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HEARINGS

BEFORE THE

COMMITTEE ON AGRICULTURE

HOUSE OF REPRESENTATIVES

NINETY-SECOND CONGRESS

FIRST SESSION

ON

H.R. 6217

AMEND PEANUT MARKETING QUOTA PROVISIONS
MAY 6, 1971

H.R. 1161

REMOVE CERTAIN RESTRICTIONS AGAINST WINE IN
TITLE I OF P.L. 480
MAY 12, 1971

H.R. 6915

AMEND TOBACCO MARKETING QUOTA PROVISIONS
APPLICABLE TO TYPE 21 AND 37 TOBACCOS
JULY 28, 1971

Serial 92-S



Printed for the use of the Committee on Agriculture

U.S. GOVERNMENT PRINTING OFFICE

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AMEND PEANUT MARKETING QUOTA PROVISIONS

THURSDAY, MAY 6, 1971

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

The subcommittee met, pursuant to notice, at 2:15 p.m., in room 1301 Longworth House Office Building, Hon. Walter B. Jones of North Carolina (chairman) presiding.

Present: Representatives Jones, Burlison, Mathis, Abbitt, Wampler, and Mizell.

Staff present: Mrs. Christine S. Gallagher, chief clerk, and Lacey C. Sharp, general counsel.

Chairman JONES. The subcommittee will be in order.

We have under consideration H.R. 6217, the bill to amend the peanut marketing quota provisions of the Agricultural Adjustment Act of 1938.

I believe our first witness is Mr. Truman J. Cunningham, Director, Oilseeds and Special Crops Division, Agricultural Stabilization and Conservation Service, USDA.

Mr. Cunningham, we will recognize you at this time.

(H.R. 6217, introduced by Mr. Abbitt, and the departmental report follow:)

[H.R. 6217, 92d Cong., first sess.]

A BILL To amend the peanut marketing quota provisions of the Agricultural Adjustment Act of 1938

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 358(c)(1) of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out in the last sentence thereof the language “, less the acreage to be allotted to new farms under subsection (b) of this section,”.

SEC. 2. Section 358(d) of the Agricultural Adjustment Act of 1938, as amended, is amended by changing the first sentence thereof to read as follows: “The Secretary shall provide for apportionment of the State acreage allotment for any State, less the acreage to be allotted to new farms under subsection (f) of this section, through local committees among farms on which peanuts were grown in any of the three years immediately preceding the year for which such allotment is determined.”

SEC. 3. Section 358(f) of the Agricultural Adjustment Act of 1938, as amended, is amended to read as follows: “Not more than 1 per centum of the State acreage allotment shall be apportioned among farms in the State on which peanuts are to be produced during the calendar year for which the allotment is made but on which peanuts were not produced during any one of the past three years, on the basis of the following: Past peanut-producing experience by the producers; land, labor, and equipment available for the production of peanuts; crop-rotation practices; and soil and other physical factors affecting the production of peanuts.”

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., May 1, 1971.

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

DEAR MR. CHAIRMAN: This is in reply to your request of March 19, 1971, for a report on H.R. 6217, a bill "To amend the peanut marketing quota provisions of the Agricultural Act of 1938."

The Department recommends against enactment of H.R. 6217 because it would add further rigidity to the peanut market program. We feel that the program should provide for more flexibility rather than less and that farmers should be given more freedom of choice in the operation of their farms rather than less.

Under the provisions of H.R. 6217 a reserve of not more than one per centum of the State acreage allotment would be authorized. This would place the reserve on a State by State basis rather than national. It would freeze the allocation of the national acreage allotment to the several States in the present pattern and would forestall further shifts of allotments among the States under the new farm reserve provision.

Current legislation provides that not more than one per centum of the national acreage allotment shall be apportioned among farms on which peanuts were not produced during any one of the past three years. In recent years the basic national acreage allotment has been held at 1,610,000 acres. The new farm reserve so held and allocated has been one-tenth of one percent or 1,610 acres. This is allocated to the States on the basis of applications received for allotments for new producers.

Table 1, enclosed, shows for each of the last five years each State's share of the 1,610-acre new farm reserve and also the acreage allocated to the State for distribution as new farm allotments. Table 2 shows the total acreage for both old and new farms by States in 1967 and comparable data for the 1971 crop program. That there have been some small shifts of acreage allotments among the States is indicated by these figures.

The new farm reserve whether on a national or a State basis would not affect program costs or expenditures.

We would point out that there is one technical correction that should be made in the bill. On line 6 of the first page the reference should be to "... subsection (f) of this section" rather than to "... subsection (b) ..."

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

Sincerely,

J. PHIL CAMPBELL,
Under Secretary.

Enclosures, 2.

TABLE 1.—PEANUT ALLOTMENT ACREAGE ALLOCATED TO NEW FARMS FROM NATIONAL RESERVE BY YEARS 1967-71
[in acres]

State and area	1967			1968			1969			1970			1971		
	Withheld from national reserve	Allocated new farms	Withheld from national reserve	Withheld from national reserve	Allocated new farms	Withheld from national reserve	Withheld from national reserve	Allocated new farms	Withheld from national reserve	Withheld from national reserve	Allocated new farms	Withheld from national reserve	Withheld from national reserve	Allocated new farms	Withheld from national reserve
Virginia-Carolina area:															
North Carolina	168.6	20.0	168.5	168.5	18.0	168.3	168.1	13.0	168.1	168.0	7.0	168.0	168.0	24.0	
Tennessee	3.6	19.3	3.6	0	0	3.6	3.6	0	3.6	3.6	0	3.6	3.6	0	
Virginia	105.3	0	105.2	3.0	3.0	105.1	105.0	3.0	105.0	104.9	10.0	104.9	104.9	60.0	
Total	277.5	39.3	277.3	21.0	21.0	277.0	276.7	16.0	276.7	276.5	17.0	276.5	276.5	84.0	
Southeast area:															
Alabama	217.7	23.5	217.6	5.0	5.0	217.4	217.1	0	217.1	217.0	28.9	217.0	217.0	5.0	
Florida	55.3	93.2	55.4	91.0	91.0	55.4	55.5	126.3	55.5	55.5	65.3	55.5	55.5	64.5	
Georgia	528.6	807.0	528.9	876.1	876.1	529.2	529.4	742.7	529.4	529.7	833.1	529.7	529.7	862.5	
Mississippi	7.5	0	7.5	0	0	7.5	7.5	0	7.5	7.5	0	7.5	7.5	0	
South Carolina	13.9	2.0	13.9	28.4	28.4	13.9	13.9	41.2	13.9	13.9	0	13.9	13.9	4.0	
Total	823.0	925.7	823.1	1,000.5	1,000.5	823.4	823.4	910.2	823.4	823.6	927.3	823.6	823.6	736.0	
Southwest area:															
Arkansas	4.2	0	4.2	7.2	7.2	4.2	4.2	0	4.2	4.2	0	4.2	4.2	0	
Louisiana	2.0	0	2.0	0	0	1.9	1.9	0	1.9	1.9	0	1.9	1.9	0	
New Mexico	5.6	57.0	5.6	46.0	46.0	5.7	5.7	91.5	5.7	5.8	26.2	5.8	5.8	28.1	
Oklahoma	138.6	145.8	138.5	41.0	41.0	138.5	138.4	118.4	138.4	137.0	137.0	138.4	138.4	73.7	
Texas	357.3	384.8	357.3	443.8	443.8	357.4	357.5	473.9	357.5	357.7	502.5	357.7	357.7	688.2	
Total	507.7	587.6	507.6	538.0	538.0	507.7	507.7	683.8	507.7	508.0	665.7	508.0	508.0	790.0	
Other States:															
Arizona	.7	0	.7	50.5	50.5	.8	.8	0	.8	.8	0	.8	.8	0	
California	.9	57.4	.9	.9	.9	.9	.9	0	.9	.9	0	.9	.9	0	
Missouri	.2	0	.2	0	0	.2	.2	0	.2	.2	0	.2	.2	0	
Total	1.8	57.4	1.8	50.5	50.5	1.9	1.9	0	1.9	1.9	0	1.9	1.9	0	
Grand total	1,610.0	1,610.0	1,610.0	1,610.0	1,610.0	1,610.0	1,610.0	1,610.0	1,610.0	1,610.0	1,610.0	1,610.0	1,610.0	1,610.0	

TABLE 2.—COMPARISON OF 1967 AND 1971 NATIONAL PEANUT ACREAGE ALLOTMENTS BY STATES AND AREAS AND NET CHANGE DURING THE 5-YEAR PERIOD

[In acres]			
State and area	¹ 1967	¹ 1971	Net change
Virginia-Carolina area:			
North Carolina.....	168, 441	167, 838	-603
Tennessee.....	3, 621	3, 606	-15
Virginia.....	105, 199	104, 883	-316
Total.....	277, 261	276, 327	-934
Southeast area:			
Alabama.....	217, 526	216, 747	-779
Florida.....	55, 386	55, 490	+104
Georgia.....	528, 835	529, 856	+1, 021
Mississippi.....	7, 520	7, 492	-28
South Carolina.....	13, 871	13, 891	+20
Total.....	823, 138	823, 476	+338
Southwest area:			
Arkansas.....	4, 198	4, 184	-14
Louisiana.....	1, 953	1, 945	-8
New Mexico.....	5, 623	5, 787	+164
Oklahoma.....	138, 575	138, 346	-226
Texas.....	357, 300	357, 998	+698
Total.....	507, 649	508, 260	+611
Other States:			
Arizona.....	714	761	+47
California.....	991	930	-61
Missouri.....	247	247	-----
Total.....	1, 952	1, 938	-14
U.S. total.....	1, 610, 000	1, 610, 000	-----

¹ Total apportionment to both old and new farms rounded to whole acres. Excludes any acreage increase for type in short supply.

