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HEARING

BEFORE THE

SUBCOMMITTEE ON TOBACCO

OF THE

COMMITTEE ON AGRICULTURE

HOUSE OF REPRESENTATIVES

NINETY-SECOND CONGRESS

SECOND SESSION

ON

H.R. 8055, H.R. 10037, H.R. 11643, H.R. 12705,
and H.R. 12713

FEBRUARY 8, 1972

Serial 92-V

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LEASE, SALE, AND TRANSFER OF TOBACCO ACREAGE- POUNDAGE QUOTAS

TUESDAY, FEBRUARY 8, 1972

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

The committee met, pursuant to recess, at 10:05 a.m., in room 1301, Longworth House Office Building, Hon. Watkins M. Abbitt (chairman) presiding.

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

Also present: Christine S. Gallagher, chief clerk; Lacey C. Sharp, general counsel; Hyde H. Murray, associate counsel; and Fowler C. West, staff consultant.

Mr. ABBITT. The committee will come to order.

We have set aside today for hearings on several bills dealing mainly with the leasing of tobacco. The hearings will concern the bright leaf tobacco, and possibly there may be someone who will want to testify as to burley. But mainly the hearings are based on flue-cured tobacco.

(The bills, H.R. 8055, introduced by Messrs. Mizell, Jones of North Carolina, Abbitt, McMillan, Miller of Ohio, Stubblefield, and Wampler; H.R. 10037, introduced by Mr. Hamilton; H.R. 11643, introduced by Mr. Mathis; H.R. 12705, introduced by Mr. Jones of North Carolina; H.R. 12713, introduced by Mr. Mathis; and the departmental report, follow:)

[H.R. 8055, 92d Cong., first session]

A BILL To amend the provisions of the Agricultural Adjustment Act of 1938, as amended, relating to the lease and transfer of tobacco acreage allotments

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (c) of section 316 of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out the second sentence thereof.

[H.R. 10037, 92d Cong., first session]

A BILL To amend the Agricultural Adjustment Act of 1938 to authorize the lease or sale of tobacco allotments within a State under certain conditions, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 318(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1314b(a)) is amended by striking out "Fire-cured, dark air-cured, or Virginia sun-cured".

SEC. 2. Section 318(b) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1314b(b)) is amended by striking out "in another county" and inserting in lieu thereof "in another State".

[H.R. 11643, 92d Cong., first session]

A BILL To amend the Agricultural Adjustment Act of 1938 to authorize the sale, lease, and transfer of flue-cured tobacco acreage-poundage marketing quotas between farms in the same State

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

"(k) Notwithstanding any other provision of law, the Secretary, if he determines that it will not impair the effective operation of the marketing quota or price-support program for flue-cured tobacco, may conduct a referendum of farmers engaged in the production of the 1971 crop of flue-cured tobacco to determine whether such farmers favor the sale, lease, and transfer of farm acreage-poundage marketing quotas (or farm acreage allotments, if the program is operated on an acreage basis) for the 1972 and subsequent crops between farms in the same State. If more than one-third of the farmers voting in the referendum in any State disapprove such sale, lease, and transfer, another referendum shall be held in such State of farmers engaged in the production of the 1972 crop of flue-cured tobacco to determine whether they favor the sale, lease, and transfer of farm acreage-poundage quotas (or acreage allotments) for the 1973 and subsequent crops between farms in the State. If more than one-third of the farmers voting in such referendum in any State disapprove such sale, lease, and transfer, another referendum shall be held in such State of farmers engaged in the production of the 1973 crop of flue-cured tobacco to determine whether they favor the sale, lease, and transfer of farm acreage-poundage quotas (or acreage allotments) for the 1974 and subsequent crops of flue-cured tobacco between farms in the State. If two-thirds or more of the farmers voting in any such referendum in any State favor such sale, lease, and transfer, farm flue-cured tobacco acreage-poundage quotas (or acreage allotments, if the program is operated on an acreage basis), shall, beginning with the next crop of flue-cured tobacco, be permitted to be sold, leased, and transferred in accordance with the provisions of section 318 of this Act, subject to the limitations prescribed herein. If more than one-third of the farmers voting in any such referendum in any State disapprove the sale, lease, and transfer of farm flue-cured tobacco acreage-poundage quotas (or acreage allotments) between farms in the State, farm flue-cured tobacco acreage-poundage quotas (or acreage allotments, if the program is operated on an acreage basis) may be leased and transferred as provided in section 316 of this Act until the sale, lease, and transfer of quotas or allotments between farms in the State are approved in a subsequent referendum.

If this section 318 becomes applicable to flue-cured tobacco, the following conditions shall apply: (i) no flue-cured tobacco acreage-poundage quota (or acreage allotment) shall be transferred to any farm for which a flue-cured tobacco acreage-poundage marketing quota (or acreage allotment) is not established; (ii) the word "county" in subsection (b) of this section shall be construed to mean "State"; (iii) subsection (g) of this section shall not be applicable; and (iv) the total acreage allotted to any farm after any transfer shall not exceed 50 per centum of the acreage of cropland in the farm."

SEC. 2. Subsection (b) of section 318 is amended by striking out the word "sale" the first time it appears and inserting in lieu thereof the word "transfer".

SEC. 3. Section 703 of Public Law 89-321 (79 Stat. 1210) is amended by striking out the language "subsection 316(c) and subsection 317(f)" and inserting in lieu thereof the language "sections 316(c), 317(f), and 318(e)"; and by inserting the language "sale," immediately preceding the word "lease" the second time it appears.

[H.R. 12705, 92d Cong., second session]

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 316 of the Agricultural Adjustment Act of 1938, as amended, is amended by (i) changing the word "county" to the word "State" wherever it appears in subsection (a), and (ii) adding the following new sentence at the end of subsection (a): "The owner of a farm may lease and transfer all or any part of an acreage allotment or quota established for such farm to any other farm in the same State owned or controlled by him."

SEC. 2. The first sentence of subsection (c) of section 316 is amended to read as follows: "The lease and transfer of any allotment or quota shall not be effective until a record thereof is filed with the county committee of the county to which such transfer is made and such committee determines that the transfer complies with the provisions of this section."

SEC. 3. The second sentence of subsection (c) of section 316 is hereby repealed.

[H.R. 12713, 92d Cong., second session]

A BILL To amend the Agricultural Adjustment Act of 1938 to authorize the lease and transfer of Flue-cured tobacco acreage-poundage marketing quotas between farms in the same State

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

"(g) The Secretary shall conduct a referendum of farmers engaged in the production of the 1971 crop of Flue-cured tobacco to determine whether such farmers favor the lease and transfer of farm acreage-poundage marketing quotas (or farm acreage allotments, if the program is operated on an acreage basis) for the 1972 and subsequent crops between farms in the same State. If more than one-third of the farmers voting in the referendum in any State disapprove such lease and transfer, another referendum shall be held in such State of farmers engaged in the production of the 1972 group of Flue-cured tobacco to determine whether they favor the lease and transfer of farm acreage-poundage quotas (or acreage allotments) for the 1973 and subsequent crops between farms in the State. If more than one-third of the farmers voting in such referendum in any State disapprove such lease and transfer, another referendum shall be held in such State of farmers engaged in the production of the 1973 crop of Flue-cured tobacco to determine whether they favor the lease and transfer of farm acreage-poundage quotas (or acreage allotments) for the 1974 and subsequent crops of Flue-cured tobacco between farms in the State. If two-thirds or more of the farmers voting in any such referendum in any State favor such lease and transfer, farm Flue-cured tobacco acreage-poundage quotas (or acreage allotments, if the program is operated on an acreage basis), shall, beginning with the next crop of Flue-cured tobacco, be permitted to be leased and transferred in accordance with the provisions of section 316 of this Act, subject to the limitations prescribed herein. If more than one-third of the farmers voting in any such referendum in any State disapprove the lease and transfer of farm Flue-cured tobacco acreage-poundage quotas (or acreage allotments) between farms in the State, farm Flue-cured tobacco acreage-poundage quotas (or acreage allotments, if the program is operated on an acreage basis) may be leased and transferred as provided in section 316 of this Act without regard to this subsection (g) until the lease and transfer of quotas or allotments between farms in the State are approved in a subsequent referendum.

"If this subsection (g) becomes applicable to Flue-cured tobacco, the following conditions shall apply: (i) the word 'county' in subsection (a) of this section shall be construed to mean 'State'; and (ii) the words 'county committee' and the word 'county' whenever they appear in the first two sentences of subsection (c) of this section shall be construed to mean 'county committee(s)' and 'county or counties,' respectively."

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., February 8, 1972.

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

DEAR MR. CHAIRMAN: This is in reply to your requests for reports on (1) H.R. 10037, a bill "To amend the Agricultural Adjustment Act of 1938 to authorize the lease or sale of tobacco allotments within a State under certain conditions, and for other purposes"; (2) H.R. 11643, a bill "To amend the Agricultural Adjustment Act of 1938 to authorize the sale, lease, and transfer of flue-cured tobacco acreage-poundage marketing quotas between farms in the same State"; (3) H.R. 12705, a bill "To amend the tobacco marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended"; and, (4)

H.R. 12713, a bill "To amend the Agricultural Adjustment Act of 1938 to authorize the lease and transfer of flue-cured tobacco acreage-poundage marketing quotas between farms in the same State".

This Department recommends that H.R. 10037 be passed. The remaining bills—H.R. 11643, H.R. 12705 and H.R. 12713—are all similar but narrower in scope than H.R. 10037 and, accordingly, we believe they are unnecessary.

H.R. 10037 authorizes the sale, lease and transfer of farm acreage allotments and marketing quotas for all kinds of tobacco between farms across county lines within the same State, as now provided for Virginia fire-cured and sun-cured tobaccos. Present legislation provides for the lease and transfer of allotments and quotas for most other kinds of tobacco to other farms in the same county. Kentucky-Tennessee fire-cured and dark air-cured allotments can be sold or leased and transferred to other farms in the same county. Section 318 of the Act, which this bill amends, permits transfers throughout the marketing season and between farms under the same ownership.

H.R. 11643 authorizes the sale, lease and transfer of flue-cured tobacco acreage-poundage marketing quotas between farms in the same State, if approved by two-thirds of the growers voting in a referendum. Present legislation authorizes the lease and transfer of flue-cured tobacco acreage-poundage marketing quotas between farms in the same county. Section 3 of the bill amends Section 703 of Public Law 89-321 to provide that the sale and transfer of acreage-poundage marketing quotas shall be on a pound for pound basis, as now provided for the lease and transfer of quotas. Additional language in P.L. 89-321 provides for adjusting acreage allotments for the lessee and lessor farms, but does not contain similar provisions for adjusting acreage allotments for transfers by sale. Additional language is needed to clarify these provisions if this bill is approved.

