right. That is quite true. These farmers, there are so many of them, and 57 percent of them in my district, and 47 percent in the State at large. When they see their acreage cut they might very well decide to leave, or that they want no program rather than the poundage. You see, there is quite a sizable number of them. Not only that, I think they should have a way to earn a living, and this is their way of doing it.

Mr. WAMPLER. Well, I certainly have no quarrel with that, and speaking for what I think is generally true of tobacco growers, not only in your area, but throughout the entire burley-producing area, most of them would rather work and earn \$1,000 or \$1,200, or whatever it might be rather than to go on welfare and have someone give it to them, or have the taxpayers give it to them, and this is exactly what is going to happen if we lose the program, in my opinion.

Some weeks ago I was appearing before a committee in the other body and I said with all of the sincerity at my command that if we kill this tobacco program, that the administration had better crank up their family assistance program, because we are going to have a lot of people from my area coming on welfare that are now earning their way by tobacco.

Now, you have expressed a legitimate concern, and others have expressed it, and I am not prepared to say, but I wondered if you had given any thought to this suggestion of providing a minimum cut for the 5 percent for the next 3 crop years, and that would apply equally to all of those?

Mr. CARTER. I would certainly accept that rather than the present program which would cut 5 percent the first year and perhaps 10 to 15 the next year; yes, sir.

Mr. WAMPLER. As I recall in Mr. Frick's testimony he indicated that it would be the hope of the Department that if the bill is passed that the farmers or growers would be notified of their quotas prior to the referendum. Now, assuming that the Department, because of the pressures of time, was unable to make that known to each grower, is it your opinion that the growers in your district would vote against poundage, or would they be more inclined to vote against poundage if they knew the fact of what their quota was going to be before the referendum?

Mr. CARTER. It is difficult to say. I feel that if the growers in my area, all of them knew just what the quota meant, they might go against the bill. I would hope that they would not.

Mr. WAMPLER. Well, as the ranking minority member of this committee has so often said, as we try to adopt farm legislation we have this problem of communication with the farm community itself. Now, from time to time we have had the leaders of the farm organizations and their testimony is extremely helpful.

Mr. Belcher has frequently said that if we had time to go along and sit on the wagon tongues of the farmer and discuss this, it would make our job a whole lot easier. Yes, sir; but we do not have time to do that?

Mr. CARTER. May I respond to that? You know, we see here strong evidence without exception here of this poundage proposal. I want to tell you that I had a friend who visited the tobacco markets throughout Kentucky. I have known him for years and I took him to be a truthful man, and his purpose was to find out what the rank and file members felt, and I want to tell you that there was strong opposition to the poundage proposal.

Mr. ABBITT. I cannot recall what they said the average poundage was.

Mr. Berry, do you want to say something?

Mr. BERRY. Mr. Chairman, and gentlemen, I feel somewhat reluctant in asking for your indulgence further, and I had hoped that we might avoid the impression that someone is trying to mistreat someone, or that one group or one class is here against another, and I want to tell you something of the history of the minimum allotment, Doctor, and Congressman Mizell, and Congressman Wampler.

I have here a background statement that was provided at my request in 1955, and while I regret that this issue has been injected here in the manner that it has been, I feel that it is imperative that this bit of history be recorded in the proceedings here today.

The 1-acre minimum allotment for burley tobacco was enacted in 1944 as a wartime measure to increase production and continue the program at that time. Simply, it provides that for any farm having a 1943 acreage allotment of less than 1 acre, the allotment for 1944 would be increased to 1 acre, whether he had one-tenth, two-tenths, five-tenths, seven-tenths, it was to be increased arbitrarily to 1 acre. Subject to certain limitations relating to the acreage of cropland in the farm, you will remember that this was during World War II, and that all other farm programs had been suspended except those designed to increase or encourage production of food and fiber.

Here is the preamble of the legislation enacted by Congress in the spring of 1944 as Public Law 276:

Whereas the increased demand for cigarettes and other tobacco products has resulted in regard to usages during recent years of burley tobacco, and

Whereas due to a shortage of labor and equipment and the need for the production of essential food and fiber, the production of burley tobacco has not kept pace with this increased usage, and

Whereas all growers of the burley tobacco, if their acreage allotments were increased, produce an additional burley tobacco without adversely affecting their production of essential food and fiber crops; Therefore, be it

Resolved—

This legislation accomplished the desired objective—

that in the increase in the production of burley tobacco during the war emergency and the period following it, production was increased and the quota acreage allotment program was maintained without interruption.

Public Law 276 was enacted as permanent legislation at the time of its emergency passage, and no one could foresee an end to the worldwide conflict in which we were then engaged.

New reduction in allotments were made for the year 1945, but by 1946, when it was realized that a reduction in allotments was necessary, it became evident that Public Law No. 276 needed revising.

The first such legislative action came in that year when Congress kept the legislation but, for the year 1946 only permitted 7-acre allot-

ments to be reduced by 10 percent. This was the same reduction applied to all other allotments in that year.

In 1947 a further decrease in acreage allotments of 19.6, the percent was invoked with the reduction applying only to allotments above the 9/10ths acre level. By this time the group of protected allotments had increased to an estimated 150,000 or an estimated 50 percent of the total number.

Since the 19.6 percentage reduction in 1947 applied to only 50 percent of the allotments of 1 acre or more, the actual overall reduction obtained in the total allotted acreage amounted to less than 16 percent during the following 3 years, 1948, 1949, and 1950, and a further reduction of 16.1 percent was imposed on all growers having allotments in excess of 9/10ths of an acre. No reduction was made during any of these years, though the minimum acreage group, by this time the size of the protected group had increased to an estimated 56 percent of the total. The 16.1-percent reduction for these 3 years resulted in only an 11-percent reduction, all of which came from the protected 44 percent of the growers.

In 1951, an 11-percent increase was proclaimed, which was applicable to all allotments, including the 58 percent having allotments of nine-tenths acres or less. A change in farm acreage allotments was not necessary for the year 1952, and it was during this year that the Congress approved a revision in the minimum acreage level to seven-tenths of an acre.

Therefore, the acreage reductions which were necessary and taken successively for the years 1953, 1954, of nine-tenths percent previously announced for 1955, have all been taken to an equitable basis.

These three reductions reduced the protected 1-acre allotment group to a level of seven-tenths of an acre. This group now totals, and that was speaking of 1955, 207,000 growers or 64 percent of the total allotments established. The remaining 36 percent of the growers have allotments in excess of seven-tenths of an acre.

Under the 1955 burley tobacco legislation, the present seven-tenths-acre minimum allotment is to be cut to five-tenths of an acre. The reduction, however, is limited to not more than one-tenth acre in any year.

That coincides with the suggestion from you, Congressman Wampler, of limiting the reduction to 5 percent for the 3-year period that you suggested.