STATEMENT OF TRUMAN J. CUNNINGHAM, DIRECTOR, OILSEEDS AND SPECIAL CROPS DIVISION, ACCOMPANIED BY: JAMES M. DAVIS, CHIEF, COTTON, TOBACCO, AND PEANUTS DIVISION; JOE F. DAVIS, CHIEF, PRICE SUPPORT AND PRODUCTION ADJUSTMENT BRANCH, OILSEEDS AND SPECIAL CROPS DIVISION, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. CUNNINGHAM. Mr. Chairman, I am Truman J. Cunningham, Director of the Oilseeds and Special Crops Division, Agricultural Stabilization and Conservation Service. I appreciate the opportunity to discuss with this committee the Department's position with respect to H.R. 6217.

The legal minimum national acreage allotment for peanuts is 1,610,000 acres. Each year for the last 15 years the basic allotment has been at the minimum. The allocation of the national acreage allotment to the States is prescribed by law and is based primarily on the allocation in the preceding year. Thus, the distribution of the national acreage allotment to the individual States is in a fixed pattern.

The allocation of the State allotment to the individual farms is primarily on the basis of the history of production. Some small shifts

in acreage have come about through the operation of the new farm reserve as provided and by section 358(f) of the Agricultural Adjustment Act of 1938, as amended. This section provides:

Not more than one per centum of the national acreage allotment shall be apportioned among farms on which peanuts are to be produced during the calendar year for which the allotment is made but on which peanuts were not produced during any one of the past three years, on the basis of the following: Past peanut-producing experience by the producers; land, labor and equipment available for the production of peanuts; crop-rotation practices; and soil and other physical factors affecting the production of peanuts.

In the administration of the section in recent years the Department has withheld one-tenth of 1 percent of the national allotment of 1,610,000 acres for this new farm reserve. In connection with the 1970 crop program this acreage was allocated to 160 new producing farms in eight States. Over the years some small shifts of acreages across State lines have occurred. Table 1,¹ which I present here shows by States the total acreage withheld for the new farm reserve and the acreage allocated to the States or apportionment to new farms. Data are for the crops of 1967 through 1971. Table 2¹ shows the total acreage allocated for both old and new farms by States in 1967 and comparable data for the 1971 crop program.

H.R. 6217 would place the reserve on a State-by-State basis rather than national. It would freeze the allocation of the national acreage allotment to the several States in the present pattern and would prevent further shifts of allotments among the States through the operation of the new farm reserve. Thus, it would add additional rigidity to the peanut program.

The department recommends against enactment of H.R. 6217. The department feels that more flexibility should be provided in the operation of the program rather than less and that farmers should have more flexibility in the operation of their farms rather than less.

Mr. Chairman, here is a copy of my statement for the record.

Chairman JONES. Mr. Cunningham, according to your statement, this will add additional rigidity to the peanut program; will you explain that a little further and what is the objective?

Mr. CUNNINGHAM. We have in the allotment, a fixed national allotment. We have a fixed level of support, depending on supply percentage. The acreage is allocated to old farms on the basis of any farm that has grown peanuts for any one of the last 3 years. So fixing the reserve for new growers on the basis of State allotments does not allow any shift from one State to the other, and for that reason I have used the term "rigidity."

Chairman JONES. The department realizes that these agricultural allotments, whether peanuts, cotton, or tobacco, certainly have a certain cash value in the tax base in the county and States allocating them. Has the department taken that into consideration?

Mr. CUNNINGHAM. I am sorry.

Chairman JONES. We are protecting the individual States in that particular aspect of the tax base and the value of the allotment for that individual State under this legislation?

¹ See p. 3-4, departmental report on H.R. 6217.

Mr. CUNNINGHAM. Yes; you have the sale and lease of allotments which are shifts within a State. You cannot shift across State lines with the sale and lease of allotments.

Chairman JONES. I am aware of that, and I think that is what prompted Mr. Abbitt's legislation. You can't sell a lease across State lines, and I think he has taken the position you should not make new allotments across State lines, such as in Virginia and transfer it to North Carolina.

Mr. CUNNINGHAM. Well, presumably if the Virginia growers had requested enough of the new grower allotment to have used it all, then it would not have been transferred into some other State.

Chairman JONES. Yes, sir; we are well aware of that. But I think his position is it should be reserved to the farmers.

Mr. Burlison, do you have any questions?

Mr. BURLISON. Mr. Cunningham, the position that the Department has taken with respect to this bill would be consistent with the general approach or philosophy that was taken pertaining to the farm bill that we passed late last year involving cotton and wheat and feed grains; would it not, with respect to the question of rigidity of the program?

Mr. CUNNINGHAM. Well, I think one of the basic features of the act for 1970 was to allow growers wider flexibility in making their own decisions as to what they planted. This was the basic philosophy in that legislation.

Mr. BURLISON. Wouldn't that carry across State lines? Weren't we told that the new program would facilitate production of commodities in areas where it could be most efficiently and most effectively produced?

Mr. CUNNINGHAM. Yes.

Mr. BURLISON. Is it the position of your department that this bill would be contrary to the effect—

Mr. CUNNINGHAM. It would freeze each State.

Mr. BURLISON. That is all I have, Mr. Chairman.

Chairman JONES. Mr. Wampler, any questions?

Mr. WAMPLER. No, sir.

Chairman JONES. Mr. Mathis, any questions.

Mr. MATHIS. Yes; I have one question I would like to ask. I don't see it in his table.

The announcement I saw somewhere in the paper a few days ago was to the effect that New Mexico had received quite an increase in allotment on Valencia type peanuts; does that relate to this table?

Mr. CUNNINGHAM. No, sir; that is in another section of the law that says when there is a shortage of any particular type of peanuts that the growers of that type can ask for an increase under the provisions of the law.

Mr. MATHIS. This would not affect that law at all?

Mr. CUNNINGHAM. No; that request has to be made each year.

Mr. MATHIS. No further questions.

Chairman JONES. Mr. Mizell?

Mr. MIZELL. Thank you, Mr. Chairman.

Under the apportionment of other allotments is cotton. Does the department have the discretion of assigning out of the national quota

the allotments to different States? I would also like to include the other commodity programs as well. Does the department have the discretion on any of the programs that you are aware of, of apportioning this national allotment from one State to the other in any of these?

Mr. CUNNINGHAM. I would like to ask Mr. Jim Davis to answer that for the Commodity Program Division.

Mr. MIZELL. If you would, sir.

Mr. JIM DAVIS. Yes, Congressman Mizell, they are handled different for different commodities and tobacco, one that you are interested in, being from North Carolina, has a national reserve similar to peanuts in that it is national and it is not apportioned to the States. It has to come up from new grower allotments, applications right on through.

The cotton one that you mentioned, they are State reserves. This goes to the State reserve. There are also county reserves. So this is different from that commodity.

Now, I don't work real closely with wheat or feed grains, but if I am correct on this, I think both have State reserves. So many of the commodities are different in that respect.

Mr. MIZELL. Then this legislation, if I understand it, would set up State reserves for peanuts as it does in the cotton apportionment that you just mentioned?

Mr. JIM DAVIS. Right.

Mr. MIZELL. That is the only question I have.

Chairman JONES. Thank you.

I notice that the sponsor is here, Mr. Abbitt.

Do you have any questions of the witness, Mr. Abbitt?