H.R. 12705 provides for the lease and transfer of flue-cured and cigar-filler and binder (except types 54 and 55) tobacco allotments and marketing quotas across county lines in the same State. This bill provides also for transfers between farms under the same ownership, and eliminates the requirement that the lease be filed with the county committee prior to planting time. Section 316 of the Act, which this bill amends, does not authorize transfers between farms under the same ownership, and requires that leases be filed with the county committee prior to normal planting time in the county in order to be effective.

H.R. 12713 provides for the lease and transfer of flue-cured tobacco acreage-poundage marketing quotas between farms in the same State, if approved by two-thirds of the growers voting in a referendum.

The sale, lease and transfer of acreage allotments and marketing quotas for all kinds of tobacco across county lines in the same State would provide more flexibility in the tobacco marketing quota programs and would enable those farmers who have the land, labor and equipment for producing larger acreages 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 sale or lease of allotments and quotas.

The quality of the environment will not be affected by the enactment of either of these bills.

The enactment of either of these bills 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,

J. PHIL CAMPBELL,
Under Secretary.

MR. ABBITT. It is with some sadness that I open this hearing. It is the first time that I can recall—maybe Mrs. Gallagher can recall some other time, but it is the first time I can recall having a hearing on tobacco legislation that our dear friend Claude Turner was not here. Claude, of course, has not departed this life, but he has shaken the dust of the city off his feet and gone back to Virginia. But we miss him. He was a great friend of tobacco and the entire industry.

We also have with us an old friend, Joe Todd.

Joe, we are glad to have you and have your associates. We are delighted to hear from you at this time and hear anybody you want to have with you.

STATEMENT OF JOSEPH J. TODD, ACTING DIRECTOR, TOBACCO DIVISION, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY WEAR SCHOONOVER, GENERAL COUNSEL'S STAFF; DR. ROBERT MILLER, ECONOMIC RESEARCH SERVICE; AND TOM VON GARLEM, TOBACCO DIVISION, ASCS

Mr. TODD. Thank you, Mr. Chairman.

My name is Joe Todd. I am Acting Director of the Tobacco Division of the Agricultural Stabilization and Conservation Service, Department of Agriculture. I have with me today my friend, Wear Schoonover from the General Counsel's Staff and Bob Miller from the Economic Research Service, and Tom VonGarlem from the Tobacco Division.

Mr. ABBITT. We are delighted to have these gentlemen. They may sit with you or stay right where they are.

Mr. TODD. We are pleased to present the Department's views on the five bills—H.R. 8055, H.R. 10037, H.R. 11643, H.R. 12705, and H.R. 12713—all relating to the sale—lease—and transfer of tobacco farm acreage allotments and marketing quotas.

Since we now have different provisions for different kinds of tobacco, I believe a brief review of present provisions may be helpful in your deliberations. Following this, I will explain the five bills the committee is considering today.

Legislation providing for the lease and transfer of farm acreage allotments for most kinds of tobacco, to other farms in the same county, on an annual basis, was enacted in 1962. This legislation has been amended on a number of occasions. Under this legislation, a lease and transfer cannot be effective unless a copy of the lease is filed with the county committee prior to the normal planting time in the county.

Public Law 91-284, approved June 19, 1970, made the lease and transfer authority permanent, and provided that leases could be made for such number of years—not to exceed 5—as the parties thereto agree.

Public Law 90-51, approved July 7, 1967, authorized sale, or lease up to 5 years, and transfer to other farms in the same county for fire-cured, dark air-cured and Virginia sun-cured tobacco farm acreage allotments and marketing quotas. This legislation does not contain any closing date for filing leases—thus permitting sale, lease and transfer throughout the marketing season for these kinds of tobacco. Public Law 92-144, approved October 23, 1971, authorizes the sale, lease and transfer of Virginia fire-cured and sun-cured tobacco allotments and quotas across county lines in the same State.

Public Law 92-10, approved April 14, 1971—which provides for farm poundage quotas for burley tobacco—authorizes the lease—not sale, just lease—for periods of not more than 5 years—of burley quotas—and transfer to other farms in the same county—throughout the marketing season.

I shall cover the bills numerically. H.R. 8055 would permit lease and transfer of flue-cured tobacco acreage-poundage marketing quotas, and

cigar-filler and binder (except Wisconsin types 54 and 55) tobacco allotments within the county—throughout the marketing season—by striking out the present requirement that leases be filed with the county committee prior to the normal planting time in the county.

H.R. 10037 authorizes the sale or lease and transfer of farm acreage allotments and marketing quotas for all kinds of tobacco between farms, across county lines within the same State, as now provided for Virginia fire-cured and sun-cured tobaccos.

Mr. ABBITT. Did you say sale and lease?

Mr. TODD. 10037, yes, sale and/or lease. Under this bill, transfers could be made between farms under the same ownership—and throughout the entire marketing season.

H.R. 11643 authorizes the sale, lease and transfer of flue-cured tobacco acreage-poundage marketing quotas between farms in the same State, if approved by two-thirds of the growers voting in a referendum. Present legislation authorizes the lease and transfer of flue-cured tobacco acreage-poundage marketing quotas between farms in the same county. Section 3 of the bill amends section 703 of Public Law 89-321 to provide that the sale and transfer of acreage-poundage marketing quotas shall be on a pound-for-pound basis, as now provided for the lease and transfer of quotas. Additional language in Public Law 89-321 provides for adjusting acreage allotments for the lessee and lessor farms, but does not contain similar provisions for adjusting acreage allotments for transfers by sale. Additional language is needed to clarify these provisions if H.R. 11643 is approved. We will be pleased to work with the committee in drafting such language.

H.R. 12705 provides for the lease and transfer of flue-cured and cigar-filler and binder (except Wisconsin types 54 and 55) tobacco acreage allotments and marketing quotas across county lines in the same State. This bill provides also for transfers between farms under the same ownership. This is needed if transfers across county lines are authorized. It has not been much of a problem where two or more farms in the same county are owned by the same person—as the same results can be obtained by combining the farms. However, if transfers across county lines are authorized, this provision is needed to provide the same benefits to farms under the same ownership as provided for farms under different ownerships.

Sections 2 and 3 of H.R. 12705 eliminate the present provisions of the act that provide that a lease—not sale, just lease—and transfer of an allotment shall not be effective unless a copy of the lease is filed with the county committee prior to normal planting time in the county.

H.R. 12713 provides for the lease and transfer of flue-cured tobacco acreage-poundage marketing quotas between farms in the same State, if approved by two-thirds of the growers voting in a referendum. In our statement before the committee last July—when you were considering H.R. 6915—which provided for the sale, lease and transfer of Virginia fire-cured and sun-cured tobacco allotments and quotas across county lines in the same State—we recommended—as we had on earlier occasions—that legislation be enacted to authorize the sale and lease of allotments and marketing quotas for all kinds of tobacco, and that transfers across county lines in the same State be authorized.

However, such authority has been provided only for Virginia fire-cured and sun-cured tobaccos.

The sale, lease and transfer of allotments and quotas, for all kinds of tobacco across county lines would provide more flexibility in the tobacco marketing quota programs and would enable those farmers who have the land, labor and equipment for producing larger acreages 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 sale or lease of allotments and quotas.

The Department favors the enactment of H.R. 10037. This would provide for the sale or lease of acreage-allotments and marketing quotas for all kinds of tobacco across county lines in the same State. It also would authorize transfers between farms under the same ownership—and throughout the marketing season. This latter feature would largely overcome two problems we now have. Flue-cured tobacco must be protected against infestation by beetles when carried over from one marketing year to the next. Although effective methods of control are available for tobacco in commercial storage houses, many farmers do not have facilities for such control. Thus, when flue-cured tobacco is carried over on a farm from one year to the next, it may become infested. Also, in a few instances, farmers have marketed their excess production by the use of marketing cards issued for farms other than those on which the tobacco was produced. This has resulted in reductions in allotments and quotas, assessment of penalties, and possible criminal liability.

The quality of the environment will not be affected by the enactment of either of these bills, and neither will they require any additional expenditure of administrative or CCC funds, because it is about the same whether the tobacco is grown on the farm to which the quota is assigned or leased and transferred to another farm.

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.

That completes my statement, Mr. Chairman. We will be pleased to try to answer any questions you might have.

Mr. ABBITT. That is fine. You cleared up some question on the bills. I did not follow through on the number of the bills. You said the number of the bill that the Department recommended—

Mr. TODD. 10037.

Mr. ABBITT. What that bill in effect does is to provide for lease and/or sale of all kinds of tobacco across county lines and permits a lease to operate any time during the year.

Mr. TODD. That is right.

Mr. ABBITT. Under that bill, would you still have, would the lessor and the lessee still have to appear before the ASCS Committee to execute the lease?

Mr. TODD. We would prefer they did, you could not on a cross county transfer, I do not think. We would have to work out some administrative provision to enable possibly one of them to come before

the county committee, because one of them might be in one county and another quite far removed.

Mr. ABBITT. Under present regulations, I think you have worked it out so that they do have to go to the ASCS office?

Mr. TODD. Unless it results in severe hardship, yes, sir.

Mr. ABBITT. I did not mean to get off the track.

Now, which one of these bills simply provides for leasing across county lines?

Mr. TODD. The first bill, 8055, only provides for lease of flue-cured allotments and quotas, and cigar filler or binder in Ohio, Connecticut or Massachusetts. It does not provide for transfer or lease in Wisconsin, because we do not have that now. It does not provide for sale or leases—

Mr. ABBITT. Across county lines?

Mr. TODD. 8055 is just within the county.

I think all that it really does is knock out the closing date.

Mr. ABBITT. Do we have a bill before us that simply provides for leasing across county lines for flue-cured tobacco?

Mr. TODD. Well, 11643 provides for sale—yes, there are two bills, H.R. 12705 provides for lease and transfer of flue-cured and cigar tobacco across county lines in the same State, and it also provides for farms under the same ownership. There is a provision in present legislation concerning transfers that can be made to farms under different ownership. Now, at the present, if there are two farms under the same ownership in the same county we can probably combine the two farms and then the farmer can grow tobacco any way he wants to. But if we had transfers across county lines, we would need to have—we have that now under the dark type, but I think in this section, we would need to add that you can transfer between farms under the same ownership.

Mr. ABBITT. That is talking about 12705?

Mr. TODD. Yes.