Also under the new legislation the Secretary of Agriculture has been authorized to make another cut in burley acreage for 1955, not to exceed 25 percent of the 1954 acreage allotment. If two-thirds or more of the growers voting in the referendum on April 28—and so on.

That referendum was conducted, and the people after they were advised in public meetings throughout the belt, voted for the 25-percent sever reduction in acreage allotments.

We are confronted here, as has been asserted time and again this afternoon, with a critical problem. Acreage allotments do not control. It is an ineffective measure. We have to have something better. I wish we could do everything, doctor, that you want done for your small growers, and you, Congressman Mizell, and Congressman Wampler, and Congressman Abbitt, and, indeed, for Kentucky. All of Kentucky

is small growers, but to do as you insist, and earnestly maintain that we should do, means that we will lose what we have; namely, price protection and bargaining power in the market.

I represent, I know, I have been connected with the administration of price support programs since they began. I have served the tobacco growers for 50 years, and I do not have but one single interest, and that is to preserve for them the thing that they had for 30 years, in your district, and in your district, and in yours, and in mine, and in my Kentucky, and if we lose it the whole economy will collapse.

And let me say this to you, and this is not a warning or a threat from a big grower, I am speaking for an organization that makes no distinction between growers, but if we do not remedy this now, 34 percent of the so-called big ones will vote it out in the referendum rather than to take a 30-percent cut.

Mr. ABBITT. Thank you very much.

Anybody else? If not, the meeting stands adjourned, and I appreciate all of you folks being here.

(Whereupon, 4:50 p.m., the committee adjourned.)

is small growers but to do as you insist, and earnestly maintain that we should do, means that we will lose what we have; namely, in the production and bargaining power in the market.

I remember, I know, I have been concerned with the administration of price support programs since they began. I have seen the farmers grow for 50 years and I do not have but one single interest, and that is to preserve for them the thing that they had for 50 years, in your interest and in your district and in yours and in mine, and in my Kentucky, and if we lose it the whole country will suffer.

And let me say this to you, and this is not a saying of a farmer from a big grower. I am speaking for an organization that makes no distinction between growers, but if we do not remedy this now, 81 percent of the so-called big ones will vote it out and the rest will either have to take a 30 percent cut.

Mr. Auer: Thank you very much.

Anybody else? If not, the meeting stands adjourned, and I appreciate all of you folks being here.

(Whereupon, 4:50 p.m., the committee adjourned.)

BURLEY TOBACCO—FARM POUNDAGE QUOTAS

TUESDAY, MARCH 16, 1971

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

The subcommittee met, pursuant to notice, at 2 p.m., in room 1302, Longworth House Office Building, the Honorable Watkins M. Abbitt presiding.

Present: Representatives Abbitt, McMillan, Stubblefield, Mathis, Wampler, and Mizell.

Also present: Mrs. Christine S. Gallagher, chief clerk; and Hyde H. Murray, associate counsel.

Mr. ABBITT. I ask the subcommittee to come to order.

The purpose of the meeting, of course, is to further discuss H.R. 5732 and any other bill dealing with the burley tobacco situation.

Does anybody in the audience care to say anything further about our problem?

(No response.)

Mr. ABBITT. Maybe some of the members might want to have some discussion.

(No response.)

Mr. ABBITT. This is the one we introduced the last time?

The CLERK. H.R. 5732, yes, sir.

Mr. ABBITT. I just wanted to be sure that it was not revised.

We shall be glad to hear any discussion or proposals about the legislation.

Mr. McMILLAN. Mr. Wampler, are you satisfied with this proposal?

Mr. WAMPLER. I think if we go into executive session, I may make a suggestion or two. Mr. Mizell has a proposal, I think, that his staff member brought in just now. So perhaps we can suspend for a moment.

Mr. ABBITT. The Chairman will be glad to recognize Mr. Wampler at this time.

Mr. WAMPLER. Mr. Chairman, since the last meeting of the subcommittee, a request was made of the Tobacco Division of the Department of Agriculture to prepare some additional figures and estimates, by taking an additional number of years in arriving at what our burley poundage quotas would be. I have a table that was prepared by the Department, taking into consideration the burley yield for the last 5 years dropping the low-yield year, averaging that, and then multiplying it by the number of acres that the grower had as his allotment in the crop year of 1970.

We also asked them to do this for the last 6 years, last 7, last 8, last 9, and last 10, with the estimated poundage quotas on a State-yield basis. Without objection, I would like to put this in the record.

Mr. ABBITT. Do you have a copy of this?
 Mr. WAMPLER. Everyone has a copy, I think.
 (The document above-referred to, follows:)

BURLEY POUNDAGE QUOTAS, STATE YIELD BASIS, ALTERNATIVE BASE YEARS¹

[In million pounds]

State	1966-70 ² average 4 highest	1965-70 ² average 5 highest	1964-70 average 5 highest	1964-70 average 6 highest	1963-70 average 7 highest	1962-70 average 8 highest
Indiana.....	15.0	14.7	14.7	14.4	14.3	14.0
Kentucky.....	383.5	375.8	375.1	365.8	363.0	355.3
Missouri.....	5.9	5.8	5.8	5.6	6.2	5.4
North Carolina.....	20.6	20.0	20.3	19.7	19.7	19.6
Ohio.....	18.1	17.6	17.6	17.2	17.1	16.9
Tennessee.....	106.4	105.3	105.9	104.9	103.8	102.9
Virginia.....	22.0	21.6	21.7	21.4	21.2	21.0
West Virginia.....	4.2	4.2	4.2	4.2	4.2	4.2
Total.....	575.6	565.0	565.6	553.6	549.8	539.6

¹ Computed from State production reports, ASCS.² Computed from average county yields; omits 177 acres allotted in 6 other States (.08 percent of total).³ Includes quota for 6 minor States not shown separately.

Note: Important—ASCS county offices are now computing farm yields on the basis of the 4 highest out of the 5, 1966-70, as provided in the House and Senate bills. If the base period for determining yields is extended to include earlier years, it is doubtful that yields can be determined for all farms in time to notify growers of their quota prior to the referendum and planting time.

The sum of the preliminary quotas will be larger when computed on an individual farm basis rather than county or State basis. For each of these base periods, the preliminary quota will be in excess of 540,000,000 pounds, the estimated domestic use and exports during the 1971-72 marketing years.

Mr. WAMPLER. Mr. Chairman, I have a table of per-acre yields of burley tobacco of the eight principal burley-producing States for the last 4 years. I ask unanimous consent for that to be put in the record.