Mr. ABBITT. I apologize for being late.

Off the record.

(Discussion off the record.)

Mr. ABBITT. Let me ask you, if this bill is enacted would it add any cost to the program?

Mr. CUNNINGHAM. No.

Mr. ABBITT. Isn't it very similar to the rice program.

Mr. CUNNINGHAM. Let me ask Mr. Davis.

Mr. JOE DAVIS. Yes; I believe that is right.

Mr. ABBITT. That is what I understood. Actually when you say in here that it would tighten up and make the peanut program rather rigid it could do very little—actually amount to very little toward that end, wouldn't it?

Mr. CUNNINGHAM. Well, as a matter of principle it would make it more rigid.

Mr. ABBITT. If this was an overall peanut bill the Department would have no objection to it, would it?

Mr. CUNNINGHAM. I can't answer that, Mr. Abbitt.

Mr. ABBITT. This would be sort of a sweetener to the overall bill, wouldn't it?

Mr. CUNNINGHAM. Let me correct what I said a while ago about it wouldn't add any more costs. If any particular State, having the new grower reserve set for that State, didn't use it then it is not available to some other State to use, but the old grower's allotments would not be reduced, either. So in reality, even though some other State might

have requested more than the reserve available to them, my offhand opinion is it would not cost any more one way or the other.

Mr. ABBITT. All this does is keep the new grower allotments in one State. In other words, if North Carolina allotted a hundred acres it keeps it there?

Mr. CUNNINGHAM. That is right.

Mr. ABBITT. If Georgia is allotted 150 acres it just keeps it; isn't that right?

Mr. CUNNINGHAM. Yes.

Mr. ABBITT. That is right.

Chairman JONES. Mr. Wampler?

Mr. WAMPLER. Mr. Cunningham, while the Department opposes the enactment of this bill it doesn't do any great violence to the peanut program, does it?

Mr. CUNNINGHAM. No; it doesn't.

Mr. WAMPLER. Thank you.

Mr. JONES. Thank you, gentlemen, very much for appearing before us.

At this point in the record, without objection, I would like to submit a statement by Mr. Joe Sugg, executive secretary of the North Carolina Peanut Growers Association, and also a brief statement from B. C. Mangum, president of the North Carolina Farm Bureau in support of this legislation.

(Statement of Joe S. Sugg follows:)

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

Mr. Chairman and members of the Subcommittee on Oilseeds and Rice, I am Joe S. Sugg, Executive Secretary of the North Carolina Peanut Growers Association, representing all of the peanut growers in North Carolina.

For many years our Association has been on record as opposing the new grower allotment feature of the peanut program because of the fact that the acreage set aside annually for new growers that was not used in North Carolina was allocated to other States who applied for more than their quota. This transfer of acreage from our growers to other States caused a great deal of dissatisfaction with the program among the peanut farmers.

The bill, H.R. 6217, on which hearing is now being conducted, eliminates the transfer of acreage set aside for this reserve from one State to another and removes the primary objection which our growers have to the new grower allotment feature.

We, therefore, endorse H.R. 6217 wholeheartedly and urge a favorable report by this Committee and your support to get it approved by the Congress on the suspense or consent calendar. All peanut people are fearful of amendments which can be attached to this peanut legislation by people who would destroy legislation which is the very foundation of successful peanut production in the United States.

[Telegram]

NORTH CAROLINA FARM BUREAU,
Raleigh, N.C., May 6, 1971.

HON. WALTER JONES,
Member of Congress,
Washington, D.C.:

We urge passage of peanut new grower allotment bill introduced by Representative Watkins Abbitt on which subcommittee on Peanut is holding hearing today. Request it be considered on consent for suspense calendar.

B. C. MANGUM,
President.

Chairman JONES. At this time we recognize Mr. Russell C. Schools, executive secretary, Virginia Peanut Growers Association, Inc.

Mr. WAMPLER. Mr. Chairman.

Chairman JONES. Mr. Wampler.

Mr. WAMPLER. Mr. Schools is not my constituent; however, we look to him in Virginia as being an expert in this field. He is a very knowledgeable man in agricultural matters. I think he is a constituent of Mr. Abbitt.

We certainly welcome you here today.

Chairman JONES. Mr. Abbitt, would you like to say something nice about Mr. Schools?

Mr. ABBITT. I certainly would.

He is one of the leading exponents of good government and the leader of the peanut growers in my area. He has been heretofore associated with the Virginia Polytechnic Institute, as you know. He is well versed in agricultural problems and I highly commend him to this committee.

Mr. JONES. Thank you.

Mr. Schools.

**STATEMENT OF RUSSELL C. SCHOOLS, EXECUTIVE SECRETARY,
VIRGINIA PEANUT GROWERS ASSOCIATION, INC.**

Mr. SCHOOLS. Thank you Mr. Chairman and members of the subcommittee. I plan to be very brief. My name is Russell C. Schools and I am executive secretary of the Virginia Peanut Growers Association, Inc., from Capron, Va. I am appearing today on behalf of our association and the board of directors, elected by the peanut producers in the major peanut producing counties of Virginia.

Virginia peanut producers dislike very much the provision of the Agricultural Adjustment Act of 1938, which provides that the acreage set aside annually for new growers that is not used in Virginia is allocated to other States who apply for more than their quota. This provision has caused a reduction in the acres of peanut allotment for the State of Virginia for the past several years. Because of this reduction, Virginia growers requested Congressman Watt Abbitt to introduce the bill before us today, which will amend the Agricultural Adjustment Act of 1938 and provide that unused new grower allotment for peanuts remain within the State allotment. This provision will prevent the shifting of peanut allotments from State to State.

Virginia producers wholeheartedly support H.R. 6217 and request favorable action on this proposed legislation by this subcommittee.

I wish to thank each of you for the opportunity given me to appear before you today in support of this bill.

Thank you very much.

Chairman JONES. Mr. Schools, I understand the network of exchanges existing between your executive association, perhaps that of North Carolina, Georgia, and maybe South Carolina, wherever peanuts are grown, to your knowledge are any of the other associations opposing this bill?

Mr. SCHOOLS. To my knowledge they are not. I have discussed this with the other executive secretaries, and the peanut leaders in the other States, and they do not plan to oppose this legislation.

Chairman JONES. Mr. Burlison, any questions?

Mr. BURLISON. No.

Chairman JONES. Mr. Wampler, any questions?

Mr. WAMPLER. No.

Chairman JONES. Mr. Mathis, any questions?

Mr. MATHIS. No.

Chairman JONES. Mr. Mizell?

Mr. MIZELL. No. thank you.

Chairman JONES. Thank you very much for appearing.

I believe this concludes our list of witnesses; does it not?

If so, then I will now declare this committee in executive session.

Thank you, gentlemen, for coming.

(Whereupon, at 2:30 p.m., the hearing adjourned.)

REMOVE CERTAIN RESTRICTIONS AGAINST WINE IN TITLE I OF PUBLIC LAW 480

WEDNESDAY, MAY 12, 1971

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON DEPARTMENT OPERATIONS
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. Eligio de la Garza (chairman of the subcommittee) presiding.

Present: Representative de la Garza.

Also present: Christine S. Gallagher, chief clerk, and Lacey C. Sharp, general counsel.

Mr. DE LA GARZA. The subcommittee will be in order.

We are meeting today to consider H.R. 1161 by Mr. Sisk. Due to the fact that Mr. Sisk is detained momentarily we will proceed with the Department witness, Mr. Robert E. Mannion, Acting Director, International Trade Fairs Division, Foreign Agricultural Service, USDA. We will be very happy to hear from you now, Mr. Mannion.

STATEMENT OF ROBERT E. MANNION, ACTING DIRECTOR, INTERNATIONAL TRADE FAIRS DIVISION, FOREIGN AGRICULTURAL SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. MANNION. Mr. Chairman, I have no prepared statement to make, but I am here primarily and hopefully to answer any questions you or the committee may have.

Mr. DE LA GARZA. In that case, I have a letter, copy of a letter from Under Secretary Campbell to Chairman Poage recommending that this bill be passed, and giving the views of the Department. Without objection, this will be made a part of the record at this time.

(The letter referred to and H.R. 1161 introduced by Mr. Sisk follow:)

[H.R. 1161, 92d Cong., first sess.]

A BILL To amend section 402 of the Agricultural Trade Development and Assistance Act of 1954, as amended, in order to remove certain restrictions against domestic wine under title I of such Act

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 402 of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1732), is amended by inserting after the first sentence thereof a new sentence as follows: "The

foregoing proviso shall not be construed as prohibiting representatives of the domestic wine industry from participating in market development activities carried out with foreign currencies made available under title I of this Act which have as their purpose the expansion of export sales of United States agricultural commodities."