Mr. ABBITT. How about 12713, does that provide the same?

Mr. TODD. That provides for lease and transfer of flue-cured in the same State—that is across county lines, yes, sir. But that is subject to a referendum. The main difference there, in 12713, you can transfer across county lines only if it is approved by two-thirds of the growers voting in a referendum. The other one, 12705, is not subject to a referendum, the authority is given.

Mr. ABBITT. That is the only difference between the two bills, substantially?

Mr. TODD. Well, 12705 does not authorize transfers under the same ownership—yes; 12705 does, 12713 does not.

Mr. ABBITT. Is the Department in favor of leasing across county lines of flue-cured tobacco?

Mr. TODD. Yes; we endorse the bill that would provide for that. We would also recommend sale across county lines.

Mr. ABBITT. I understand that. You have already done that.

Mr. Jones?

Mr. JONES of North Carolina. I do not have any questions for Mr. Todd, except to commend him for his forthright statement and state that in part I agree, but in part I disagree.

At the proper time, Mr. Chairman, I have an amendment to 12705 that I would like to introduce, which I think might strongly affect our consideration of the bill. If you want it at this time——

Mr. ABBITT. What you may do is read it so if he wants to comment on it or give any views of this kind, he may.

I think it would be fine for you to read it and ask his opinion.

Mr. JONES. 12705, in addition to permitting leasing across county lines, further provides that a lease may be executed any time during the selling season, similar to Mr. Mizell's bill. But in an effort to make it fair and equitable to protect those who are actually interested in producing the tobacco, I have an amendment which would read as follows:

Any lease of flue-cured tobacco acreage-poundage marketing quotas filed on or after June 1 in any year shall not be effective unless the acreage planted on both the lessor and the lessee farms during the current marketing year was as much as 75 percent of the farm acreage allotment in effect for such year.

Mr. Todd, I believe you are familiar with this.

Mr. TODD. Yes.

Mr. JONES. Mr. Chairman, what I believe this amendment will do if adopted, it will eliminate the possibility of speculation, for one thing, and perhaps eliminate a third party who has a marketing card and has planted no tobacco whatsoever. He waits until the marketing season opens and the price is higher, then he increases his price for his poundage rights.

This whole bill that I think all of us have introduced is a sincere effort to help the tobacco farmer, the man who is actually trying to farm. So, we are trying to eliminate this individual who does nothing about the tobacco program except to keep his card in his pocket and then attempts to sell it at a premium after the price has been established.

So that would restrict these late leases after a certain date to only those who had sincerely made an effort to produce a crop.

Mr. ABBITT. And it seems to me—of course, Mr. Todd might add to that—that no one during that time he points out could lease if he overplanted his acreage. In other words, a man who would overplant and speculate whether he was going to have a good year or not a good year. If he had a good year, he would buy up some lease, if he did not, he would not have to buy a lease.

Mr. TODD. He could.

If I understand Mr. Jones, he did not want somebody going around leasing up, say, 10,000 pounds of tobacco, carrying it in his pocket and then shopping around until the market opens and he finds someone in distress to lease it to them. I think some of the farmers here would be more competent to comment on that than I am. I would imagine that most leases, even if you authorize a lease throughout the marketing season, I think most leases would be made prior to planting time. So there would not be any problem there.

Mr. ABBITT. The only thing I worry about on opening it up during the marketing season is a man could raise all he wants to raise regardless of his allotment. If he had a good year, he would buy up some leases when he got ready to go to market. If he did not have a good year, he would not have to buy them, yet he would have planted what he wanted in his allotment.

Mr. TODD. I still think some of the farmers here could comment on that better than I can. I could not imagine with labor and the other expenses of raising tobacco, I do not think anybody is going to raise excess tobacco without someplace to put it. It could be.

The other problem I have is I do not know what date you would want to put in there because of the difference in planting season between Mr. Mathis' district and yours, Mr. Chairman. I think Mr. Jones is looking for a date about that time, and again, I would yield to the farmers here on that point.

Mr. ABBITT. Mr. Wampler?

Mr. WAMPLER. Mr. Todd, as you know, this subcommittee has traditionally opposed the outright sale of tobacco allotments. There is some division as to whether or not we should favor legislation that would permit leasing of allotments across county lines within the State.

As a matter of information, what would be your reaction to an amendment that would restrict the leasing across county lines to adjacent or contiguous counties.

Mr. TODD. Offhand, Mr. Wampler, I do not think we would raise any objection to that. I think that is a step in the direction toward more flexibility.

Let me say further, sir, you grow burley in your district. Mr. Jones' bill, 12705, amends section 316 of the act. Burley is not leased under that section. It is under section 318, which applies to dark tobacco, too. So this bill, as now drawn, would not apply to burley.

Mr. WAMPLER. I understand that, but I was referring to the legislation before us for other types of tobacco.

Mr. TODD. I can only give you a personal opinion, but I think the Department would go along with that. It is affording more flexibility than we have now, when we are limited to within county transfers. But there again, I think you want to provide for transfers between farms under the same ownership, to afford them the same rights that others under separate ownership have.

Mr. WAMPLER. I agree with you.

Thank you very much.

Mr. ABBITT. Mr. Mathis?

Mr. MATHIS. Mr. Chairman.

Mr. Todd, to clarify questions, if you could not attain passage, if the committee sees fit not to pass H.R. 8055, then the Department would be willing to accept some compromise bill that would provide for lease as a first step toward obtaining greater flexibility in the program. Is that your position?

Mr. TODD. I think so, Mr. Mathis, judging on the basis of past experience. We have been recommending this on a number of occasions, sale and more flexibility, more free movement. I would think the Department would go along with it as long as it is in that direction; yes, sir.

Mr. MATHIS. Let me be sure I understand what the Department's position is on the closing dates now. You are in favor of it, the Department is in favor of removing the closing date altogether?

Mr. TODD. Yes. Our experience with closing dates—it happened before you were on the committee, I think, but we used to have, the

closing date was fixed firmly in the law. There were no escape clauses—broken leg clauses, we call them—where a man was hospitalized or something and did not get to the county office, so we had to put an escape clause in there. We always have to on firm closing dates.

The one Mr. Jones is proposing, I do not think you would have to do that. But, yes, we would prefer leasing and transfer throughout the marketing season, like we have now in burley tobacco.

Mr. MATHIS. Mr. Chairman, one other question.

The bill H.R. 8055, I believe, does not provide for a referendum. I wonder what the Department's position would be on the referendum issue?

Mr. MIZELL. Mr. Chairman, would the gentleman yield?

Mr. MATHIS. I would be happy to.

Mr. MIZELL. Merely for a correction, Bob.

H.R. 8055 does not permit the sale or transfer. What 8055 really does is permit the Secretary of Agriculture at his discretion to permit the lease and transfer of tobacco allotments throughout the marketing season within the county where those allotments are allocated and only to those people who have allotments at this time as under the present law.

Mr. MATHIS. I guess from that I have been on the wrong bill.

Mr. TODD. I have the same problem, with five bills.

Mr. Mizell is right. All 8055 does is take out the closing date.

Mr. MATHIS. I had reference, with apologies to the gentleman, to the bill 10037, which I believe does what the Department has done.

Mr. TODD. It provides for sale as well as lease and transfer across county lines throughout the marketing season.

Mr. MATHIS. But does not provide for a referendum?

Mr. TODD. Right.

Mr. MATHIS. Would the Department be willing to accept a bill that did provide for a referendum?

Mr. TODD. I am sorry, I do not think I can answer that question. We would prefer not to have a referendum. It is either good or bad, so I think we can provide for it and we have had quite a bit of experience on cotton, as you will recall. We had a referendum in there, we have taken out the referendums and put something else in instead that is still causing some trouble.

This is not compulsory. A farmer does not have to lease and transfer across county lines. So since he has the choice there, we do not think a referendum is necessary.

Mr. MATHIS. Thank you, Mr. Todd.

Thank you, Mr. Chairman.

Mr. ABBITT. Mr. Mizell—I am sorry, I did not mean to skip over Mr. Miller.

Mr. MILLER. No questions, Mr. Chairman.

Mr. MIZELL. Thank you.

Mr. Todd, in stating the position of the Department favoring lease and transfer and sale of allotments within the State, if I recall correctly, in previous testimony we have had before our committee, the Department also, on different allotments as peanuts and cotton and so forth, would even take the position of permitting them to travel across State lines, would they not?

Mr. TODD. I can only give you a personal opinion on tobacco, I am not familiar with the other commodities. Personally, I would. But I do not think we are ever going to reach that point, knowing the rivalry between Kentucky and Tennessee, for instance, and North Carolina and South Carolina. It would have a wider effect on the economy. I do not think we are going to want to go across State lines yet.

Mr. MIZELL. Is it not the objective of the Department to permit the moving of the allotments so that there might be tobacco produced in areas where there is the greatest demand for it?

Mr. TODD. I think our primary purpose is to get larger operating units. If we are going to stay in the tobacco business, especially in the export market, we are going to have to mechanize so that we can produce tobacco cheaper. From the machinery I have seen developed so far, you cannot do it, on a 3-acre allotment. You cannot afford to buy it with a 3-acre allotment. So, I think we have to have larger units to ever mechanize production and marketing.

Mr. MIZELL. Do you not think that the action that was taken by the committee previously to permit the lease for a period of 5 years was certainly a step in this direction?

Mr. TODD. Indeed so, yes.

Mr. MIZELL. And also, under the present program, how many years can a man go without his allotment being produced and still retain his allotment, Mr. Todd?

Mr. TODD. For flue-cured, allotments are not reduced for failure to produce until the history completely runs out after 5 years. When an allotment or quota is leased, the lessor farm is considered to have planted the leased acreage for history purposes. If no tobacco is produced on the farm—and there is no lease and transfer—the farm's allotment and quota are canceled after 5 years.

Mr. MIZELL. When a farm's allotment is canceled, what happens to the acreage?

Mr. TODD. Well, the acreage which is picked up there just goes out of the picture. It goes off the board. There is just that much less allocated in the county. The State would lose it.

Mr. MIZELL. Well, under the present law, is it not reasonable to assume that in a county like, say, Forsyth County in North Carolina, Winston-Salem, of course, being the primary city, and you have a developing area there, that there is a shift in the number of acres that are being produced in Forsyth County?

Mr. TODD. Yes, that shift has been going on for some time, but it has been limited to Forsyth County. The shift has been from the Winston-Salem area and the other industrial areas out into the more rural section. I think that is what the shift has been so far.

Mr. MIZELL. That is in the county?

Mr. TODD. Yes.