Mr. ABBITT. Without objection, both will be put in the record.
 (The document above-referred to, follows:)

PER ACRE YIELDS OF BURLEY TOBACCO

[In pounds]

	1967	1968	1969	1970
Ohio.....	2,355	2,075	2,580	2,550
Indiana.....	2,385	2,285	2,500	2,600
Missouri.....	2,215	2,470	2,420	2,400
Virginia.....	2,315	2,520	2,590	2,550
West Virginia.....	1,850	1,695	1,835	1,850
North Carolina.....	2,010	2,385	2,570	2,600
Kentucky.....	2,385	2,465	2,605	2,700
Tennessee.....	1,935	2,115	2,085	2,250
Total burley.....	2,274	2,372	2,488	2,585

Mr. WAMPLER. If you will notice, Mr. Chairman, on the chart of the per-acre yields of burley tobacco for the last 4 years, we find, for example, West Virginia with the lowest yield average for the last year, 1970. The per-acre yield in West Virginia was about 1,850 pounds, which was considerably lower than in other States. West Virginia is a small burley-producing State.

The last figures that I have indicate that there are only 4,319 allotments to produce 2,253.79 acres. In West Virginia, 78.81 percent of those allotments are minimum-acreage allotments. So this points up the problem that occurs there.

In discussing the bill with others who have an interest in the burley program, there has been a good deal of concern expressed as to how

this bill will affect minimum producers. As I recall, during our previous hearings, it was suggested by some witnesses, or in colloquy with some witnesses, that all growers would share in a 5-percent cut in a poundage program for the crop year 1971.

Then it was suggested that perhaps those that now enjoy the minimum acreage protection would not share in any subsequent cuts; that is, after the year 1971.

It was also suggested, I believe principally by Congressman Carter, of Kentucky, that we try to put some type of minimum floor in terms of pounds that would not be subject to further cut.

The gentleman from North Carolina, Mr. Mizell, has been devoting a good deal of time and study and effort to this problem, and I think he has an approach that perhaps he would like to offer to the subcommittee for consideration.

Mr. ABBITT. We shall be glad to hear from him.

Mr. MIZELL. Of course, Mr. Chairman, certainly the real concern we have is trying to have a program that is fair and equitable and, at the same time, we want to keep a good, strong, healthy daily market. I am sure all of us share that concern.

I have a chart that I would like, with the permission of the Chair, to have printed in the record. I do not have additional copies of it, and I regret that, but I did not get it clearly enough to have additional copies made of it.

Mr. ABBITT. Without objection, it will be placed in the record. (The document above-referred to, follows:)

U.S. DEPARTMENT OF AGRICULTURE,
ECONOMIC RESEARCH SERVICE,
Washington, D.C., March 11, 1971.

Subject: Minimum Burley Poundage Quotas.

To: Claude G. Turner, Director, Tobacco Division, ASCS.

The following data are estimates of the magnitude of certain minimum poundage quotas for burley tobacco as requested yesterday by Dr. Brunthaver.

Item and Unit	800 lb. minimum	1,000 lb. minimum	1,200 lb. minimum
Farm characteristics, 1970:			
Maximum allotment size (acres).....	0.34	0.42	0.50
Farms included (number).....	53,251	65,000	168,839
Acres allotted (acres).....	10,601	15,156	66,297
Average allotment size (acres).....	.20	.23	.39
Poundage at 2,500 pounds per acre (million lbs).....	26.5	38	166
Percent of total at minimum poundage:			
Farms.....	18.9	44.1	59.7
Production.....	4.6	6.6	28.8
Additional production, after 1st year because "protected" farms not reduced 5 percent pro rata below disappearance (million pounds per year).....	21½	31½	12-15
Additional cost, per year (million dollars).....	11½	21½	9-12
Alternative factor to offset additional production, instead of 0.95 (number).....	.946	.944	.895

Most of the present allotments at the minimum allotment size are 0.5 acre, so relatively small share of the acreage is involved at 800- and 1,000-pound minimums. No data is available to precisely convert allotment size categories to corresponding poundage, but as quotas are reduced more farms will fall in the minimum category.

ROBERT H. MILLER,
Head, Tobacco and Specialty Crops Section,
Economic and Statistical Analysis Division.

Mr. MIZELL. I just received that from the Department, but the thrust of the bill was trying to determine at what level we could establish a

minimum poundage at which the minimum producers could not be reduced below that figure. I think this chart would show us how many would eventually be protected. So until we get the chart back, I hesitate to try to explain it.

Mr. ABBITT. It is your idea now to amend the bill we have before us, 5732, by putting this provision in there?

Mr. MIZELL. Mr. Chairman, I would not object to either amending the bill or, when we are through with the witness here, if the chairman saw fit to draft a clean bill and vote for that one. If Mr. Wampler is going to offer his as an amendment, I would be perfectly willing to offer that as an amendment, also.

Mr. WAMPLER. Mr. Chairman, while we are waiting for the chart to be reproduced, let me make an observation or two on the first chart that I introduced.

According to the calculations of the Department, if, in arriving at a poundage quota, we were to take the last 6 years of production, beginning with the crop year 1965 and including the crop year of 1970—

Mr. ABBITT. That would be No. 2.

Mr. WAMPLER. It would be column No. 2. And if we were to drop the low-yield year, average the remaining years, multiply by the number of acres allotment that the grower had in 1970, the Department estimates that we would come up with a burley poundage quota of 565 million pounds, which would be 10.6 million pounds less than the figure in column 1.

Then if we were to take the 656 million pounds and apply a 5-percent reduction, that would mean a further reduction, if my arithmetic is correct, of 28.25 million pounds. The disappearance for the crop year of 1971 has been estimated from 540 million pounds to 550 million pounds. And if, in fact, the disappearance were to be 550 million pounds for the crop year 1971, and with the 5-percent poundage reduction, we would come up with a figure indicating that production would be 23,250,000 pounds below disappearance.

Of course, this is using the 6-year formula rather than the 5-year formula, as the present bill contemplates.

Mr. STUBBLEFIELD. Are you going to drop—

Mr. WAMPLER. You drop your low year out of the 6-year formula, average the remaining five, and multiply that by the number of acres allotment that the grower had during the crop year 1970.

To go back further than 6 years, I think, puts us into an administrative nightmare. The Department would be hard pressed to calculate what the individual farm allotment would be. But I am advised if you go back 1 additional year, it would not create an impossible administrative obstacle.

This does not solve the question as to what happens in 1972 and subsequent years as far as minimum producers are concerned.

Mr. MIZELL. Mr. Chairman, if it would be in order at this time for me to discuss what I think is in here—does everyone have a copy of this now?

Mr. MATHIS. Mr. Chairman, I do not have a copy of the report that Mr. Wampler put in.

Mr. ABBITT. You have it now, and here is the other one.

Bill, why do you not state exactly what your proposal is?

Mr. WAMPLER. My proposal is that we adopt the formula of taking the last 6 years, starting with the crop year of 1965, and including the crop year of 1970. We drop the low year—

Mr. ABBITT. When you say drop the low year, you mean each farmer will drop his low year?