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., April 1, 1971.

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

DEAR MR. CHAIRMAN: This is in reply to the request from your office dated February 19, 1971, for a report on H.R. 1161 by Mr. Sisk "to amend section 402 of the Agricultural Trade Development and Assistance Act of 1954, as amended, in order to remove restrictions against domestic wine under title I of such Act."

The Department recommends that the bill be passed.

The bill would clarify the language of the Act to permit the domestic wine industry to again participate in overseas trade promotion activities sponsored by the Department. Prior to the enactment of the Food for Peace Act of 1966 domestic wine producers, along with other private firms selling products of agricultural origin, were permitted to display their products in USDA-sponsored Trade Fairs and other types of sales promotions designed to increase exports of U.S. farm commodities.

Since the inception of the P. L. 480 program domestic wines have never been financed under sales agreements or donated under provisions of the agreement. The present legislation does not provide authority for such transactions, and the proposed amendment will not change these requirements.

Approval of the amendment would not increase materially the Department's costs on overseas promotions. The Department requires that the individual participating firms defray costs of shipping and showing products as well as providing or paying a fee for representation. It is not anticipated that participation by the wine industry will increase the overall space requirements devoted to such events. 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.

Sincerely,

J. PHIL CAMPBELL,
Under Secretary.

MR. DE LA GARZA. I do not know that there are any questions, Mr. Mannion. This bill was passed by this committee unanimously last session and passed by the whole committee, and because of difficulties in the Senate it has become necessary to reintroduce the legislation. So, I hope—off the record.

(Off the record discussion.)

MR. DE LA GARZA. We thank you very much for coming.

MR. MANNION. Thank you, sir.

MR. DE LA GARZA. And due to the speed of the hearing, Mr. Sisk has not had an opportunity to get here, but I understand that Mr. Tony Coelho of his staff has a statement which he will read or will submit for the record.

STATEMENT OF TONY COELHO, ON BEHALF OF HON. B. F. SISK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALI- FORNIA

MR. COELHO. Whatever you desire, Mr. Chairman.

MR. DE LA GARZA. Since you are already here, why don't you read it.

Mr. COELHO. OK.

Mr. DE LA GARZA. And we will be very happy to have you present it at this time.

Mr. COELHO. Thank you, Mr. Chairman. Mr. Sisk regrets that he cannot be with us right now, but the Rules Committee is having a very crucial vote and he hoped that he could make it.

The legislation being considered today is identical to a bill reported out favorably by the House Committee on Agriculture in the last Congress, which passed the House and was approved by the Senate but was not reported to conference because an unrelated school rider was tacked onto it which this subcommittee had previously defeated.

Section 402 of the Agricultural Trade Development and Assistance Act of 1954 specifically excludes all alcoholic beverages as agricultural commodities eligible for the benefits of the program. This provision has been construed by the Department of Agriculture as not only prohibiting alcoholic beverages from being eligible for concessional sales and donations but also as prohibiting the display or advertising of American wine at overseas trade fairs and market promotion activities sponsored by the Department.

This bill H.R. 1161, would merely remove the restriction on foreign promotional activities for domestic wine.

Your committee report last year stated that the expansion of all agricultural exports is clearly in the national interest. American wine is direly in need of promotional activities. While the United States imported some \$140 million worth of wine in 1970 it sold only \$1.3 million abroad.

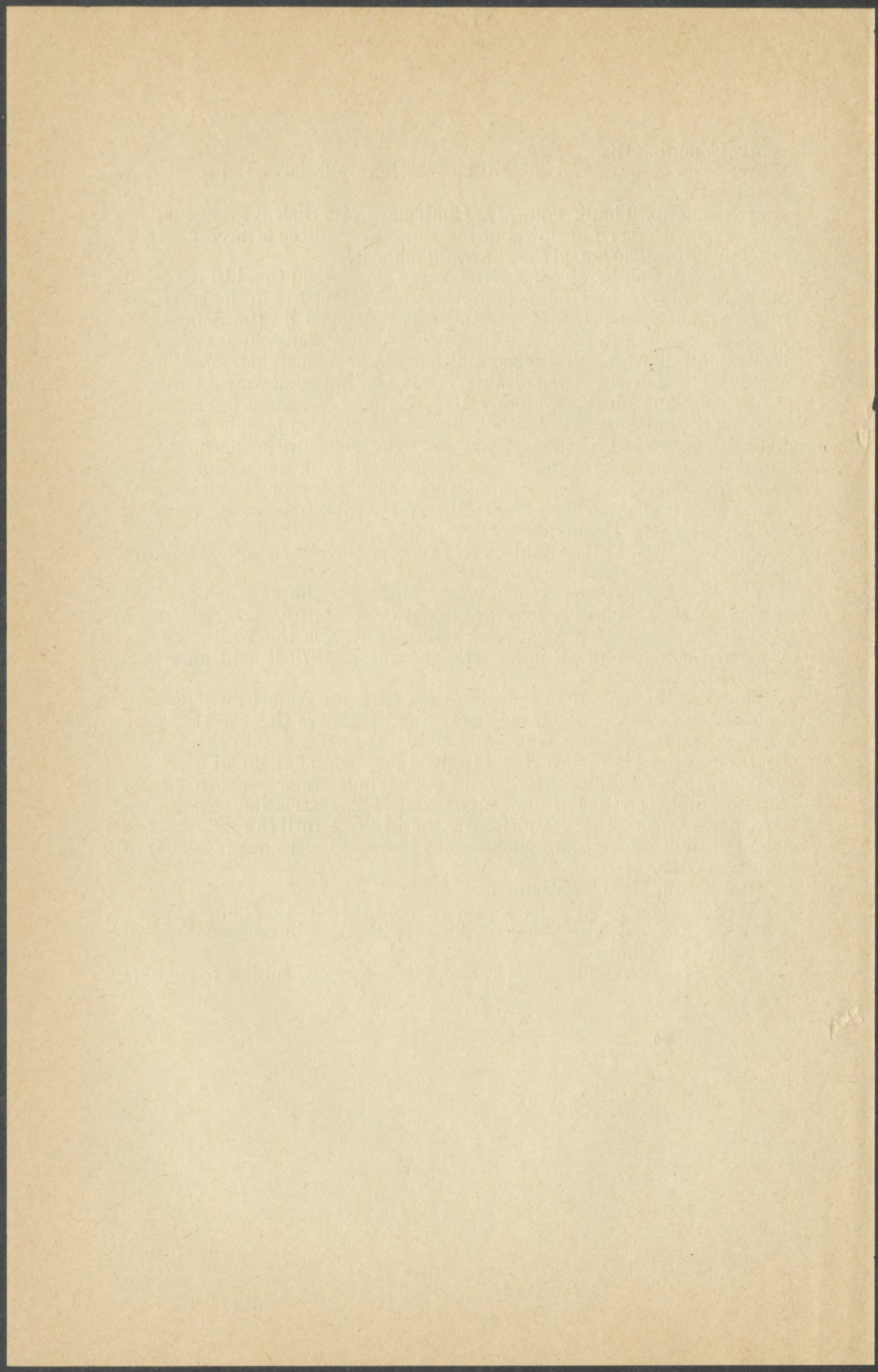
The development of new foreign markets for American wine and increased sales in existing markets would improve the U.S. balance-of-payments position, create new job opportunities within the United States and permit U.S. farmers to produce for an expanded market.

The original Public Law 480 did not exclude American wines from promotional activities of the Department. This restriction on cooperative market promotion activities was not in effect until the 1966 amendments, which the original sponsor has indicated were not intended to apply to wine.

Thank you, Mr. Chairman.

Mr. DE LA GARZA. We thank you very much, Mr. Coelho, and there being no other witnesses the committee will stand in recess subject to the call of the Chair.

(Whereupon, at 2:05 p.m. the committee recessed subject to the call of the Chair.)



AMEND TOBACCO MARKETING QUOTA PROVISIONS APPLICABLE TO TYPE 21 AND 37 TOBACCOS

WEDNESDAY, JULY 28, 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, McMillan, Mathis, Wampler, and Mizell.

Also present: Betty Prezioso, staff assistant, and Hyde H. Murray, associate counsel.

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

Today, we have for hearing H.R. 6915 which deals exclusively with Virginia fire-cured tobacco type 21 and Virginia sun-cured tobacco type 37.

(H.R. 6915, introduced by Mr. Abbitt, and the departmental report, follow:)

[H.R. 6915, 92d Cong., first sess.]