Mr. MIZELL. All right. Under 8055, you stated earlier it only removes the cutoff date for leasing.

Mr. TODD. Right.

Mr. MIZELL. Then it is completely up to the discretion of the Secretary of Agriculture to permit lease and transfer throughout the marketing season only if he sees fit to do so. Is that not correct?

Mr. TODD. Yes, there are some limits on lease and transfer, that the Secretary has to determine that it will not adversely affect the pro-

gram and that is almost automatic, because control is in the national quota that you put out, and it is expected to be grown under the acreage-poundage program. Under the poundage program in burley, if the farmer does not grow it, it can be used next year. So it is contemplated to be used.

Mr. MIZELL. What percentage of your national quota in the flue-cured areas that these bills relate to, are marketed each year?

Mr. TODD. We have some undermarketings by individual farmers; we have some overmarketing each year. Last year, in 1971, they were just about the same. Some farmers undermarketed, some farmers overmarketed. They were within 5 million pounds of each and our total marketings were—it varies from year to year, Congressman, but on the average, they would be just about the same, yes, sir.

Mr. MIZELL. Under the provision of 8055, which just permits the lease and transfer throughout the marketing year within the county in which the allotments are located, do you think this would result in any great increase in the marketing of tobacco?

Mr. TODD. No, sir, that would wash out because if they do not raise it this year, it is added to the farm's quota for the next year. It would not add to the supply at all, it would just reduce the undermarketings, short fall that is carried over to the next year.

Mr. MIZELL. It would really encourage the marketing of tobacco that is grown this year rather than being carried over, would it not?

Mr. TODD. Yes, they would not have to carry it over on the farm. If he had a little bit too much, he could probably find some neighbor that is short and lease it throughout the season.

Mr. MIZELL. I notice in your statement on H.R. 10037 you said that, you testified in favor of that particular bill and the latter feature would largely overcome two problems we have now: Flue-cured tobacco must be protected against infestation by beetles when carried over from one marketing year to the next. And 8055 would certainly eliminate that problem as well, would it not?

Mr. TODD. Yes.

Mr. MIZELL. I did not see it in your testimony, but are you receiving any complaints especially from the export markets of receiving beetle-infested tobacco?

Mr. TODD. We have received a complaint through our diplomatic sources from a foreign manufacturer that did find some beetles in some of the tobacco he thinks was carried over from one farm to another. Bringing it a little closer home, we found some that we took under loan this past year that was carried over on a farm that was infested by beetles. There had been some damage.

Mr. MIZELL. But this could be eliminated with the lease and transfer throughout the marketing season. At least it is anticipated that it will?

Mr. TODD. I think it would.

Now, conceivably, if you had a real good crop throughout the whole country, which is unusual—you have some long and some short—but if everybody was long, there would not be a place for it. I do not think that would happen very often. Generally, I think it would eliminate that problem.

Mr. MIZELL. Mr. Todd, in my area of North Carolina, which produces a lot of the flue-cured tobacco, as I am sure you are aware, in the old belt, there is some real concern about the effect that the lease and

transfer or sale statewide would have on the economies in some of our counties. Especially those that depend a great deal on both the growing of the tobacco and also the marketing of the tobacco in those areas.

Do you have any figures that you could share with the committee as to what kind of an impact you would expect this to have, maybe, on a county that will lose a lot of its leases?

Mr. TODD. Congressman, I do not think I can answer that question. I think some of the other gentlemen in the room and you, who are more familiar with the different production areas in your State, could comment on it more intelligently than I can.

Mr. MIZELL. Then my next question—maybe I should save it for one of the gentlemen that might be testifying a little later. What are the different prices that farmers are receiving for their leases; in the old belt or middle belt or eastern belt of North Carolina. Could you compare? I will save that for later so we might be able to get comparisons.

But if we would permit the wholesale leasing of tobacco allotments or sale, do you think this would be in the long range best interests of the man this morning to lease his allotment, or do you think in the long run, it is going to really result in the depression of the price for his allotment?

Mr. TODD. I think it would definitely move from some areas to some extent. I do not know how much. We have a space on the leases that we use, to show what the value of the lease is. But it is not required that they tell us exactly what they are paying for the lease. Some of them say \$1 and other valuable considerations and the law specifically says that they will be leased under terms and conditions that the parties agree to. We have no control over it.

But information that we receive is that the leases in some of the counties in your area, sir, are much less, maybe 8 or 10 cents a pound, generally, in that range, whereas we hear a report that says in some other sections, it gets as high as 15 cents or 18 cents. Some of the other gentlemen in the room would be better informed on that than I am.

Mr. MIZELL. All right. Really, I should reserve that for them, Mr. Todd, since the question is directed at the State of North Carolina.

In the burley program, where the permission was granted to lease and transfer throughout the marketing year, do you have any figures as to savings by taking this route to the Department as far as administering the program?

Mr. TODD. No, sir; I do not think there would be any saving. It is very difficult to figure, because our employees in the county offices are going to be there anyway, and maybe there will be a few more papers to fill out. Where we permit it throughout the marketing season, since farmers may take it into another county to sell it, we have to provide for the lease and transfer at the marketplace so he won't have to go back to his own county. But we do that at the county office, generally, so there is no added cost, it is just absorbed along with the other work.

Now, as you know, we have had only one year's experience with leases in burley and we had a short crop, so we did not have much experience with leases in burley, because not many people needed it.

Mr. MIZELL. Mr. Todd, if there should be a great deal of opposition, and certainly I anticipate there being some opposition to the lease and transfer and sale throughout the State, or maybe I should

say across county lines, the Department certainly would have no opposition to the enactment of 8055, would they?

Mr. TODD. Again, I can only give you a personal opinion, and that is based on what has happened before. We have discussed this problem before. I do not think the Department would raise any objections.

Mr. MIZELL. Thank you, Mr. Todd. I appreciate your patience and your answers to my questions.

Thank you, Mr. Chairman.

Mr. ABBITT. Mr. Miller?

Mr. MILLER. Yes, Mr. Chairman. Thank you.

Mr. Todd, we have in southeastern Ohio many farms that have very small allotments—four-tenths of an acre, six-tenths of an acre. We do not have the tobacco production like other States represented here today where it covers many, many acres. But I wonder if you would have an opinion on what kind of effect the legislation allowing sale and transfer or lease of allotments and orders, might have on those people in our area who have the very small allotments which are used to help pay the producer's taxes. You have mentioned that it would help to have those people that have labor and equipment and who could produce larger acreage increase their operations with a little more economic unit. Are we going to harm those people who have very small allotments and have carried them over the years with a program of change like we are talking about.

Mr. TODD. Mr. Miller, the gentlemen south of you in Kentucky have raised the same question about these small allotments in the Appalachian area. Most people seem to think, and I think I would agree with them, that if you had authority to transfer across county lines, I think there would be some movement out of your small allotment county down into maybe Brown County, closer to the market where the allotments are larger. I think there would be some shifts; yes.

Mr. MILLER. Thank you.

Thank you, Mr. Chairman.

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

Would you mind staying with us to hear the other witnesses?

Mr. TODD. I would be happy to.

Mr. ABBITT. The committee is very pleased indeed to have the honor and privilege of a distinguished Senator being with us.

Senator, we are pleased to hear from you at this time. We appreciate your coming.

Mr. MIZELL. Mr. Chairman, I do not know at what point or time this request should be made, but I have, as you can see, many telegrams and I would like the position of these men and the agencies they represent to be made part of the record.

Mr. ABBITT. Without objection, we still have the record left open a few days so that any member of the committee can file a statement representing the views of any one he so desires. When we do finish, then you can ask any specific question you would like.

Mr. JONES. Mr. Chairman, before the Senator begins, could I request of the committee that members control their questions to a 5-minute limit?

Mr. ABBITT. Is there any objection to that? The gentleman has asked unanimous consent that each committee member limit his questions to 5 minutes.

Mr. JONES. We have many witnesses here and I thought it might expedite it.

Mr. MIZELL. Mr. Chairman, I see no objection to that. It is not often that we have Mr. Todd. In the past, Mr. Turner would come up and testify and they have such valuable testimony, it is difficult not to exceed the 5-minute rule. So I think that would be a good idea.

Mr. ABBITT. What the Chair has in mind, and without objection, we grant your unanimous request, is hearing all of those that are from out of the State first. But we did need Mr. Todd to explain the background.

Senator, we will be pleased to hear from you at this time.

I might say that as far as the chairman is concerned, he intended mainly to deal with the bills dealing with flue-cured tobacco only. But we will be glad to hear from you on anything you have to say.

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

Senator COOPER. Thank you very much.

I know there are a number of bills before this committee which deal with leasing of tobacco quotas and I believe Congressman Hamilton has introduced a bill which would provide both for leasing across county lines and sale of burley quotas. So I want to thank this committee for permitting me to come and testify before you and also for your kindness in asking me to sit with the committee members.

I would like to say at the outset that I am here to oppose the leasing of burley tobacco across county lines. Of course, naturally, I am also opposed to the sale of allotments.

Before getting into this subject, though, I would like to express my great thanks, and to take the opportunity to speak for the burley growers of Kentucky in appreciation of the great work your subcommittee did last year in bringing about in the House the enactment of the burley poundage bill. I know that the chairman, and Congressman Wampler, and all of you contributed so much to the enactment of that bill which was very necessary for burley growers. I know it was no easy task to secure legislation in such a short time. I think I can report to you that I have been in Kentucky a number of times recently and our burley growers are tremendously pleased with the bill and its results.

As you know, the 1971 burley crop brought the highest prices on record, averaging 9 cents above the previous year. Many farmers received 10 cents above the Government support price and sold tobacco at 83 cents, 84 cents, and 85 cents a pound. I know that also of interest to this Subcommittee on Tobacco is the fact that less than one-tenth of 1 percent was taken by the pools under Government loan. And Government-owned stocks, I understand, were reduced by more than 120 million pounds.

Of course, the weather was a factor, for the crop was smaller than estimated, and considerably smaller than the quota established, and this undoubtedly contributed to the good prices. The farmers are not unhappy about that, either, for they know that under the insurance feature of the poundage plan, they can produce and sell next year that part of their quota not produced this year.

You will recall also that under the amendment which Congressman Wampler sponsored in the House, and Senator Baker, his brother-in-law, sponsored in the Senate, the law provided that for the "minimum" growers—those who had an allotment of one-half acre or less—no more than 2½ percent of their quota could be reduced.

I would now like to address myself briefly to the subject of this hearing. I understand that you have several bills before the committee concerning the lease and transfer of flue-cured tobacco allotments and quotas, and one proposal which would affect the burley tobacco program. I will not comment on anything but burley, because I know this committee is well represented by members from North Carolina, Virginia, Ohio, and others who are chiefly interested in the flue-cured program.