Mr. WAMPLER. That is right. In figuring his individual farm base, he would take the number of pounds that he produced with the acreage allotment that he had in each of those 6 crop years. He would drop the low yield year, and then he would average the remaining 5 years, to give him his average poundage production in those 5 years. He would multiply the average by the number of acres that he had as an allotment during the crop year of 1970 to arrive at his individual farm poundage quota. By doing that, according to the calculations of the Department, that would reduce production 10.6 million pounds, rather than using the formula as the present bill contemplates.

Mr. ABBITT. Did the Department, in doing that, take the national average, or did they average it by the farm?

Mr. WAMPLER. Apparently, it is computed by average county yields. No. 2 at the bottom of the chart would indicate that.

Mr. ABBITT. I see.

Mr. WAMPLER. The figure 1 would indicate it is computed from State production. It may well be that when it is finally computed, it could be a little bit more than that, but I do not think that is too far off from what the actual figure would be.

The Department has indicated that disappearance would be 540 million pounds, but I am informed by others that 550 million is probably more realistic. So by taking the 565 million pounds under the second formula that we have proposed, and then reducing that 5 percent, meaning all allotments would share in that 5-percent reduction, that brings us down to a figure of 22,250,000 pounds under estimated crop disappearance.

Mr. ABBITT. In other words, you would take a reduction of this 565, 5 percent?

Mr. WAMPLER. Yes. All growers would share in that first cut. In 1972 and subsequent crop years, I think the language that was in the last bill that Congressman Watts introduced, was that no grower would take greater than a 5-percent reduction in any crop year.

Mr. ABBITT. That is this year?

Mr. WAMPLER. Yes, sir.

The question remains. Where does the minimum grower, as defined under the present law, fit in in 1972 and subsequent years? It is the feeling of many growers that have contacted me, and from other members of Congress who represent burley-producing areas, that we might well consider the possibility of extending the minimum protection to half-acre or less—growers, that is—in the 1972 and subsequent years.

Mr. ABBITT. What do you propose to do under your proposal? I follow you on 1971. What would we do in 1972?

Mr. WAMPLER. In 1972—assuming that disappearance remains fairly constant—we would then be under a poundage program. We could definitely regulate production and stay at the same figure.

Mr. ABBITT. What authority would the Secretary then have for 1972?

Mr. WAMPLER. He could not cut individual farm allotments more than 5 percent.

Mr. ABBITT. In other words, he could cut them 5 percent in 1971 and another 5 percent in 1972, and so on?

Mr. WAMPLER. He could not exceed 5 percent.

Mr. STUBBLEFIELD. In 1972, the half-acre man would be exempted?

Mr. WAMPLER. That is true.

Mr. STUBBLEFIELD. I mean under your proposal?

Mr. WAMPLER. Yes, sir. Also, there has been a proposal that we might exempt the half-acre producer by writing in a floor. For example, a half-acre producer could not be reduced below 1,200 pounds. Then it would be proportionately less, depending upon the base allotment that he had.

Mr. ABBITT. Actually, if you put that 1,200 pounds in there, the majority would not take any cut.

Mr. WAMPLER. The second table would show, if you take 1970 per-acre yield of burley tobacco for the eight burley-producing States that are listed, the average yield per acre is 2,585 pounds. If you take half of that, you would have, I believe, 1,292.5.

Mr. ABBITT. Then you would have that many half-acre boys who would make the average?

Mr. WAMPLER. That is correct.

Mr. ABBITT. I understood Mr. Carter to say that they made less than the average.

Mr. WAMPLER. I think it is Congressman Carter's feeling and that of others that those who have been guilty of the overproduction should share the greater part of the cut. I think that is his feeling.

In the chart, in 1970, the high yield was Kentucky with 2,700 pounds per acre. The low State was West Virginia, with 1,850. Virginia was 2,550. North Carolina was 2,600.

Mr. ABBITT. That would be average?

Mr. WAMPLER. Yes. I do not have any figures from the Department to indicate what would happen if we were to freeze the half-acre producer after the first year. They are working on those now and promised to get them to us forthwith.

It seems to me that the 6-year formula is a fair and reasonable way to cut our production an additional 10.6 million pounds.

Mr. ABBITT. Do you think our people who testified here the other day will understand what we are doing and be in agreement with it?

Mr. WAMPLER. I do not know that I could say that they would be in agreement with it, but it was just another way to attempt to get an equitable rollback.

Mr. ABBITT. Does anybody want to ask a question about that particular proposal?

(No response.)

Mr. ABBITT. As I understand it, you want to have another amendment to tie into this proposal? Or am I wrong about that?

Mr. MIZELL. Well, the proposal, just so I completely understand the point the bill is proposing, is that the first year, all of the producers would participate at a 5-percent reduction?

Mr. WAMPLER. Yes.

Mr. MIZELL. Then your minimum producers would not participate in any cuts after that? Is that part of your proposal?

Mr. WAMPLER. That is one proposal, yes.

Mr. MIZELL. Well, if this proposal were adopted then, of course, I would not see any need for pursuing it further, Mr. Chairman. But if we do not have something in here that is going to be an incentive for the small producer to support the program; then I think we are in just as serious condition as if we tried to make any segment of the burley producers bear the brunt or all of the reduction. According to the figures that I have, and these came from the Department of Agriculture, Mr. Chairman, and I just got them. That is why I have not had a chance to really go into these in any detail. But according to the chart, those with the half acres, the maximum allotment size on the half acre, we have 168,839 that would be affected by that 1,200-pound minimum.

Mr. ABBITT. In other words, that is the grower with a half acre or less?

Mr. MIZELL. Yes. And trying to compute this into pounds, so we will have an idea, I just do not have those figures at this time other than the 5 percent across-the-board reduction that Bill has proposed. But I think this at least gives us an idea of how many of your minimum producers would be affected by it. If we established a limit of 1,200 pounds, I think that they would accept the participating in this across-the-board 5-percent reduction this year if they were not going to be reduced after that. If we had some kind of minimum protection in there for them, Mr. Chairman—

Mr. ABBITT. How many farmers got less, and I cannot tell from this schedule, how many farmers are less than a half acre?

Mr. MIZELL. As I read this chart, we would have 65,000 that would be protected under 1,000 pounds, Mr. Chairman. This is not in direct answer to your question, but then, those with—and this is reading below. You have 65,000 with a 1,000-pound limit, which would be 0.42. Then with acreage of 0.34, there are 53,000. This was drawn up to put in 1,200, 1,000, and 800 pounds.

Mr. ABBITT. Actually, they are getting an increase?

Mr. MIZELL. No, sir; nobody would get any increase. Under the proposal, nobody would be allowed to produce more than he is producing now, and he would participate in the 5-percent cut. Then, because his production would be frozen after that point, he would not be allowed to participate in any increase other than an increase that would be coming out of the Department of Agriculture assuming that the problem would be solved and no increased production. Nobody would be allowed to increase any more, but he would participate in the 5-percent cut.