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 318(b) of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting in clause (1) following the word "county" the following "*: Provided, That in the case of Virginia fire-cured tobacco type 21 and Virginia sun-cured tobacco type 37, any such transfer may be made to a farm in another county in the same State*".

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., June 30, 1971.

Hon. W. R. POAGE,
*Chairman, Committee on Agriculture,
House of Representatives*

DEAR MR. CHAIRMAN: This is in reply to your request of April 13 for a report on H.R. 6915, a bill "To amend the tobacco marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended.

This Department recommends that the bill be approved, but that it be amended as hereafter provided.

The bill provides for the sale, lease, and transfer of Virginia fire-cured (type 21) and Virginia sun-cured (type 37) tobacco farm acreage allotments or acreage-poundage marketing quotas across county lines in the same State.

Section 318 of the Agricultural Adjustment Act of 1938, as amended, authorizes the sale, lease, and transfer of all types of fire-cured, dark air-cured, and Virginia sun-cured tobacco acreage allotments and acreage-poundage marketing quotas to other farms in the same county. This Department has on a number of occasions recommended that legislation be enacted to authorize the lease or sale of allotments and marketing quotas for all kinds of tobacco, and that transfers across county lines in the same State be authorized. This would provide more flexibility in the tobacco marketing quota programs and will enable those farmers who have the land, labor and equipment for producing large acreages to increase their operations to more economic units. Large and more economic production units would stimulate the mechanization of planting, harvesting, curing and marketing of tobacco. At the same time, it enables those farmers who may not wish to continue the production of tobacco to transfer their resources to other operations, and still receive some income from the lease or sale of their allotments or quotas.

It is recommended that the bill be amended to authorize the sale, lease, and transfer of acreage allotments and marketing quotas for all kinds of tobacco across county lines in the same State rather than limiting such authority to Virginia fire-cured and Virginia sun-cured tobaccos as provided in H.R. 6915. This can be accomplished by deleting the language "fire-cured, dark air-cured, or Virginia sun-cured" in Section 318(a) and by changing the word "county" to "State" in Section 318(b).

The quality of the environment will not be affected by the adoption of this proposal or with the amendment.

The enactment of the proposed legislation will not result in any additional expenditure of administrative or CCC capital funds.

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.

Sincerely,

CLARENCE D. PALMBY,
Acting Secretary.

Mr. ABBITT. The bill, in simple language, just permits the transfer of allotments across county lines in the same State. In other words, under present law, as I understand, we could have a transfer of dark-fired tobacco or a lease of tobacco within counties, within one county. This simply removes the present provision limiting transfers "within one county"—the same county—for the Virginia fire-cured type 21 and the Virginia sun-cured type 37 which is grown exclusively in Virginia.

I see we have some very distinguished members here from the Department, Claude Turner, who, by the way, is from Virginia and has done distinguished service not only to the Commonwealth but to the entire United States and particularly to the agricultural segment.

Claude, we are pleased to have you here today, and we will be glad to hear from you, together with your associates who have also been coming here for a long time and who are familiar with this committee, and we appreciate it.

Joe, it would not be right for you not to be up there with them. We cannot have a hearing on tobacco without having Joe Todd here. Somebody has to take the blame for the way things run.

If you will just proceed, however you prefer.

STATEMENT OF CLAUDE G. TURNER, DIRECTOR, TOBACCO DIVISION, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE, ACCOMPANIED BY WEAR SCHOONOVER, GENERAL COUNSEL STAFF, AND JOSEPH TODD, DEPUTY DIRECTOR, TOBACCO DIVISION, U.S. DEPARTMENT OF AGRICULTURE

Mr. TURNER. Thank you.

Mr. Chairman and members of the committee, my name is Claude G. Turner, Director, Tobacco Division, Agricultural Stabilization and Conservation Service, U.S. Department of Agriculture. I have with me Wear Schoonover of our General Counsel's staff, and Joe Todd who is Deputy Director of the Tobacco Division.

We are pleased to give the Department's views on H.R. 6915, a bill to amend the tobacco marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended.

The bill provides for the sale, lease, and transfer of Virginia Fire-cured (type 21) and Virginia Sun-cured (type 37) tobacco farm acreage allotments or acreage-poundage marketing quotas across county lines in the same State. Present legislation provides for the sale, lease, and transfer of all types of Fire-cured, dark Air-cured, and Virginia Sun-cured tobacco farm acreage allotments and acreage-poundage marketing quotas to other farms in the same county.

The Department recommends that this bill be approved. The increased flexibility provided by this bill is needed particularly in the case of type 21 and type 37 tobaccos.

The attached tables show the acreage, yield, production, carryover supply, and disappearance of Virginia Fire-cured tobacco and Virginia Sun-cured tobacco during the past 10 years. It will be noted that production of these types of tobacco during this period has been substantially below disappearance. As a result, supplies of Virginia Fire-cured have dropped from 30 million pounds to 16 million pounds and supplies of Sun-cured tobacco have dropped from 7 million to 4.4 million pounds during the past 10 years.

At the present time, the Dark Tobacco Sales Cooperative, which operates the Government price-support program for these types of tobacco has only 696,000 pounds (dry-weight basis) unsold of Virginia Fire-cured tobacco, and no Sun-cured tobacco. Unless growers of these types of tobacco increase production to meet market demands, users of these types will have no alternative except to seek other sources of supply.

Farm acreage allotments for Virginia Fire-cured tobacco were increased 10 percent in 1969, 15 percent in 1970, and an additional 10 percent in 1971 in an effort to increase production to meet market demands. The total Virginia Fire-cured acreage allotted in 1970 was 11,672 acres but only 5,000 acres were grown. For Sun-cured tobacco, 2,357 acres were allotted but only 1,000 acres were grown. The enactment of H.R. 6915 will enable those growers who have the land, labor, and equipment to increase production to meet market demands.

In addition to supporting the provisions of H.R. 6915, the Department recommends, as it has on previous occasions, that the provisions of this bill be extended to all kinds of tobacco. This can be accom-

plished by deleting the language "Fire-cured, dark Air-cured, or Virginia Sun-cured" in section 318(a) of the Agricultural Adjustment Act of 1938, as amended and by changing the word "county" to "State" in section 318(b).

This would provide more flexibility in the tobacco marketing quota program for all kinds of tobacco and would enable those farmers who have the land, labor, and equipment for producing larger acreage to increase their operations to more economic units. Larger and more economic production units would stimulate the mechanization of planting, harvesting, curing, and marketing of tobacco. At the same time, it would enable those farmers who may not wish to continue the production of tobacco to transfer their resources to other operations, and still receive some income from the lease or sale of their farm acreage allotments or quotas.

The quality of the environment will not be affected by the amendment of H.R. 6915, or with the suggested amendment.

The enactment of H.R. 6915 will not result in any additional expenditure of administrative or CCC capital funds.

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.

(Table entitled "Virginia Fire-Cured and Sun-Cured Tobaccos: Acreage, Yield, Production, Carryover, Supply, and Disappearance, 1961-70," follows:)

VIRGINIA FIRE-CURED AND SUN-CURED TOBACCOS: ACREAGE, YIELD, PRODUCTION, CARRYOVER, SUPPLY AND DISAPPEARANCE, 1961-70

Year	Acreage harvested (acres)	Yield per acre (pounds)	Thousand pounds					
			Produc- tion	Carryover Oct. 1	Total supply	Disappearance, year beginning Oct. 1		
						Total	Exports	Domestic
Virginia fire-cured, type 21:								
1961	7,500	1,300	9,750	20,938	30,688	10,835	5,348	5,487
1962	7,600	1,255	9,538	19,853	29,391	9,155	5,101	4,054
1963	6,600	940	6,204	20,236	26,440	9,654	6,550	3,104
1964	7,300	1,245	9,088	16,786	25,874	10,286	6,309	3,977
1965	7,600	1,260	9,576	15,588	25,164	8,271	5,299	2,972
1966	6,000	1,255	7,530	16,893	24,423	9,584	7,339	2,245
1967	5,400	1,290	6,966	14,839	21,805	10,070	6,677	3,393
1968	4,900	1,205	5,904	11,735	17,639	7,788	4,676	3,112
1969	5,000	1,340	6,700	9,851	16,551	6,754	5,053	1,701
1970	5,000	1,230	6,150	9,797	15,947			
Virginia sun-cured, type 37:								
1961	2,100	1,045	2,194	5,036	7,230	2,126	280	1,846
1962	2,200	1,040	2,288	5,104	7,392	2,295	268	2,027
1963	1,500	760	1,140	5,097	6,237	2,072	345	1,727
1964	1,700	1,060	1,802	4,165	5,967	1,648	339	1,309
1965	1,800	1,105	1,989	4,319	6,308	2,000	280	1,720
1966	1,400	1,065	1,491	4,308	5,799	1,642	386	1,256
1967	1,200	1,090	1,308	4,157	5,465	1,542	351	1,191
1968	1,100	1,095	1,204	3,923	5,127	1,336	246	1,090
1969	1,100	1,225	1,348	3,791	5,139	1,812	266	1,546
1970	1,000	1,100	1,100	3,327	4,427			

Source: U.S. Department of Agriculture, Tobacco Division, ASCS, July 1971.