In 1961, I remember, I secured the amendment which prohibited the lease or sale of burley acreage allotments. But the bill the Senate considered last year provided for leasing within the same county of 5,000 pounds of quota. The House changed that provision to 15,000 pounds of quota and the Senate accepted it and that is the present law. That would mean about 6 acres of tobacco which could be transferred or leased within the county.

At first, I think many in the Senate, and perhaps in the House, were concerned that the poundage bill might be defeated because of the large number of growers who had an allotment of one-half acre or less. You remember that under the existing law allotments of one-half acre or less could not be reduced and that was causing one of the problems of the burley program. And we were concerned that the small growers might vote to defeat the bill—which they had done before when they debated the poundage-acreage bill several years ago—and we were also concerned about the problem, to which Congressman Miller just addressed himself, of what would happen to the small growers under the proposed legislation; I know in the Senate, after talking to our representatives and growers from Kentucky, I said that I would introduce that bill. I would support it even though the congressional district in which I live has more one-half acre and less growers than any congressional district in the United States. The county in which I live, Pulaski County, in Kentucky, has more one one-half acre or less allotments than any county in the United States. So I really had to respond to them and to give them such assurance as I could that they would be protected.

As I said, Congressman Wampler and Senator Baker did a great deal in protecting the small grower and providing that only a small cut would be made in their quota.

What I am concerned about is that these one-half acre or less producers depend upon these allotments for the payment of their taxes, their debts. At the end of the year, it is certain cash coming in. Some of them are older, some of them are not able to stay on the farm, but they can take care of that situation by leasing their quota and be assured of some income from it. Our small grower, if he wants to add to his base, could lease some additional poundage. So I think that limited leasing gives enough flexibility to small growers to take care of financial hardship which they might face, without depriving them of the means to supplement annual income.

But I am concerned that with leasing or sale of quotas across county lines a small farmer could lose his living. I can see the situation occurring—particularly in the hill country I live in—when during a time of personal hardship a small grower could be tempted by what seemed to him a good offer for the acreage. While his immediate concerns might be relieved, he could be harmed by the potential concentration of allotments in the hands of farmers with larger or greater means.

Now, the program existing today for burley is flexible. It provides for leasing within county lines. Anyone who has an allotment can lease. Any farmer, as I understand the law, can lease the allotment of another grower. So that gives a great deal of flexibility.

I like all of my State, every section of it. But I know there is a great difference in what we call the blue grass section and the other sections of Kentucky which grow tobacco, and they do have better land, and, I think, generally larger incomes per individual, and can operate and can grow larger acreages of tobacco. And I want to see that this allotment is spread across my State in the poor section as well as the richer sections. And I can just see that in time, gradually, as always happens in almost any economic field, those with greater means would grow and gradually take the acreages by sale or by lease from these small people.

This is my personal viewpoint, I am just one individual, and I will not be here after this year. Yet I know that I went down to Kentucky and worked for the poundage program and I went into the eastern edge of the State where I felt that the small farmers would come. I said to them, I will do everything I can to see that you are protected, and I do want to keep that pledge, at least while I am here, which encouraged many of them to vote for the poundage quota.

I hope very much that this subcommittee, and it is a great committee—I have had the great pleasure of working with many of you throughout the years—I hope that you will not agree to the leasing of burley, across county lines, and certainly not the sale.

And I would like to make another comment. The poundage program has just been going on now for a year with this leasing provision for burley, a very liberal leasing provision that was not used very much last year. I think we should at least wait a while until we have some experience with it and see how the leasing provision works within county lines before any change is made.

That is all I would like to say. I want to thank you again for your patience and want to thank you even more for everything this committee, and its members, have done to help our farmers in my State and your States and for your great concern for the well-being of many small farmers and small growers of tobacco.

I thank you very much.

(The full statement follows:)

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

Chairman Abbitt, Congressman Wampler, and Members of the Tobacco Subcommittee: Before discussing the subject before you today, I wish to take this opportunity to report to you on our efforts of last year—to which the Chairman of the Subcommittee devoted so much time and skill, and to which Congressman Wampler contributed so much in enacting the burley tobacco poundage bill. I am sure you remember it well, for it was no easy task to secure legislation in

such a short time, to be effective for the 1972 crop of burley tobacco. I am sure also that Congressman Wampler, Congressman Carter, Congressman Stubblefield and Congressman Perkins, and those of neighboring States who have some burley, have told you how well the poundage plan has worked for burley tobacco this first year. But I want to tell you myself, because I have been in Kentucky several times in recent weeks and immediately following the adjournment of the last session.

I have never seen our tobacco growers so pleased. It is a great pleasure to work on legislation and then, after it has gone into effect, have people tell you how well it is working, and how pleased they are. I first introduced the bill and worked for it in the Senate, I know how hard the Members of this Committee worked on it, and the burley growers of my State thank you, and I thank you.

The 1971 burley crop brought the highest prices on record, averaging nine cents above the previous year. Many farmers received 10 cents above the Government support price, and sold their tobacco for 83, 84, and 85 cents a pound. Of interest to this Committee is the fact that less than one-tenth of one percent was taken by the pools under government loan. And government-owned stocks were reduced by more than 120 million pounds.

Of course, the weather was a factor, for the crop was smaller than estimated and considerably smaller than the quota established, which undoubtedly contributed to the good prices. The farmers are not unhappy about that either, for they know that under the insurance feature of the poundage plan, they can produce and sell next year the part of their quota not produced this year. You recall also that we dealt with the next reductions which might be needed, and that under the Baker-Wampler amendment the law specified a cut no longer than five percent for larger growers, but no more than 2.5% for the "minimum" growers—those who had an allotment of one-half acre or less. Both the farm organizations and the burley cooperative in Kentucky supported that reduction this year, and it was made by the Department of Agriculture without objection from farmers so far as I know. I think it fair to characterize their attitude as having voted for the poundage plan by more than 96% in Kentucky and, seeing the good results this year, they do not wish to depart from the plan recommended by this Committee and enacted.

But now I address myself to the subject of this hearing. I understand you have before you several bills concerning the lease and transfer of Flue-cured tobacco quotas and allotments, and one proposal which would affect the burley tobacco program. I will not comment on the Flue-cured proposals. With respect to burley tobacco, I have always opposed the sale of burley allotments. In fact, I secured the amendment which prohibited the lease or sale of burley acreage allotments, for I was concerned about the concentration of allotments in a few hands. I have stated in the Senate and, I believe, before this Committee that I did not want to see these allotments—often small but providing an important annual cash income—bought up, perhaps at a time of some personal hardship, thus depriving the farmer of an important cash crop in the future. I did not want to see a concentration in the hands of a few growers having the largest resources in capital, equipment and labor. I have referred at times to the definite case, *Lee v. Berry*, in which the Supreme Court of South Carolina held in 1951 that the allotment "runs with the land" and is not made to an individual. I considered that the sale of allotments would violate that historic basis and change the quotas into a kind of Federal franchise which could be bartered back and forth.

Now you have had leasing, within county lines, in Flue-cured and other types for several years. Last year when we were considering the burley poundage plan, arguments were made to provide limited leasing of the burley poundage quotas, to provide some flexibility and to permit a small burley grower to lease additional quota for a more efficient operation or—if he did not wish to produce his quota in any year—to lease it out to another and still have some income. The Senate bill provided for leasing within the same county of 5,000 pounds of quota. The House changed that provision so that the law as finally enacted permitted 15,000 pounds of quota to be leased, within county lines. That is a larger amount than I proposed—the equivalent of perhaps six acres, but it was one of the few differences in the final bill, and the Senate agreed to the House amendment. When the House bill was returned to the Senate, in a colloquy with Senator Talmadge we discussed the provision to make clear in the legislative history that the bill permitted only the lease of burley quotas,

not their sale, and that this interpretation had been confirmed by the General Counsel of the Department of Agriculture.

I must say that because the crop year was so far along when the bill was passed, and especially after the May 4 farmer referendum and by the time the regulations had been issued, that I believe very few farmers had an opportunity to take advantage of the leasing provision this year. So we are only now beginning our experience in burley tobacco with the leasing of quotas within county lines.

I understand H.R. 10037, introduced last July by Congressman Hamilton of Indiana, would permit the lease or sale of acreage allotments and poundage quotas for any type of tobacco, in the same manner that fire-cured, dark-air cured, or Virginia sun cured allotments may now be transferred under section 318 of the Agriculture Adjustment Act of 1938, as amended in 1967. Further, it would permit the transfer across county lines to any farmer within the State. While it might not have a large effect in Indiana, where burley allotments are located in the tier of counties bordering Kentucky, it could have a disastrous effect in many parts of Kentucky if, for example, burley production were to be transferred to the richest agricultural regions—those having the best soil and largest resources such as the central Bluegrass.

In my opening remarks I referred to the fact that the poundage program did very well this first year, and farmers are pleased. I know from discussions about establishing the 1972 quota, that Kentucky farmers want to give poundage a chance to work, and do not want it changed at this point. The poundage plan includes a provision for leasing—up to 15,000 pounds, within county lines. We have yet no practical experience with this provision—the first transfers of any kind that have been provided for burley tobacco.

I ask this Committee to maintain the burley poundage plan without change—certainly not to inject the sale of allotments at this point, or transfers out of the county and clear across the State. Rather, we should see how the leasing provisions we wrote into the law last year work in practice, before any change is made.

I know you have many witnesses. I have always enjoyed working with this Subcommittee, and I thank you for your continued interest in the welfare of all tobacco growers.

Mr. ABBITT. Thank you very much for coming, Senator.

Let me say, it is not the Chair's intention to deal with burley tobacco for sale or lease across county lines. The only reason we included it in the hearings was that Mr. Hamilton was very anxious to be heard on the subject. But as far as I am concerned, we will not have any consideration of a bill that will deal with burley, certainly until the burley people are widely notified. But we do appreciate your coming.

Off the record.

(Discussion off the record.)

Mr. ABBITT. Are there any questions?

Mr. WAMPLER. I would like to make one brief observation. I know of no one, in or out of the Congress, who consistently through the years has shown a more sincere or genuine concern for tobacco growers especially burley, than the distinguished senior senator from Kentucky. I want the record to show that when we were considering our burley poundage program last year, he and members of his staff were most helpful in reaching a common ground on which we could present what I thought was a workable program and one that would be accepted by the growers in referendum.