Mr. WAMPLER. Mr. Chairman, I think part of the dilemma in which we find ourselves is to report a bill out of the subcommittee to the full committee, one in which we find general agreement among those Members of the Congress who represent burley tobacco districts. The fact that we have to face is according to the information I have here, almost 60 percent of our allotments are those that are minimum allotments. As you know, the referendum will have to have a two-thirds favorable vote. We must have a substantial portion of these minimum growers in order to pass the referendum.

I have been working to try to come up with bill on which there could be general agreement. I simply offer these two suggestions as possibili-

ties that we might be able to get agreement on, and one when submitted to referendum will pass with a two-thirds vote.

Mr. ABBITT. It seems to me before we move on, we need to put it down in writing so we can have the amendment before us and be able to look at it before we can proceed.

Mr. WAMPLER. I regret that I do not have mine in written form, but some of this information was just presented to me.

Mr. ABBITT. I am not fussing with you, but I think it would be better to have it in writing. The first thing we need to know is what the proposals are, and the next thing we need to know is what the rank and file grower back home will go for, and we need to know what Congress will pass on.

Mr. WAMPLER. I think the chairman will agree with me that time is of the essence. We are going to have to do something forthwith.

Mr. ABBITT. We are going to have to do something this week.

Mr. WAMPLER. Mr. Chairman, I would be more than happy to work with counsel to see if we cannot draw up some language and make it available to the subcommittee later today.

Mr. ABBITT. I feel that we ought to have something in writing so we can pass it around and look at it and consult with the people who are interested and see how they react to the proposal.

What do you think about that?

Mr. STUBBLEFIELD. Well, your amendment involves column 2?

Mr. WAMPLER. Yes.

Mr. STUBBLEFIELD. And we are going to take 5 percent off that?

Mr. WAMPLER. Yes. If the estimated disappearance is 550 million pounds for the crop year 1971, that would put production 23,250,000 pounds under estimated disappearance.

If it turned out that disappearance was lower than that it would change. But it seems like 550 million pounds disappearance for the crop year 1971 would be realistic.

Mr. STUBBLEFIELD. That is what we are going to do for 1971. What about 1972?

Mr. WAMPLER. I would hope that the Department would see fit to see that production that much less than disappearance would be acceptable to them. I do not know.

Mr. ABBITT. What authority would you give the Secretary for 1972?

Mr. WAMPLER. I think what we would have to do is what I understand we did in the amended bill. He could not cut it more than 5 percent.

Mr. STUBBLEFIELD. Or put a poundage floor.

Mr. WAMPLER. If you go to a poundage floor, I submit that is what he would figure.

Mr. McMILLAN. Possibly we should decide right now about it and bring the bill before the full committee.

Mr. WAMPLER. I have no indication what the Department's view would be on the two things we discussed, other than the one now in writing about what the burley poundage quota would be. These are their figures. That is what they say they will be. If we use 6 years rather than 5, there will be a reduction of 10.6 million pounds.

Mr. ABBITT. I reckon the simplest thing to do is see if you and Mr. Murray can draw something up in writing. Whatever we are going to do, we have to do tomorrow or the next day.

Mr. MURRAY. The 5th of April is the next suspension date.

Mr. ABBITT. If we did not do it by then, it would be so late that we could not do it. So it seems to me what we had better do is try to prepare something this afternoon and see if you could get it to us by tonight.

Mr. WAMPLER. I shall do my best. Certainly, it will be by morning.

Mr. ABBITT. I would not want to pass on it unless it was passed around among all the members.

Mr. WAMPLER. I am not insisting. I just offer that as a basis on which we may be able to get some general agreement.

Mr. ABBITT. Off the record.

(The following letters and statements were also submitted to the subcommittee:)

CYNTHIANA, KY.

I am Paul McCauley, a director and Young Farmer Chairman for the Harrison County Farm Bureau, Cynthiana, Kentucky.

For the record I wish to say that the Harrison County Farm Bureau is in favor of an acreage-poundage program for burley tobacco. This organization approves Representative Watts' proposal on burley tobacco. His efforts are appreciated.

PAUL McCAULEY.

WILSON, N.C.

HON. W. M. ABBITT,

Chairman, Subcommittee on Tobacco, Committee on Agriculture, House of Representatives, Washington, D.C.

The board of directors of Tobacco Associates unanimously support and urge enactment of H.R. 4328, relating to burley tobacco.

JOHN D. PALMER, *President.*

AMERICAN FARM BUREAU FEDERATION,

February 26, 1971.

HON. WATKINS M. ABBITT,

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

DEAR CONGRESSMAN ABBITT: The delegates to the most recent annual meeting of the American Farm Bureau Federation gave careful consideration to the tobacco program. The following policy position was taken:

"We support a tobacco program providing that growers shall keep supply in line with demand in return for price support.

"We do not favor the lease of burley tobacco allotments as long as the minimum allotment provision is in effect."

As we understand the provisions of your bill, H.R. 4328, and H.R. 4462 by Congressman Watts of Kentucky, acreage allotments are to be converted to poundage quotas and all poundage quotas are to be treated the same in the future.

We, therefore, believe that H.R. 4328 and H.R. 4462 are consistent with the policy position taken by our members. We urge favorable consideration of these bills by this committee and the Congress.

We respectfully ask that this letter be made a part of the hearing record on this legislation.

Sincerely yours,

MARVIN L. McLAIN,
Legislative Director.

STATEMENT OF HARRY L. GRAHAM, LEGISLATIVE REPRESENTATIVE
NATIONAL FARMERS ORGANIZATION

Mr. Chairman and members of the Committee, I am Harry L. Graham, Legislative Representative of the National Farmers Organization with headquarters in Corning, Iowa.

During the past four years the remarkable national growth of the N.F.O. has included the burley tobacco belt as well as other tobacco areas. Our growers are alert, informed and concerned. They helped develop the basis of the bill by Senator Cooper.

It has long been obvious that allotments on farm commodities should be based on market terms such as pounds, bales, bushels or hundred-weight. We are aware of the problems of increased production per acre and their ramifications. And we have been in close contact with our membership regarding this proposed legislation.

Having said that we support controls on an acreage-poundage basis, we would respectively submit the following suggestions:

(1) The provision for the elimination of all programs if the referendum on poundage is defeated should be removed. It is in Sec. 319(a). The first referendum should simply let the producers decide which kind of a control program they prefer, with full knowledge of the probable acreage cuts if they choose that method.

We are informed by our Kentucky NFO officials that this was not in the grower agreement. They view this as a means of defeating all programs and this they oppose.

(2) In section 319(b), the provision is included in the last sentence that "*insofar as practicable*" be deleted. We have had some unpleasant experiences with notices from ASC offices being late. In one instance a notice that soybeans under resale in a county elevator were to be moved to a terminal elevator was received at 10:00 A.M. with a redemption deadline of 12:00 noon that same day.

We believe that the accepted USDA practice is to mail notices at least ten days in advance and this is the provision we suggest.