Mr. ABBITT. Thank you very much, Claude, for that fine statement. I did not realize that the situation was quite as you have outlined it. Actually, there is not much effort at growing these two types of

tobacco. As a matter of fact, you said the Dark Tobacco Sales Corp. has none of the sun-cured tobacco, and it looks like if we do not do something it is going to mean a loss of all the markets, and you had over 11,000 acres of Virginia fire-cured tobacco allotted last year and they only produced 5,000.

So, for that reason, in your opinion and the opinion of the Department, it would be of advantage to have this legislation, particularly these two types of tobacco——

Mr. TURNER. That is correct.

Mr. ABBITT. And as I understand it, and I call it "dark fired," but the fire-cured (type 21) is grown exclusively in south-central Virginia as is sun-cured type 37?

Mr. TURNER. Correct.

Mr. ABBITT. Well, I am certainly pleased that the Department has recommended that the bill be approved, and it will be an asset to the farmers.

Now, I notice that the Department has recommended that it would not be bad if we amended the bill to include all types of tobacco, and I do not have any real objection right now, but I believe it is better if we just proceed along with this little bill and just see how we get on; and, then, if the producers of the other types of tobacco say that for themselves, whether they are in any particular type or kind of tobacco, and that they desire to be added, I am sure that if it develops that more should be added, the members of this committee will be glad to take whatever steps necessary.

Mr. McMILLAN. The people of my State have been trying to get this type of legislation for several years, but we could not get North Carolina and Virginia to go along with us. I believe Georgia and Florida are for this proposal.

Mr. ABBITT. Any questions?

Mr. MIZELL. Mr. Chairman, if I may?

Mr. Turner, what do you think specifically accounts for the reduction in the growth of this tobacco?

I notice you have been very liberal with increases in the allotments; so, in your opinion, what do you think accounts for this reduction?

Mr. TURNER. Congressman Mizell, I think we have in this room Tom Hall, who lives and grows tobacco in that area. Perhaps he can give you a better answer.

I can give you my views if you would like, but if you would accept it, I would like to have Tom Hall answer.

Mr. MIZELL. If it is all right with the chairman, I would like to have Mr. Hall——

Mr. ABBITT. I do not mind, if that is agreeable.

And without objection, come on up here and bring a chair and sit by Claude.

This is Tom Hall, and he is the general manager of Virginia Dark-Fired Tobacco Growers Marketing Association, and he has been in tobacco practically all of his life. He was not actually raised in the tobacco field, but always lived right by one, and has lived on a tobacco farm all of his life.

He was also a member of the cooperative down there in central Virginia, and he is familiar with this type 21 and type 37 tobacco.

Should we let him give his statement right now, if that is all right?

Mr. MIZELL. Fine. I was not aware that he was going to testify Mr. Chairman.

Mr. ABBITT. That is all right. You can go ahead and answer the question or make your statement.

Mr. HALL. Do you want me to answer the question now, Mr. Chairman, or give my statement?

Mr. ABBITT. You want him to answer the question or give his statement?

Mr. MIZELL. It does not matter, Mr. Chairman.

Mr. ABBITT. Why don't you just give your statement, and, then, we will ask questions?

Mr. MIZELL. Then, we will get into the questions and answers.

Mr. ABBITT. All of the people in my area are shortwinded.

Mr. WAMPLER. Except you.

STATEMENT OF THOMAS B. HALL, JR., GENERAL MANAGER, VIRGINIA DARK-FIRED TOBACCO GROWERS MARKETING ASSOCIATION

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

My name is Thomas B. Hall, Jr., of Farmville, Va.

I am chairman of the Virginia Dark-Fired Tobacco Commission and general manager of the Virginia Dark-Fired Tobacco Growers Marketing Association, a grower-owned marketing cooperative.

We in Virginia, producers of dark-fired type 21 and Virginia sun-cured type 37, are in a unique position of not producing enough for the strong market. Our product at the present is about 70 percent exported, and we are not producing enough to supply an active demand, particularly in the European countries.

Pool stocks, which Mr. Turner referred to, are at an alltime low in dark fired of 832,000 pounds, and this is farmers' weight, green weight; whereas, Mr. Turner referred to dry weight. And, as he said, in sun cured, we have no pool stock at all. It is because of serious labor shortages in some producing areas that allotments are not being grown or are being grown every third year to preserve them. In my home county alone, in 1970, there was a total of 967 acres allotted and of this amount only 379 acres were harvested, and the dark-fired type 21 producing belt was in 1970 11,669 acres allotted and only 4,991 acres were harvested.

I believe if allotments could be transferred by sale or lease across county lines for types 21 and 37 in Virginia that we would see some unused allotments for such types go to counties to the south of us which now grow little or no dark-fired or sun-cured tobacco. This, we believe, would not result in any great economic loss to the counties from which allotments are leased or sold since they are not at the present being grown on a regular basis. It would probably result in some more tobacco being produced that would help the U.S. balance of payments, since most of it is exported.

If we do not find some means to stop the downward trend in production, we are fearful that our market will become so small in volume

that our foreign customers will no longer be interested in our products.

Mr. Chairman and members of the committee, I urge you to act favorably on H.R. 6915. It has been a pleasure to appear before you, and I appreciate the opportunity.

Thank you.

Mr. ABBITT. Just for the record and for the information of some of the members who may not be familiar with dark-fired tobacco, as I understand it, dark-fired tobacco is raised in three States: Virginia produces type 21; Kentucky and Tennessee produce types 22 and 23; and, of course, types 35 and 36 are similar, but air-cured types which are raised over in Tennessee and Kentucky.

Now, what is the main use of the Virginia dark-fired tobacco for export? What is it used for?

Mr. HALL. For export, it is used for cigars, and also for a smoking mixture called Shag, which you can smoke in pipes or roll-your-own also.

Mr. ABBITT. But it is used about 30 percent for snuff and some for wrappers domestically?

Mr. HALL. Snuff and tobacco wrappers.

Mr. ABBITT. The fine dark wrappers around good cigars, that is probably Virginia type 21, and the snuff is probably Virginia type 21, too.

As I understand it, in Kentucky, the Western Dark-Fired Tobacco Association handles practically all of the dark-fired stock grown in that State.

Mr. HALL. Type 23; yes, sir.

Mr. ABBITT. And in Tennessee, the Eastern Dark-Fired Tobacco Growers Association handles the dark-fired tobacco in Tennessee.

Mr. HALL. Type 22; yes, sir.

Mr. ABBITT. Without objection, I have a letter here from the general manager of the Eastern Dark Fired Tobacco Growers Association in Tennessee which I will place in the record.

(The letter referred to follows:)

EASTERN DARK FIRED TOBACCO GROWERS ASSOCIATION, INC.,
Springfield, Tenn., July 15, 1971.

Congressman WATKINS M. ABBITT,
House Office Building,
Washington, D.C.

DEAR CONGRESSMAN ABBITT: Our organization, Eastern Dark Fired Tobacco Growers' Association, has a copy of H.R. 6915 with reference to transfer of tobacco allotments across county lines in the same state.

In a meeting of our directors held on yesterday, July 14, 1971, this matter was brought up and the directors voted not to object in any way to this bill.

Very truly yours,

R. A. HAMMACK,
General Manager.

Mr. ABBITT. Then, on June 7, 1971, I received a letter from Mr. Holmes Ellis, general manager, Western Dark Fired Tobacco Growers Association, Inc., Murray, Ky., dated June 1, 1971, and without objection, I would like to file that.

(The letter follows:)

WESTERN DARK FIRED TOBACCO GROWERS ASSOCIATION, INC.,
Murray, Ky., June 1, 1971.

HON. WATKINS M. ABBITT,
House Office Building,
Washington, D.C.