Before the hearing began, while talking to Mr. Todd, I told him I cannot recall that I have had a single complaint from a constituent of mine relating to the poundage program. People are extremely pleased with it and hopefully now—it may be a combination of weather factors and other things, such as the international market—we will see this burdensome surplus disappear and we can have the stability that we all want. I think we have a workable program.

As far as changing the law to permit the leasing of burley allotments across county lines is concerned, I think I agree with the gentleman from Kentucky, that we should wait until we get a little more experience, and this committee will always be fairminded and do what is right.

I want to thank Senator Cooper for all the contributions he has made in making our burley program what it is and I know we can count on his continued interest whether he is in the Senate or not.

Thank you so much.

Senator COOPER. Thank you very much.

Mr. ABBITT. Our next witness is listed as Mr. Fred Royster. He called me last Friday and asked to be put on this. He said he had a previous engagement that he was going to try to rearrange, but I received a telegram from him this morning addressed to me. He said:

Regret impossible to attend hearing tomorrow. Bright Belt Warehouse Association, Inc. opposes H.R. 12705 and other bills to be considered which would change the present flue-cured tobacco program.

The next witness we have listed, what I had in mind doing is calling on those who are out of the city first. I would like to recognize a member of this committee, Mr. Jones, in reference to the next witness—I do not have to introduce him—to recognize Mr. Hicks. He is a long-time friend of this committee and its members for many years.

Mr. JONES. Thank you, Mr. Chairman.

Mr. Hicks is soon to be a constituent of mine due to reapportion, so I am happy to introduce him to this committee.

I would like to point out the contributions he has made to the tobacco program through the years, the unselfish service which has meant much to a sound program.

Incidentally, his home town is the same as that of Mrs. Gallagher, our clerk.

Mr. Hicks, I am happy to recognize you, sir.

STATEMENT OF CARL T. HICKS, WALSTONBURG, N.C.

Mr. HICKS. Mr. Chairman, my name is Carl T. Hicks. I speak this morning before the committee as an individual. Fortunately and unfortunately, I am associated with several tobacco organizations, but I can only speak for myself.

Mr. Jones called me about introducing his bill and I expressed an interest in his bill and in favor of some of the principles involved. So at his request, I am here as an individual, not representing any organization.

The problem relating to the production of flue-cured tobacco is becoming rather acute, in my own personal judgment, because we are being required to pay 25 cents a pound within our county for tobacco allotments. So it seems to me that in all fairness to all tobacco producers, if some equitable way could be provided for the small farmer who does not have the ability to farm in some of our neighboring and some of the other counties, when he has had to take 5, 8, sometimes 10 cents a pound on his allotment, it is not quite fair to him, in my judgment. I do not want to see his economic value destroyed, his basic value of his farm. I think that should be maintained because it is a base for him of our counties in their taxable values.

So I do not think we want to see anything done that would upset the economic basic values of farm lands. But if we could find some equitable way for the grower who would like to lease his land instead of growing it himself to where he could get an equitable price for his allotment, it seems to me like it would be fairer to the total growing of tobacco. That certainly is my personal view.

If we are going to continue to produce tobacco in any of our sections, we are going to have to find some way to mechanize production of tobacco. And with the cost of buying the necessary equipment to do that—you were talking about an investment of several thousands of dollars. The mechanical harvesters, your sowing machines, your bulk curers, it all is going to necessitate a sizable investment if we expect to continue to produce tobacco in any way as to nearly compete with competitive producers of tobacco in the other parts of the world.

I am a tobacco grower and I depend primarily upon it for a living. I am a retired farmer; my son does the farming today. But I can see if we are going to mechanize, we have to have larger units in order to justify the expenditure of the money.

I believe that is all I have to say, sir.

Mr. ABBITT. Thank you very much.

As I understand it, you think we should make some provision—or do you think we should make some provision by way of leasing tobacco allotments across county lines?

Mr. HICKS. Yes, sir.

Mr. ABBITT. Would you think it should be kept to the adjacent county, adjoining county?

Mr. HICKS. Well, I cannot see much advantage to that, because out of our own experience, in Pitt County, Lenoir County, Greene County, Wilson County, and parts of Nash County, the price for leasing allotments, so I am told from reliable sources, is in the neighborhood of 25 cents a pound. And some of my associates in the farm organizations that have lived in Mr. Mizell's section and the other old belt areas, they tell me that 5 to 8, sometimes 10 cents a pound, and sometimes they are not able to get anything for them. So, I do not think it is fair to them.

Mr. ABBITT. Would you oppose transferring it across State lines?

Mr. HICKS. Yes, sir, I certainly would.

Mr. ABBITT. Mr. Jones?

Mr. JONES. No questions.

Mr. ABBITT. Anybody have any questions of Mr. Hicks?

Mr. MIZELL. Mr. Chairman, I did not understand Mr. Hicks' last statement. What are the prices of the leases in his area.

Mr. HICKS. It is my understanding that in the counties the four or five counties that I named—Pitt County, Greene County—I live in Greene County—Lenoir County, and Wilson County—the price for leasing is in the neighborhood of 25 cents. I paid 25 cents this year for some myself.

Mr. MIZELL. Do you have any idea, Mr. Hicks, how many people leased their tobacco in those areas this year?

Mr. HICKS. Well, I have seen some figures, but I think it is way up there in the 30-percent bracket.

Mr. MIZELL. Mr. Hicks, those 30 percent that are now leasing their tobacco in that area, do you think they would favor the lease and transfer across county lines within the State?

Mr. HICKS. Well, I cannot answer for them, but I think that they would be willing to have the growers in your neighborhood to have an equitable value, and I think we could work out a market pattern that would fit just like a stock market. The buyer and seller would come to a central point, and I think you will find an equalization of the costs, at least.

Mr. MIZELL. Well, Mr. Hicks, just one point. In my area, the lease of your tobacco would range probably somewhere between 8 and maybe 12 cents at the highest.

Mr. HICKS. I think that is probably right.

Mr. MIZELL. What do you think this would do to the lease down in your area, if your people were able to come up in my area and lease their tobacco?

Mr. HICKS. I think it would level out. I think the price would level out over a period of 2 or 3 years.

Mr. MIZELL. If I understand what you are saying, Mr. Hicks, you think that the price in your area would go down from, say, 25 cents to about the 8, 10 or 12 cents in my area?

Mr. HICKS. No, sir. I would not think that.

Mr. MIZELL. You think the producers in your area would pay the 25 cents, or do you think they would come up in my area and try to lease the tobacco that would be available up there at a much reduced price?

Mr. HICKS. No, sir; I do not think it would terribly affect our section. I think it would help your section. I think it would give your small growers a larger net income for the tobacco that they wanted to lease.

Mr. MIZELL. Well, Mr. Hicks, I think that maybe on the short term, you might be right. At the same time it would, in my opinion, greatly reduce the price of the lease in your area, but in the long run, I think it would be detrimental to the people in my area as their leases have any value of any consequence.

I just disagree in all good faith, because I know of the concern and the interest of all of our tobacco people to keep a good program.

Mr. HICKS. If I had been able to determine that, I would have been part of some organized group.

Mr. ABBITT. I would like to recognize the distinguished member from Georgia, a faithful member of this committee. We are so pleased to have him on here.

Mr. MATHIS. Mr. Chairman, thank you.

I am going to introduce to the committee the chairman of the Georgia Agricultural Commodity Commission for Tobacco, who is not one of my constituents, and unfortunately will not be one, because I would love to have him; Mr. Fred Voight, chairman of the Georgia Agricultural Commodity Commission for Tobacco, Mr. Chairman.

Mr. ABBITT. We are pleased to have you come up and give us your views.

STATEMENT OF FRED VOIGHT, CHAIRMAN, GEORGIA AGRICULTURAL COMMODITY COMMISSION FOR TOBACCO

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

I did not know for sure that I was going to be able to make this trip, so I did not do a great deal of research on what I have to bring to you.

I am from Ware County, Ga. My name is Fred W. Voight. I am chairman of our Georgia Agricultural Commodity Commission for Tobacco, which is composed of five grower members who formulate all the policies of our committee.

I am also an active flue-cured tobacco grower, beginning my 54th crop. Now, during that time, I have known many problems in the production and marketing of flue-cured tobacco, and I am going to confine my remarks to flue-cured.

Most of the problems that we folks have faced in tobacco have come through the gradual process and most of them were resolved by voluntary action on the part of growers themselves. We have solved through the years most of our cultural problems, we have resolved most of them through a very fine detailed program of research, and by using the findings of the various disciplines, we are capable today of producing tobaccos to meet all the demands of both our domestic and foreign products.

Wherever in the past our marketing setup needed change, it was always done through voluntary action of growers themselves. The last major change was in our present acreage poundage system which we are operating under today. All changes in the production goals or the marketing of flue-cured tobacco, certain sections of the Marketing Act of 1938, have been adopted through a referendum of growers, exactly as set forth in this bill of our Congressman, Dawson Mathis, the bill that is now being considered, and the one that I am speaking for. I am in favor of this bill.

This bill, 12713, by Congressman Mathis, is offered to assist, in my judgment, flue-cured tobacco growers to resolve a major problem facing them today and to give them an added privilege to compete economically in domestic and world markets. There is nothing in this bill that would impose anything compulsory upon the growers. It merely gives them another opportunity to solve a serious problem through voluntary action on their part.

The average flue-cured tobacco allotment in all of the five major production States is about 3 acres. Many allotments are as small as 1 acre and smaller. To produce many of these small allotments with the present cost of labor and supplies is prohibitive. We must operate on the basis of unit costs, and these small allotments are annually and actually losing money for the operator. Each year, they are losing money. The labor problem is becoming more acute each year, both in scarcity and expense. We have reached the point, gentlemen, where mechanization is a must in flue-cured tobacco production. We have to face up to this fact and try to prepare for it.

In order to mechanize in the production of tobacco, the minimum acreage is considered to be about 25 acres. Only then can growers justify the capital investment necessary to do an efficient, economical job in production. Under the present regulations, a grower can only build up his acreage by leasing allotments within his own county. In many border counties in Georgia, where I live, we have just a few small tobacco allotments, and many times, these allotments are isolated and far removed from neighbors who might be able to cooperate with

each other in producing and harvesting a crop. These units are too small to make a profit with present production costs, and in their own counties, they have no lease market for their small allotments.

Many times, a farmer in an adjoining county would gladly rent his allotment in order to make himself a more efficient grower, and at the same time, pay the holder of the allotment a fair price for his allotment. We also have cases where a farmer is growing a leased allotment in another county 20 or more miles away from his own home and main site of operation. He should have the privilege, we think, of governing this tobacco in his own county and on his own farm. This would mean a great saving in both time and money.