(3) At the end of 319(d), we propose to add "nor less than 1600 Lbs. per one-half acre allotment or a proportional poundage for allotments of less than one-half acre."

We would point out that the producers of one-half acre or less have not been nor cannot be responsible for the great increase in tobacco yields. They simply have not had the capital, facilities or know-how to accomplish this increase. Most of them are planting and cultivating as they did twenty-five to fifty years ago. They clear a patch of brush, use the brush to "burn" the bed for the plants, and plant the patch for a year or two and then let it return to brush.

Furthermore, for many of these people, this represents the only cash income they have in a year. As we consider a minimum national wage or a minimum welfare payment, it seems foolhardy to further lower these cash incomes that are at or below all suggested minimums.

With the increased vocal support from high places for rural re-development, it seems equally foolhardy to force people off the land and into the towns and cities. This would be the effect of such legislation.

American farmers are being required by low farm prices and high costs to earn a substantial amount of their total income off the land. If rural population is to be stabilized and if the rural to urban migration is to be stopped and hopefully reversed, and if the costs to the government are to be minimized, then this provision should be included.

(4) If we are to preserve this production in the marginal and sub-marginal areas and thus stabilize and strengthen rural communities the sale of allotments should be prohibited and the leasing of allotments across county lines should likewise be prohibited.

We are aware of all the arguments for economically efficient units, but we are in complete disagreement with the Marxist and orthodox capitalist concept that all economic problems must be solved of the basis of historical trends toward economic determination.

If this democracy is to be preserved and if its modified and controlled capitalism is to survive, then people must be factored into the equation used to determine policy. Bigness and efficiency are desirable—at a price—but not at any price.

It is our considered judgment that the concentration of economic factors must be controlled.

In the case of tobacco, the large growers and the industry should recognize their present political problems. One of the real defenses against those who oppose *any* tobacco program has been the fact that this represents the only cash income for a great number of impoverished people who live on farms with limited productive land available.

If programs are pursued to destroy these producers, then the programs will die and the industry will die. I remember a statement by Senator Humphrey in 1964 when he said, "the first law of politics is to learn how to count." Some of the big producers and industry people better learn how to count. When they do, they will see the necessity of maintaining the widest possible base of support for the programs and the industry. Our proposal will preserve that base.

In summary, we believe that S. 789 is a good bill moving toward desirable objectives. However, our tobacco growers believe that the suggestions we have made will improve the legislation and best serve the long-term interests of both producers and the tobacco industry, as well as our national policy and welfare.

STATEMENT OF REUBEN JOHNSON, DIRECTOR OF LEGISLATIVE SERVICES,
NATIONAL FARMERS UNION

I am Reuben L. Johnson, Director of Legislative Services, National Farmers Union, 1012 14th Street, N.W., Washington, D.C. 20005.

At the convention of National Farmers Union last week here in Washington, D.C., delegates adopted policy as follows concerning production bases, allotments, and quotas:

"Production bases, allotments, and quotas for individual commodities should be allocated to states, counties and farm families, including new producers, by farmer-elected committees of farmers so that each state, county and farm or ranch will receive its fair share.

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

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

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

"Released acreage and/or quotas should not be moved over county and State lines if there is need for additional acreage and/or quotas on family-type farms in the county or state affected.

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

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

"Sale and lease of marketing quotas and acreage allotments can destroy rural communities through further loss of farm families. We oppose, therefore, legislation or administrative action to expand sale and lease or production rights and to weaken the traditional role of Agricultural Stabilization and Conservation Service committees in administering such transfers."

The bill before the Committee would extend to burley tobacco authority for farm marketing quota based on poundage rather than acreage. Producers are afforded the opportunity to determine in a referendum whether they favor poundage quota. If $\frac{2}{3}$ or more farmers approve poundage quotas they will be in effect for the next three years.

Farm marketing quotas would be based on the average of each farm's four highest yields during the five years, 1966-70, multiplied by the farm's 1970 acreage allotment. Farm marketing quotas, regardless of size, would be adjusted uniformly to equal the national marketing quota (less a reserve of no more than one percent for correcting errors, adjusting inequities and for establishing quotas for new farms). Under the bill, the National marketing quota would be the amount of burley tobacco produced in the United States which the Secretary determines will be utilized and exported during the marketing year, adjusted

upward or downward as the Secretary determines is desirable to maintain an adequate supply or for an orderly reduction of supplies to the reserve supply level.

If marketings from a farm are less than the farm's poundage quota, the difference (up to 100%) is added to that farm's quota for the following year. Marketings from a farm may exceed the farm's quota by ten percent without penalty and with price support, but any marketings in excess of a farm's quota would be deducted from that farm's quota for the following year. The bill provides for the lease of burley tobacco farm marketing quotas and transfers to other farms in the same county. The bill limits the amount that can be transferred to any farm to 5,000 pounds.

The bill provides that farm marketing quotas for the first year shall not be reduced by more than five percent below an amount determined by multiplying the farm's average yield by the 1970 acreage allotment. Thereafter, the amount of the national marketing quota for any year can not be less than 90 percent of estimated utilization and exports.

Farmers Union would like to be identified with those who have opposed sale and lease of marketing quotas or acreage allotments. In tobacco as well as in other crops the human factor must be considered in determining the program. There are many growers who produce only the minimum allotment in the burley program— $\frac{1}{2}$ acre. One-half acre on these small farms is essential to maintenance of these families in agriculture. The burley program policies should be such as to encourage as many families as possible to grow tobacco. We are convinced that an overwhelming number of burley producers will vote in the referendum to overcome the present surplus situation.

Mr. Chairman, we thank you for the opportunity to present this statement to the Committee.

VIRGINIA FARM BUREAU FEDERATION.

Richmond, Va., March 8, 1971.

Hon. W. R. POAGE,

Chairman, House Agriculture Committee,

U.S. House of Representatives, Washington, D.C.

DEAR CONGRESSMAN POAGE: This is to submit the views of the Virginia Farm Bureau Federation relating to proposed legislation to amend the Burley Tobacco Program from one of acreage control to poundage control.

The Virginia Farm Bureau is a voluntary, general farm organization with over 22,000 member families. Our organization is active in the Virginia burley producing areas.

The current program of acreage controls under which the burley tobacco producer operates is not functioning in a manner to satisfactorily keep supply of burley tobacco in balance with demand or utilization.

In the decade of the 60's we have experienced a trend of increased yields per acre from an average of 1,639 pounds in 1960-61 to an average of 2,488 pounds in 1969-70; and a projected average of 2,585 pounds per acre in 1970-71. During this same period of time, we have witnessed a decrease of burley tobacco harvested from a high in 1962-63 of 338,600 acres to 237,700 acres in 1969-70. 1970-71 statistics indicate the harvested acreage to have dropped to a low of 216,700 acres or a decrease over the period of 121,900 acres. In view of such a decrease in acreage, combined with increased yields per acre, we find the total supply available October 1, 1970, the beginning of the current marketing year, is continuing at a level considerably above a normal supply situation.