DEAR CONGRESSMAN ABBITT: In accordance with a letter from Mr. Thomas B. Hall, General Manager of Virginia Dark-Fired Tobacco Growers Marketing Association, received this date, I am pleased to advise that the Board of Directors of this organization in regular meeting today directed that I convey to you, with a copy to Congressman Stubblefield, that they would not object to proposed legislation allowing lease and sale of Type 21-37 allotments across county lines. (HR 6915).

While we do not desire legislation of a similar nature for Types 22-23-35 we do not object to the proposed legislation for Types 21-37.

Sincerely yours,

HOLMES ELLIS, General Manager.

Mr. ABBITT. That might explain some of the reasons why I do not think it is necessary to amend this bill right at this particular time.

Now, any questions?

Mr. WAMPLER?

Mr. WAMPLER. No; I have no questions.

Mr. McMILLAN. I have no questions.

Mr. ABBITT. Mr. Mizell?

Mr. MIZELL. Back to my question: In your opinion, what do you think contributes to this low production?

Mr. HALL. Well, several factors, the most important of which being labor shortages in our area. The allotments are small, averaging something over an acre each, and the family labor is the only means by which this can be grown. Farmers are getting older each year and those that are retiring are not being replaced by younger men. There are too many easier ways to make a living than growing tobacco, and unless these allotments can be concentrated in larger allotments by means of sale or transfer where a farmer can afford to keep a supply of labor on hand, then they are not going to be grown. This is the reason for the downward trend in production: the fact that labor is not available on the small farms to grow it. It is a little bit different from the flue-cured area in that the labor is still somewhat prevalent there due to the large allotments and the more concentrated areas for growing tobacco, whereas, our labor has gone to industry or to the pulpwood cutting or to a number of different things that pay probably higher wages and are not quite as hard work.

Mr. MIZELL. What size acreage does a man need to have in order to produce the dark fired?

Mr. HALL. Well, the yield per acre is something like 1,250 pounds. Our average price is in the low fifties, so I think the average farmer would have to have 2 to 3 acres before he would realize anything from it to amount to anything. And in some cases this is the only cash crop he has, even then. But, you see, this is what; \$1,500 or \$2,000 gross from his acreage?

Mr. MIZELL. But you definitely think that if you permitted the allotments to move from one county to another, that more would be produced?

Mr. HALL. We have evidence that there are some counties that are growing a larger percentage of their allotment than others. There are some counties which have hardly any allotment which have indicated they would like to grow some. There are farmers that are growing other types of tobacco at the present time and growing all of their allotment in this case. They have gone to other curing methods, and their barns are not being used which they could use to cure this type of tobacco in.

Mr. MIZELL. If I understand you correctly—remember, the dark-fired tobacco, Mr. Chairman, you do not have to have an allotment in order to obtain an allotment?

Mr. HALL. No, sir. You can buy an allotment at the present time, even though you do not have an allotment.

Mr. MIZELL. But, in the—

Mr. HALL. But you cannot transfer from one county to another. In other words, the man in one county who did not have an allotment of dark tobacco could not go into an adjoining county to purchase it. If he could find it in his own county; yes, he could buy it.

Mr. MIZELL. But this is different from the other tobacco as it relates to other tobacco?

Mr. HALL. Yes.

Mr. MIZELL. I was not aware of this. Well, I can see that it is possible to get more produced this way. Those who are already in the business of producing tobacco would be able to acquire enough allotments to get equipment and pay for the help needed to grow it.

Mr. HALL. The harvest date is also a little bit later for this type than other types, and they figure they will plant a little later and harvest it after the other type has been harvested and cured.

Mr. MIZELL. Thank you for that statement and for the additional information.

Mr. HALL. Thank you, Congressman.

Mr. MIZELL. It was helpful to me.

Mr. ABBITT. Mr. Mathis?

Mr. MATHIS. Yes; thank you, Mr. Chairman.

I have a couple of questions I would like to ask Mr. Turner if I might?

Mr. Turner, there have been no requests for new additional acreage in the type 22 or type 23 areas, have there, in Kentucky and Tennessee—no requests for new acreage there?

Mr. TURNER. Well, they have the authority for leasing and transfer within the county, and they have made some use of that, but they have not requested—and I think they do not want at this time the authority for the sale and transfer across county lines.

Mr. MATHIS. But to make it clear in my own mind now, this tobacco that is grown in Kentucky and Tennessee is not in direct competition with the type 21 in Virginia; is that correct?

Mr. TURNER. This is correct. There is some competition, but it is not as direct as it would appear to be, both being the same general kind of tobacco.

Mr. MATHIS. Thank you, Mr. Chairman.

Mr. ABBITT. Mr. Mizell?

Mr. MIZELL. Mr. Chairman, if I may, I would like to ask one question of Mr. Turner.

The situation relating to the dark fire-cured in Virginia is altogether different from that relating to flue-cured in North Carolina and South Carolina and the other areas of the flue-cured?

Mr. TURNER. I think, from the supply and demand standpoint, this is true. They are in short supply, whereas, in flue-cured tobacco even though we have made some progress we still have a surplus of tobacco.

Mr. MIZELL. But the program as it operates is working very well in controlling production and assisting the farmer?

Mr. TURNER. It is working very well, but we think it might work a little better if we could have the sale and transfer across county lines within the same State.

Mr. MIZELL. I understand that. Thank you, sir.

Mr. McMILLAN. Mr. Turner, under this new program that we are preparing to trade with China, are we going to be able to send them very much tobacco?

I remember 20 years ago that China was one of our best markets before we broke off relations with them, and I wonder if they are in a position to purchase much tobacco now?

Mr. TURNER. I think, Congressman McMillan, that this is something we will have to find out in the future. I do not know how much tobacco might be exported to China in the immediate years ahead, but it seems to me that this is an area where there could be some increase in the exportation of tobacco.

Mr. McMILLAN. Well, I see in this letter from the White House that tobacco was included in the trade agreement. However, I did not know how much we were going to trade.

Thank you.

Mr. ABBITT. Any other questions?

Well, thank you, gentlemen, very much.

Mr. TURNER. Thank you, Mr. Chairman.

Mr. ABBITT. Next I have on the list here is Mr. Frank B. Snodgrass, vice president and manager of the Burley and Dark Leaf Tobacco Export Association, Inc.

Frank, we appreciate your being here.

You are always in regular attendance at our hearings of this subcommittee, and we appreciate your interest.

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

Mr. SNODGRASS. Thank you, Mr. Chairman.

For the record, my name is Frank B. Snodgrass. I am vice president and managing director of the Burley and Dark Leaf Tobacco Export Association with offices at 1100 17th Street NW., Washington, D.C. This is a federated trade association comprised of 10 member associations interested in the production, marketing, promotion, and sale in the domestic and export markets of burley, dark air-cured,

dark fire-cured, and sun-cured kinds of U.S.-produced tobacco. Our membership includes producers of these kinds of tobacco from a 15-State area.

Mr. Chairman, I appear here before your committee today to urge the passage of H.R. 6915 as presently drawn. I would not be in the position to endorse this measure were it not confined to Virginia fire-cured and sun-cured allotments. When this committee was considering legislation which led to the enactment of Public Law 90-51 that permits the sale, lease, and transfer of allotments or quotas for all types of fire-cured, dark air-cured, and Virginia sun-cured kinds of tobacco to farms within the same county, I testified on behalf of the grower associations administering the price support program for dark tobaccos recommending the enactment of such legislation for those kinds of tobacco.

It was the opinion of all grower organizations that lease and sale of allotments should be confined within a county. However, the underproduction of Virginia fire-cured and sun-cured tobacco in recent years has led to a shortage of these types.

It is interesting to note that the disappearance or usage of Virginia fire-cured has exceeded the production of this type in eight out of the last 10 years, 1960-69. During this period, 80.162 million pounds were produced and 92.541 million pounds were utilized in the domestic and export markets and, as a result, disappearance of Virginia fire-cured exceeded production by 12.379 million pounds during this period.

During the 10-year period, 1960-69, Virginia sun-cured disappearance or usage also exceeded production in eight out of 10 years. And I might add, in the 2 years in each instance they did not exceed production, the disappearance did not exceed production, it was just by a few thousand pounds.

Production of Virginia sun-cured during this 10-year period amounted to 16.555 million pounds, while domestic and export usage of this type is recorded at 18.451 million pounds and, as a result, disappearance exceeded production by 1.896 million pounds.