If this bill is passed, it will still require referendum of tobacco growers within each State, in which a two-thirds majority would be necessary for it to become effective. We like this, because it is a voluntary action on the part of the tobacco growers to decide what is best for them.

We like this bill because it does not change the method of leasing tobacco allotments. Farmers will still have the prerogative of leasing or not leasing, just as they have today.

We like this bill because it will allow independent dealings between tobacco growers anywhere within their State in the leasing of their tobacco allotments. This simple change of allowing the leasing or transfer of tobacco across county lines within their State will help all growers, large and small. This bill, I think, will assist them to become better producers and be better able to compete for both the domestic and world markets. This bill imposes no restrictions upon any grower that is not within the present ASCS regulations. The better the job American flue-cured tobacco growers can do in production, the greater our opportunities are to expand our world trade.

American tobacco today enjoys the finest position of any export commodity we produce with regard to world trade and the balance of payments. We should do everything possible to strengthen and maintain this very favorable position.

Gentlemen, I think and my group thinks that we need the help that this bill will provide. Thank you, sir.

Mr. ABBITT. Thank you very much.

As I understand, what you favor is the leasing of allotments across county lines within a State provided you have a referendum to be approved by two-thirds of the growers in that State?

Mr. VOIGHT. Correct.

Mr. ABBITT. Any questions?

Mr. JONES. I do not have any.

Mr. MIZELL. Just briefly, Mr. Chairman

I will try to be brief with you, Mr. Voight. How large an area in Georgia is most of your tobacco produced?

Mr. VOIGHT. We have 20-odd counties in the State, Mr. Mizell, producing Flue-cured tobacco.

Mr. MIZELL. Is there any particular reason why it is grown in this small an area?

Mr. VOIGHT. It is environmental factors. The soil and climate seem to be better adapted to the production of Flue-cured tobacco. They are the sandy lower coastal plain soils.

Mr. MIZELL. In the lease and transfer within the State of Georgia, then, you certainly would not have any transfer of allotments over any great distance, geographically, within the State?

Mr. VOIGHT. No, sir; it would go from middle-south Georgia to, pretty well to the coast, not quite.

Mr. MIZELL. Would you favor lease and sale of allotments across State lines?

Mr. VOIGHT. No, sir; not at all. I think it would be wrong. The fact of the matter is I am not in favor yet of the sale of tobacco allotments.

Mr. MIZELL. Thank you.

One other question. Do you favor the lease and transfer of tobacco allotments throughout the marketing season?

Mr. VOIGHT. Well, I have not given that too much thought. I think that would be an administrative job. I do not see what harm would be in it from a grower's standpoint.

Mr. MIZELL. Then you would not object, given——

Mr. VOIGHT. I would not object to it.

Mr. MIZELL. All right.

Thank you, Mr. Chairman.

Mr. ABBITT. Any questions?

(No response.)

Mr. ABBITT. I should like to insert in the record at this point the statement of Frank B. Snodgrass, vice president and managing director, Burley and Dark Leaf Tobacco Export Association, Inc.

(The statement referred to follows:)

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

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 Seventeenth Street, N.W., 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, Mt. Sterling, Ky.

Burley Leaf Tobacco Dealers Association, Carrollton, Ky.

Burley Stabilization Corporation, Knoxville, Tenn.

Burley Tobacco Growers Cooperative Assn., Lexington, Ky.

Virginia Burley Tobacco Growers Assn., Abingdon, Va.

Eastern Dark Fried Tobacco Growers Assn., Springfield, Tenn.

Stemming District Tobacco Assn., Henderson, Ky.

Virginia Dark Fired and Sun-Cured Tobacco Export Assn., Farmville, Ky.

Western Dark Fired Tobacco Growers Assn., Murray, Ky.

Association of Dark Leaf Tobacco Dealers and Exporters, Bowling Green, Ky.

National Cigar Leaf Tobacco Assn., Washington, D.C.

I appreciate this opportunity to appear before your committee and give the views of our organization concerning the legislation under consideration.

H.R. 10037 would apply to many of the kinds of tobacco we represent, in fact, as presently drawn, this proposal would apply to all kinds of tobacco produced in the United States under production controls by virtue of its amendment deleting the designation of the kinds of tobacco contained in Section 318 of the Act. This bill would further amend this Section by permitting the lease or sale of all tobacco allotments across county lines within a State.

P.L. 92-144, approved October 23, 1971, amends Section 318 of the Agricultural Adjustment Act of 1938 to permit the transfer of Virginia Dark Fired and Sun-Cured kinds of tobacco across county lines within the same State. This

law was enacted at the specific request of the growers of those kinds of tobacco and at the hearings conducted by this committee, when you were considering this legislation, the representatives of all other kinds of tobacco expressed their desire that their kinds of tobacco not be included in that amendment. That is still the case today and the grower leadership wishes to go on record in opposition to H.R. 10037.

P.L. 92-10, approved April 14, 1971, provided for a more effective production adjustment program for Burley tobacco by establishing farm marketing quotas in pounds rather than acres. This law also authorizes the lease of Burley tobacco farm marketing quotas under Section 318 of the Act and permits the transfer, not to exceed 15,000 pounds to any other farm in the same country. This lease arrangement has been in effect for only one season and it is hoped that a longer trial period be afforded growers of this kind of tobacco prior to making any changes in this law.

H.R. 12705 would amend Section 316 of the Act to permit the lease and transfer of tobacco acreage allotments and quotas across county lines within a State. It would also eliminate the requirement that a lease be entered into and filed with the County Committee prior to planting time. The bill would further permit the owner of a farm to transfer all or any part of any acreage allotment or quota established for such farm to any farm in the same State owned or controlled by him.

I do not wish to make any reference to the merits of this legislation, since it would apply to Flue-cured tobacco and I do not represent the growers of that kind of tobacco. I do wish to give the views of the cigar tobacco producers, who are included under Section 316 that would be amended by this bill. These include the Connecticut Valley binder (types 51 and 52) and Ohio filler (types 42 and 44) producers. They are opposed to lease and transfer of tobacco acreage allotments and quotas across county lines, but have no objection to eliminating the requirement for the filing time of a lease.

Since H.R. 11643 and H.R. 12713 apply only to Flue-cured tobacco I will refrain from making any recommendations on this legislation.

I wish to thank the committee for permitting me to appear at these hearings today.

Mr. ABBITT. Now, the Chair recognizes the gentleman from Georgia again to introduce the next witness.

I did skip number six because I notice he is in Washington and I thought we ought to hear the other statements first, from out of the city.

Mr. MATHIS. Thank you, Mr. Chairman.

It is a pleasure for me to introduce to the committee another distinguished gentleman with a long record of distinguished service in the tobacco industry in Georgia. This man happens to be one of my constituents, the tobacco marketing specialist representing the Georgia commissioner of agriculture, Mr. David L. Newton.

Mr. ABBITT. We appreciate your coming.

Mr. MATHIS. Mr. Chairman, I received for the committee's attention a telegram from the Georgia Farm Bureau Federation. I would like to ask unanimous consent that it be put in the record following Mr. Newton's remarks.

Mr. ABBITT. Without objection.

STATEMENT OF DAVID L. NEWTON, TOBACCO MARKETING SPECIALIST, REPRESENTING COMMISSIONER OF AGRICULTURE, ATLANTA, GA.

Mr. NEWTON. Thank you, Mr. Chairman, members of the committee. I do have some prepared statements which I will leave with the committee.

Mr. Chairman, in the interest of time, I will depart somewhat from my prepared statement, but I would like to leave the entire statement with the committee as evidence of it.

Mr. ABBITT. Without objection, we will have your statement put in the record as is, plus what you say. You just proceed as you wish.

Mr. NEWTON. Mr. Chairman, members of the committee, my name is David Newton, tobacco marketing specialist with the Georgia Department of Agriculture. My testimony represents the views of the Georgia Department of Agriculture and of Commissioner Thomas T. Irvin.

My testimony shall be in favor of H.R. 12713 by Congressman Dawson Mathis, Second Congressional District, Georgia.

This resolution, if adopted by the Congress, would permit the lease and transfer of Flue-cured tobacco allotments across county lines within a State after a two-third favorable vote of producers within that State. The provision of this act would not become effective in any State in which more than one-third of the growers voting in a referendum opposed lease and transfer of Flue-cured tobacco allotments across county lines within the State.

We feel this is a much needed change in the program for Flue-cured tobacco.

For many decades and even for several hundred years in some Flue-cured producing areas the methods for producing, harvesting, and marketing of Flue-cured tobacco have changed very little. Tobacco was and is a crop that requires much hand labor. Tobacco was primed by hand, pulled to the log barn with mules, tied on sticks by hand labor, and cured by a wood fire with wood from a farm wood lot where it was in abundant supply and was chopped by cheap labor. The tobacco was marketed from early August to February or March of the year following after being carefully sorted and tied during the fall and winter months either by the producer's family or others on the farm needing work during the off-season of the year.

Methods of curing tobacco began to change in the 1930's and 1940's with the use of kerosene, fuel oil, and butane gas for firing tobacco barns. Then in the early to middle 1950's there began a more rapid change in harvesting methods with the use of the riding or pull-type tobacco harvester on which the workers rode up and down the rows of tobacco. Since that time, a stitching machine that sews leaves onto sticks, bulk curing barns and more sophisticated mechanical type tobacco harvesters have been adopted in the Flue-cured tobacco belt. Several complete mechanization machines which are self-propelled and which mechanically strip tobacco leaves from the stalk for curing in bulk barns have been developed but, as of yet, they are not in extensive use. It is estimated that about 30 of these machines were in use in the Flue-cured belt in 1971.

Tobacco farmers are slow to change. Tobacco buying companies are slow to change their buying pattern. They are reluctant to accept a product from the grower that is not carefully sorted and prepared for market for fear that the quality of the finished product will be less acceptable to the consumer.

If the tobacco farmer is to survive as a family unit producing Flue-cured tobacco, some changes have to be made.

Fewer qualified workers and rising wage rates make it imperative that tobacco growers turn to mechanization as fast as practical and workable methods of mechanization can be developed.

Unless the tobacco program is changed to allow widespread movement of tobacco quotas, at least within State boundaries, growers will not be able to secure the tobacco acreage needed for the economical change to mechanical means of handling tobacco. Each grower will have to make his own determination as to just what extent he will need to mechanize depending upon his personal labor supply and the available tobacco for lease and transfer to his farm.