Utilization of burley tobacco during the decade of the 60's has remained relatively constant. Domestic use combined with exports of burley tobacco during the period since 1960-61 has ranged from a low of 548.8 million pounds that year to a high of 616.3 million pounds in 1964-65. However, since 1964-65 utilization has shown a constant decline to a level of 565.2 million pounds in 1969-70.

Over the past five years the disappearance or use of burley tobacco has shown a decline of about 10 million pounds each year. It is interesting that during the period of discussion, cigarette production has increased by approximately 50.5 billion cigarettes. It has been indicated that three factors have contributed to the use of less burley tobacco in the blends of cigarettes manufactured. They are:

1. Use of re-constituted sheet tobacco.
2. An increase in the proportion of filter tip cigarettes manufactured and consumed.
3. An increase in the use of oriental tobacco in the blend process.

Each of these is a factor which affects the economic position of the tobacco producer, as well as the manufacturer.

To continue the present burley tobacco program offers no solution to the problems confronting the burley tobacco producer. A major change in the basic law is badly needed to reverse the trend toward a constant increase of supply above demand.

While we have not seen a copy of Senator Cooper's bill, we have carefully reviewed House Bill 4328, sponsored by Mr. Abbitt of Virginia and the bill sponsored by Mr. Watt of Kentucky. These bills encompass most of the features of a burley tobacco program which has been approved by the Virginia Farm Bureau Federation.

Our organization has endorsed legislation to change from acreage to poundage control. We do support provisions in such legislation providing for lease and transfer of allotments across county lines within state lines. We strongly request, however, that the maximum poundage permitted by the provisions of lease and transfer be fixed at a level not lower than 15,000 pounds, and that leased poundage allotments not exceed 50% of the acreage of cropland in the farm. Further, we suggest that consideration be given, either by law or by administration, to permit lease and transfer at any time during the year, provided that such transition be properly recorded with the county ASCS office.

We believe the transition to a poundage program will provide burley growers the incentive to produce for quality rather than quantity; to produce for a market rather than to market; to produce for utilization and not for storage under government loan, thus maintaining a balance between supply and demand and minimizing the cost of operating a workable burley tobacco program.

Very sincerely yours,

ROBERT B. DELANO, *President.*

(H.R. 4328, introduced by Mr. Abbitt; H.R. 4462, introduced by Mr. Watt; H.R. 5233, introduced by Mr. Hull; and H.R. 5732 by Mr. Abbitt and Mr. Watts are similar bills, the text of which follows:)

[H.R. 4328, 92d Cong., first sess.]

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Agricultural Adjustment Act of 1938, as amended, hereinafter referred to as the "Act", is amended by adding immediately following section 318 a new section 319 to read as follows:

"FARM POUNDAGE QUOTAS FOR BURLEY TOBACCO

"SEC. 319. (a) Notwithstanding any other provision of law, the Secretary shall, within thirty days following the enactment of this section, proclaim national marketing quotas for burley tobacco for the three marketing years beginning October 1, 1971, and determine and announce the amount of the marketing quota for burley tobacco for the marketing year beginning October 1, 1971, as provided in this section.

"Within thirty days following such proclamation, the Secretary shall conduct a referendum of the farmers engaged in the production of the 1970 crop of burley tobacco to determine whether they favor or oppose the establishment of farm marketing quotas on a poundage basis as provided in this section for the three marketing years beginning October 1, 1971. If the Secretary determines that two-thirds or more of the farmers voting in such referendum approve marketing quotas on a poundage basis, marketing quotas as provided in this section shall be in effect for those three marketing years. If marketing quotas on a poundage basis are not approved by at least two-thirds of the farmers voting in such referendum, no marketing quotas or price support for burley tobacco shall be in effect for the marketing year beginning October 1, 1971. Thereafter, the provisions of section 312 of the Act shall apply: *Provided*, That national marketing quotas for burley tobacco for any marketing year subsequent to the marketing year beginning October 1, 1971, shall be proclaimed as provided in this section.

"(b) The Secretary shall determine and announce, not later than the February 1 preceding the second and third marketing years of any three-year period for which marketing quotas on a poundage basis are in effect under this section, the amount of the national marketing quota for each of such years. If marketing quotas have been made effective on a poundage basis under this section, the

Secretary shall, not later than February 1 of the last year of three consecutive marketing years for which marketing quotas are in effect under this section, proclaim national marketing quotas for burley tobacco for the next three succeeding marketing years as provided in this section. Within thirty days following such proclamation, the Secretary shall conduct a referendum in accordance with section 312(c) of the Act. If the Secretary determines that more than one-third of the farmers voting oppose the national marketing quotas, he shall announce the results and no marketing quotas or price support shall be in effect for such kind of tobacco for the first marketing year of such three-year period. Thereafter, the provisions of section 312 of the Act shall apply: *Provided*, That the national marketing quota and farm marketing quotas shall be determined as provided in this section. Notice of the farm marketing quota which will be in effect for his farm for the first marketing year covered by any referendum under this section shall insofar as practicable be mailed to the farm operator in sufficient time to be received prior to the referendum.

"(c) The national marketing quota determined under this section for burley tobacco for any marketing year shall be the amount produced in the United States which the Secretary estimates will be utilized in the United States and will be exported during such marketing year, adjusted upward or downward in such amount as the Secretary, in his discretion, determines is desirable for the purpose of maintaining an adequate supply or for effecting an orderly reduction of supplies to the reserve supply level. Any such downward adjustment shall not exceed 1 per centum of such estimated utilization and exports. For each marketing year for which marketing quotas are in effect under this section, the Secretary in his discretion may establish a reserve (hereinafter referred to as the 'national reserve') from the national marketing quota in an amount not in excess of 1 per centum of the national marketing quota to be available for making corrections and adjusting inequities in farm marketing quotas, and for establishing marketing quotas for new farms (i.e., farms for which farm marketing quotas are not otherwise established).

"(d) When a national marketing quota is first proclaimed under this section, the Secretary shall through local committees determine a farm yield for each farm for which a burley tobacco acreage allotment was established for the marketing year beginning October 1, 1970. Such yield shall be determined by averaging yield per acre for the four highest years of the five consecutive years beginning with the 1966 crop year: *Provided*, That if tobacco was produced on the farm in fewer than five of such years, the farm yield shall be the simple average of the yields obtained in the years during such period that burley tobacco was produced on the farm: *Provided further*, That if no burley tobacco was produced on the farm but the farm was considered as having planted burley tobacco during the immediately preceding five years, the farm yield will be appraised on the basis of the yields established for similar farms in the area on which burley tobacco was produced during such five-year period: *And provided further*, That the farm yield established for any farm shall not exceed three thousand five hundred pounds per acre.