It had been hoped that through the sale and lease of allotments for Virginia fire-cured and sun-cured kinds of tobacco that additional acreage of these tobaccos would be produced to meet the demand of the domestic and export markets. Unfortunately, that has not been the case. I was advised by an official of the Virginia Dark-Fired Tobacco Growers Marketing Association that they had requested the introduction of H.R. 6915, in an effort to further encourage production of these kinds of tobacco. I have contacted the tobacco grower leadership of competing types of tobacco in the Kentucky-Tennessee producing area and have been assured that they have no objection to the enactment of H.R. 6915, which is designed to alleviate the shortage of production in the Virginia dark-producing area. The board of directors of the Eastern Dark Fired Tobacco Growers Association, Springfield, Tenn., the Western Dark Fired Tobacco Growers Association, Murray, Ky., and the Stemming District Tobacco Association, Henderson, Ky., have gone on record favoring the enactment of this legislation for Virginia fire-cured and sun-cured kinds of tobacco. While they do not desire that the Kentucky-Tennessee kinds of dark

tobacco be included in this amendment at the present time, they reserve the right at a future date to request the inclusion of their types. These aforementioned associations are members of the organization I represent and I join with them in urging the enactment of H.R. 6915.

Foreign tobacco manufacturers, who traditionally purchase and manufacture Virginia fire-cured and sun-cured kinds of tobacco, have expressed a strong desire for a continuing supply of these kinds of tobacco. During my visits with them, they have shown great concern over the diminishing production of these types, and they will be forced to find foreign substitutes if this supply situation is not improved.

I have been advised that the price support level for Virginia fire-cured type 21 for the 1971 crop will be 48.5 cents per pound versus 46.6 cents in 1970 and that the Virginia sun-cured type 37 will be 43.1 cents per pound this year versus 41.4 cents in 1970. It is hoped that this increase in the support level which has been announced by the U.S. Department of Agriculture will encourage additional production of these types of tobacco. My experience has been that the greater the price incentive in the marketplace the larger the volume of production.

I wish to express our appreciation to the chairman and the members of the Tobacco Subcommittee for this opportunity to appear before you and express our views. Thank you.

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

Any questions?

We certainly appreciate your being here.

Now, we have on the list Roy B. Davis of the Virginia Department of Agriculture, tobacco specialist.

I have known Roy more days than he or I either one would like to admit. He has been over here many times. And we appreciate so much your being here. We will be glad to hear from you at this time.

STATEMENT OF ROY B. DAVIS, JR., TOBACCO MARKETING AGENT, VIRGINIA DEPARTMENT OF AGRICULTURE AND COMMERCE

Mr. DAVIS. Thank you very much, Mr. Chairman, and gentleman of the committee.

I am Roy B. Davis, Jr., tobacco marketing agent, Virginia Department of Agriculture and Commerce. I would like to offer a statement on behalf of Commissioner Maurice B. Rowe, in support of H.R. 6915, a bill which would permit the lease or sale of Virginia dark-fired tobacco, type 21, and Virginia sun-cured tobacco, type 37, allotments across county lines within the Commonwealth of Virginia.

Support for this measure is based on the fact that production of these kinds of tobacco is no longer adequate to meet the needs of the available markets. Carryover stocks of Virginia dark-fired tobacco on October 1, 1971, are expected to be only 50 percent of the level on hand 5 years ago. In the case of Virginia sun-cured tobacco, carryover stocks will have declined about one-third in the past 5 years.

Mr. Chairman, if I might comment very briefly to Congressman Mizell's question: Both of these kinds of tobacco lived in a period of declining acreages because of a surplus position for many, many years.

This reduced the acreage allotment on the farms, many of the farms, to levels that the producers, shall I say, got out of the habit of growing tobacco, and this took place at a time when the price level for this tobacco was extremely low, as was the price per pound compared with that for other kinds of tobacco. Now, as the result of this, many of the growers have converted their resources for tobacco production to some other enterprise or have found employment off the farm.

Now that prices have improved and the need for tobacco is greater because of the completion of this downward adjustment in supply, we find that there is very little, if any, interest within the traditional production area for them to return to this type of agriculture. On the other hand, there is hope that since other kinds of tobacco, principally Flue-cured, are grown adjacent to this area, that there may be some interest on the part of some Flue-cured tobacco growers, as a supplement to their Flue-cured operation, to grow this tobacco.

This would be the hope of H.R. 6915, if approved, and I think this brief look at history might give us some idea of the decline in importance of tobacco in many of the fringe areas that we knew 20 years ago, in the hope it can be a supplemental crop in some of the areas more now accustomed to production of tobacco.

Exports of these kinds of tobacco, especially Virginia dark-fired, contribute about \$4 million per year to a favorable balance of trade. While this is not a large one, I believe it is large enough to be considered and worthy of efforts to preserve it.

Favorable consideration of this bill would remove a barrier to moving the unused acreage allotment to growers who might be in a position to use it and contribute to the preservation of this industry that is locally important and nationally significant.

Mr. Chairman and gentlemen of the committee, I thank you for this opportunity.

Mr. ABBITT. Thank you very much for a fine statement, Mr. Davis. As I understand, what you are saying is that in many instances the farmers who are growing Flue-cured tobacco and who live there in that general area of Virginia who are probably the same folks that could produce an additional amount of dark-fired because of later planting and harvesting could probably produce a reasonable amount, an acre or two, with the same labor force they had been using for their other tobacco?

Mr. DAVIS. You might add to that, Mr. Chairman, that basically the same equipment can be used until the harvest, and there would be very little, if any, difference in the equipment. And hopefully, they would see this as an opportunity to supplement their Flue-cured tobacco income.

Mr. ABBITT. Any questions?

We thank you very much.

Mr. DAVIS. Thank you very kindly, sir.

Mr. ABBITT. Next on the list is James L. Tramel of VPI.

And we will be glad to hear from you, Dr. Tramel.

**STATEMENT OF JAMES L. TRAMEL, JR., OF THE STAFF OF THE
COLLEGE OF AGRICULTURE, VIRGINIA POLYTECHNIC INSTITUTE
AND STATE UNIVERSITY, BLACKSBURG, VA.**

Mr. TRAMEL. I have a statement from James F. Martin, dean, College of Agriculture, Virginia Polytechnic Institute and State University of Blacksburg, Va., to read for the record.

Mr. ABBITT. Without objection, you may.

Mr. TRAMEL. The following statement of Dr. James E. Martin is relative to H.R. 6915, to amend the tobacco marketing provisions of the Agricultural Adjustments Act of 1938, as amended. (To provide that Virginia dark-fired (type 21) and Virginia sun-cured (type 37) tobacco allotments may be transferred to another county within the same State.)

**STATEMENT OF JAMES E. MARTIN, DEAN, COLLEGE OF AGRICULTURE,
VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY,
BLACKSBURG, VA., AS PRESENTED BY JAMES L. TRAMEL, JR.,
OF THE STAFF OF THE COLLEGE OF AGRICULTURE,
VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY**

Mr. TRAMEL. A desirable action will have been accomplished, if the Agricultural Adjustment Act of 1938 is further amended to provide for intercounty transfer of Virginia dark-fired and Virginia sun-cured allotments by lease and sale.

These tobacco types, though small relative to total U.S. tobacco production, are important to growers of allotments, production input suppliers, warehouse centers, processors, packers, manufacturers, and exporters functioning within the area where these tobaccos are grown.

In 1970, grower income from the dark-fired was approximately \$3.25 million, and \$592,000 from sun-cured. This income was produced from 6.2 million pounds of dark-fired and 1.1 million pounds of sun-cured.

Approximately 11,670 acres of dark-fired and 2,357 acres of sun-cured were allotted to Virginia growers in 1970. Of these allotted acres only 43 percent of the dark-fired acreage and 41 percent of the sun-cured acreage was grown. For a number of years, production has not kept up with demand for these tobacco types.

Allotment sale and lease within counties has been available for several years. By this provision, some institutional flexibility was permitted in dark-fired and sun-cured production. Downward trends in production have continued, however, despite major efforts by certain of the staff of the College of Agriculture, members of the Virginia Department of Agriculture and Commerce, and industry leaders to increase production of these tobacco types.

Tobacco growers in nontraditional dark-fired and sun-cured tobacco producing areas of Virginia currently exhibit an interest in producing these tobaccos. H.R. 6915 would allow these growers to increase their income, while expanding the total production available to the industry, both conditions would benefit the State of Virginia and its citizens.

Therefore, enacting H.R. 6915 is a desirable action for the Congress to take and one that will create benefits for Virginia's tobacco growers.

That concludes Dr. Martin's statement. Thank you.

Mr. ABBITT. Thank you very much.

Any questions?

We appreciate all of you people being here.

If there are no other witnesses or questions, we will ask the subcommittee to go into executive session.

(Whereupon, at 2:45 p.m., the subcommittee retired into executive session, and the reporter was excused.)

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