"(e) A preliminary farm marketing quota shall be determined for each farm for which a burley tobacco acreage allotment was established for the marketing year beginning October 1, 1970, by multiplying the farm yield determined under subsection (d) of this section by the farm acreage allotment (prior to any reduction for violation of regulations issued pursuant to the Act) established for such farm for the marketing year beginning October 1, 1970. For each farm for which such a preliminary farm marketing quota is determined, a farm marketing quota for the first year shall be determined by multiplying the preliminary farm marketing quota by a national factor obtained by dividing the national marketing quota determined under subsection (c) of this section (less the national reserve) by the sum of all preliminary farm marketing quotas as determined under this subsection: *Provided*, That such national factor shall not be less than 95 per centum.

"The farm marketing quota for each succeeding year shall be determined by multiplying the previous year's farm marketing quota by a national factor obtained by dividing the national marketing quota determined under subsection (c) of this section (less the national reserve) by the sum of the farm marketing quotas for the immediately preceding year for all farms for which burley tobacco marketing quotas will be determined for such succeeding marketing year. The farm marketing quota so computed for any farm for any year shall be increased by the number of pounds by which marketings from the farm dur-

ing the immediately preceding year were less than the farm marketing quota (after adjustments): *Provided*, That any such increase shall not exceed the amount of the farm marketing quota (including leased pounds) for the immediately preceding marketing year prior to any increase for undermarketings or decrease for overmarketings. The farm marketing quota so computed for each farm for any year shall be reduced by the number of pounds by which marketings from the farm during the immediately preceding year exceeded the farm marketing quota (after adjustments): *Provided*, That if on account of excess marketings in the preceding year the farm marketing quota is reduced to zero pounds without reflecting the entire reduction required, the additional reduction required shall be made in subsequent marketing years.

"The farm marketing quota for a new farm shall be the number of pounds determined by the county committee with approval of the State committee to be fair and reasonable for the farm on the basis of the past burley tobacco experience of the farm operator; the land, labor, and equipment available for the production of burley tobacco; crop rotation practices, and the soil and other physical factors affecting the production of burley tobacco: *Provided*, That the farm marketing quota for any such new farm shall not exceed 50 per centum of the average of the farm marketing quotas for similar farms for which farm marketing quotas are otherwise established: *Provided further*, That the number of pounds allocated to all new farms shall not exceed that portion of the national reserve provided by the Secretary for establishing quotas for new farms.

"(f) When a poundage program is in effect under this section, the farm marketing quota next established for any farm shall be reduced by the amount of burley tobacco produced on any farm (1) which is marketed as having been produced on a different farm; (2) for which proof of disposition is not furnished as required by the Secretary; and (3) as to which any producer on the farm files, or aids or acquiesces in the filing of, any false report with respect to the production or marketings of tobacco: *Provided*, That if the Secretary through the local committee finds that no person connected with such farm caused, aided, or acquiesced in any such irregularity, the next established farm marketing quota shall not be reduced under this subsection. The reductions required under this subsection shall be in addition to any other adjustments made pursuant to this section.

"(g) When a poundage program is in effect under this section, farm marketings quotas (after adjustments) for burley tobacco may be transferred to other farms under the terms and conditions contained in section 318 of the Act: *Provided*, That such transfers shall be on a pound for pound basis: *Provided further*, That any adjustment for undermarketings or overmarketings shall be attributed to the farm to which transferred: *Provided further*, That not more than fifteen thousand pounds may be transferred to any farm under this section: *And provided further*, That the marketing quota determined for any farm subsequent to such transfer shall not exceed an amount determined by multiplying the farm yield established under subsection (d) of this section by 50 per centum of the acreage of cropland in the farm.

"(h) Effective with the marketing year beginning October 1, 1976, no marketing quota, other than a new farm marketing data, shall be established for a farm on which no burley tobacco was planted or considered planted in any of the five years immediately preceding the year for which farm marketing quotas are being established.

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

"(1) No penalty on excess tobacco shall be due or collected until 110 per centum of the farm marketing quota (after adjustments) for a farm has been marketed, but with respect to each pound of tobacco marketed in excess of such percentage the full penalty rate shall be due, payable, and collected at the time of marketing on each pound of tobacco marketed, and any tobacco marketed in excess of 100 per centum of the farm marketing quota (after adjustments) will require a reduction in subsequent farm marketing quotas in accordance with section 319 (e): *Provided*, That if the Secretary, in his discretion, determines it is desirable to encourage additional marketings of any grades of burley tobacco during any marketing year to insure traditional market patterns to meet the normal demands of export and domestic markets, he may authorize the marketing of such grades without the payment of penalty or deduction from subsequent quotas to the extent of 5 per centum of the farm marketing quota for the farm on which

the tobacco was produced, and such marketings shall be eligible for price support.

"(2) The provisions with respect to penalties contained in the third sentence of section 314(a) shall be revised to read: 'If any producer falsely identifies or fails to account for the disposition of any tobacco, the Secretary, in lieu of asserting and collecting penalties based on actual marketings of excess tobacco, may elect to assess a penalty computed by multiplying the full penalty rate by an amount of tobacco equal to 25 per centum of the farm marketing quota (after adjustments) and the penalty in respect thereof shall be paid and remitted by the producer.'

"(3) The provisions contained in the fourth sentence of section 314(a) shall not be applicable. For the first year a marketing quota program established under the provisions of this section is in effect, the farm marketing quota determined under the provisions of section 319(e) shall receive a temporary upward adjustment equal to the amount of carryover penalty-free burley tobacco for the farm. For subsequent years, the provisions of section 319(e) shall apply.

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

SEC. 2. Section 378 of the Agricultural Adjustment Act of 1938, as amended, is amended by adding subsection (d) to read as follows:

"(d) In applying the provisions of this section to a farm for which a tobacco marketing quota has been determined under section 319 of this Act, the words 'allotments' and 'acreage', wherever they appear, shall be construed to mean 'marketing quota' and 'poundage', respectively, as required."

SEC. 3. Subsection (c) of section 106 of the Agricultural Act of 1949, as amended, is amended to read as follows:

"(c) If acreage-poundage or poundage farm marketing quotas are in effect under section 317 or 319 of the Agricultural Adjustment Act of 1938, as amended, (1) price support shall not be made available on tobacco marketed in excess of 110 per centum of the marketing quota (after adjustments) for the farm on which such tobacco was produced, and (2) for the purpose of price support eligibility, tobacco carried over from one marketing year to another shall, when marketed, be considered tobacco of the then current crop."

SEC. 4. Any action taken by the Secretary pursuant to section 312 of the Act (7 U.S.C. 1312) for burley tobacco for any of the three marketing years beginning October 1, 1971, prior to the enactment of this section, shall be of no effect.

Mr. ABBITT. Unless there is something further, we shall call the committee meeting adjourned until we are called by the clerk.

(Whereupon, at 2:35 p.m., the committee moved into executive session.)