In recent studies in North Carolina on investment required for four sizes of tobacco acreages for a complete mechanical harvester system as reported in a paper presented by Verner N. Grise and Earle E. Gavett, it was shown that the cost for a 3-acre allotment was \$17,025—a 10-acre allotment \$23,175—a 20-acre allotment \$33,850—and a 40-acre allotment \$52,350. In other words, with an investment of only three times that required for a 3-acre allotment, sufficient mechanization equipment could be secured to handle a 40-acre allotment.

This same study also showed that net revenues per acre after mechanization received from each of the four sizes of operations ranged from loss of \$364.10 per acre on the 3-acre allotment to a plus or gain of \$406 on the 10-acre allotment—a plus of \$552.80 on the 20-acre allotment and a plus of \$638.55 on the 40-acre allotment.

In Georgia we have 25,738 growers in 62 counties with a base allotment of 58,849 acres and a base quota of 112,294,322 pounds. The average allotment per grower is 2.41 acres. There are 30 counties—ranging from Taylor County with a 0.45 acre allotment to Dodge County with 406.67 acre allotment—which have less than a 1.39 acre per farm allotment. The total allotment for these 30 counties is 3,365.31 acres. This acreage represents 2,418 small growers who no longer depend on tobacco for a major income and many have jobs in industrial plants. These growers suffer a financial loss each year because there is no demand for this tobacco acreage in their home county. None of these 30 counties have a tobacco market located in the county. Growers in other counties would lease and transfer this tobacco if it could be moved across county lines.

An attached chart shows the size of Flue-cured tobacco allotments in Georgia in 1970. If we agree that at least 10 acres is the desirable economical size unit of operation, there would be only 431 growers out of 25,722 in Georgia who could afford to mechanize without additional acreage. This chart also shows that 79.1 percent of the growers have a quota of 3 acres or less and only 20.9 percent have quotas of more than 3 acres.

The lease and transfer program within counties which began in 1962 and the acreage-poundage program of 1965 made the production control program less stringent in tying tobacco to historical locations. We feel that a further modification of these controls is desirable at this time.

The Georgia Department of Agriculture, because of its interest in the welfare of the Flue-cured tobacco growers in the several States and the Georgia growers in particular and because of the need of these growers to secure enough tobacco acreage to have an economical size

unit and to enable them to remain as a family operated farm, do hereby urge this committee to give a favorable report to H.R. 12713.

Mr. Chairman, that ends my statement.

(The chart referred to follows:)

CHART SHOWING SIZE OF FLUE-CURED TOBACCO ALLOTMENTS IN GEORGIA, 1970

Size of allotment		Number of farms	Acreage allotted	Size of allotment		Number of farms	Acreage allotted
From—	Through—			From—	Through—		
0.01.....	0.50	2,282	627.41	8.01.....	9.00	183	1,546.12
.51.....	1.00	4,546	3,643.09	9.01.....	10.00	133	1,257.67
1.01.....	2.00	9,371	13,924.66	10.01.....	20.00	361	4,763.08
2.01.....	3.00	4,156	10,176.67	20.01.....	50.00	67	1,895.14
Subtotal.....		¹ 20,355		50.01.....	100.00	2	133.74
3.01.....	4.00	2,149	7,431.27	100.01.....	200.00	1	182.47
4.01.....	5.00	1,149	5,122.62	Over 200.....		None	
5.01.....	6.00	634	3,474.29	Subtotal.....		² 5,367	
6.01.....	7.00	423	2,739.77	Total.....		25,722	58,901.69
7.01.....	8.00	265	1,983.69				

¹ 79.1 percent.

² 20.9 percent.

Mr. JONES (presiding). Mr. Newton, thank you very much.

Any questions?

Mr. MATHIS. Mr. Chairman, in my new and temporary position of ranking Democratic member of this subcommittee, I would like to congratulate both Mr. Newton and Mr. Voight for their very fine statements.

Mr. JONES. Any questions?

Mr. MIZELL. Yes, Mr. Chairman.

Do you have any objection to the bill 8055 that would permit the Secretary of Agriculture at his discretion to extend the lease and transfer of allotments within counties throughout the marketing season?

Mr. NEWTON. No, sir; none whatsoever.

Mr. MIZELL. I thank you.

Mr. JONES. Thank you very much, Mr. Newton.

(The telegram referred to from Georgia Farm Bureau follows:)

MACON, GA.

DAWSON MATHIS,
Cannon House Office Building,
Washington, D.C.:

Testimony submitted to Tobacco Subcommittee of the House Agriculture Committee on H.R. 12713.

The Georgia Farm Bureau Federation is an independent association of more than 65,000 Farm Bureau families in Georgia. The policy of this organization is developed through community groups, county Farm Bureaus, and eventually approved at the annual State Farm Bureau convention, the most recent being held at Jekyll Island, November 14-17, 1971. Policy approved by the voting delegate body at the recent convention is as follows: "We urge that legislation be enacted by the Congress to enable tobacco allotments and/or poundage quotas be leased and transferred across county lines within the state".

Each year labor for the operating of farms especially labor necessary for the production of crops requiring large amounts of hand labor is harder to secure. It has become more and more essential that mechanization of the production of crops such as tobacco be developed. Engineers at experiment stations as well as farm machinery producers have in recent years developed harvesting and curing equipment to the point where tobacco production is almost totally mechanized.

Within the development of this equipment for mechanization it has become essential that units be consolidated for production. To economically produce tobacco on a mechanized basis, ten or more acres of tobacco is necessary for an economic unit.

Much of the tobacco acreage in Georgia is in allotments of from 1½ to 5 acres. When hand methods were used to produce and market, profitable production was possible but with the shortage of labor now available on farms and the cost of this labor, and with the development of mechanization of the production and marketing of tobacco, it is essential that a legal and practical method be developed for consolidating small production units, if farmers are to continue producing tobacco profitably.

It has been a policy of Farm Bureau for several years supporting legislation that would permit consolidation of production units to a size economically feasible to produce.

We firmly support the provisions of H.R. 12713 and feel that if flue-cured tobacco is to continue as a profitable crop for farmers in Georgia the enactment of this legislation is essential. Please enter this statement into the record of hearings on H.R. 12713.

EMMIT REYNOLDS,
President, Georgia Farm Bureau.

Mr. JONES. Our next witness is Mr. Charles L. Frazier, director of the Washington staff of the National Farmers Organization. He will be accompanied by Mr. W. K. Corbett of Middlesex, N.C.

STATEMENT OF CHARLES L. FRAZIER, DIRECTOR, WASHINGTON STAFF, NATIONAL FARMERS ORGANIZATION; ACCOMPANIED BY W. K. CORBETT, STATE PRESIDENT, NATIONAL FARMERS ORGANIZATION

Mr. FRAZIER. Mr. Chairman, I am Charles L. Frazier, director of the Washington staff of the National Farmers Organization. We appreciate the opportunity to appear today to express our recommendations on both the provisions and the significance of the bills before you.

If it is agreeable with you, I would like to present our brief statement and then call on NFO State president, W. K. Corbett of North Carolina, to comment on the more important questions involved from a producer's viewpoint.

Of all the programs developed to protect and improve prices of our major agricultural commodities, beginning in the 1930's and running up to the current time, the tobacco programs are generally regarded as the most successful by farmers. It is clearly evident that tobacco producers approve of the program as demonstrated by the marketing quota referenda votes, and certainly the improvement in the general price level for tobacco through the years compares most favorably with our accomplishments on other farm commodities. In light of this background, we suggest that great care must be exercised in any program modification.

Since these bills are short and relatively simple, it is unnecessary to dwell at length on the detailed provisions in each of them. Before describing our position on these proposed changes it should be mentioned that we are currently holding a series of county meetings of all our members. The provisions of this program and other legislation bearing directly on farm prices are being discussed. So we come before you this morning prepared to reflect the current thinking of the membership.

First, we are opposed to any sale or permanent transfer of tobacco allotments. The worth of these allotments has been capitalized into the market prices of the land. In many cases, the value of the allotment is of such importance to older farm people and those who are part-time farmers that we believe it would be very disruptive in the social structure of many communities to permit outright sale and permanent transfer of allotments.

Second, we strongly recommend that transfers over county lines not be authorized. Even though one of the bills before you would authorize such transfers only on approval by two-thirds of the growers voting in a referendum in each State, we are seriously concerned that misleading arguments and promises of higher prices in the leasing arrangements would contribute to an eventual breakdown of the acreage-poundage program and the related price support operation. It is recognized by our membership that rentals vary substantially between the counties under existing arrangements. If transfers over county lines are authorized, however, we believe some of the experiences in the cotton program would be repeated. Purchasers at high prices would tend to concentrate allotments in certain counties and then leasing payments probably would decline. The overall value of the tobacco leases would drop drastically after the initial flurry of bidding. It would be more difficult to administer transfers over county lines since more than one local office would be involved. Misrepresentations may be unknowingly accepted in that case and any breakdown in good administration reflects on the whole program.

Third, removal of the closing date restriction in the second sentence of section 316(c) would be an improvement in the program. If producers are authorized to transfer poundage within the county through the growing season and up until marketing time, the program may be most equitably administered locally. We endorse this change as contemplated in H.R. 8055.

In their recent annual convention, the National Farmers Organization also resolved to support the present level of funds for research in tobacco and continuation of price supports based on the parity concept. We are confident that the membership of this subcommittee is well aware of the vital importance of the tobacco program to many small and average-sized farmers. We wish to encourage your very careful deliberation, in order that this program may not become the victim of changes similar to those made in some of the other commodity programs.

We refer to changes seemingly imposed in the interest of concentrating production with larger producers, lowering of the price support levels to expand exports, and as a consequence, changing substantially the economic structure in many rural farm communities. The tobacco program has served well and we believe it is very important to retain it in a form that will continue to contribute to the well-being of a large majority of the producers in each tobacco county.

Difficulties or criticisms occasionally heard are not important when related to the overall success of the program. For example, the alarm occasionally expressed about failure to plant in a given year on a number of farms is really complementary to the poundage carryover provision of the program. The producer who, because of bad weather or

for other good reason, fails to lease or plant in a given year may carry over his poundage to the following year. There is a limitation on the amount that he may carry forward and this will stabilize the needed supply each year. This provides some flexibility for the producer and insures good program administration. It should not be cause for alarm when allotments are not planted on a small portion of the farms.

In summary, we favor removal of the spring cutoff on transfers within the county and urge that the other changes be disregarded at this time.

Mr. Chairman, since Mr. Corbett has come up from North Carolina to join us here today, is a producer and does have the background in the meetings I just mentioned, I would appreciate it if he would be permitted to comment orally at this time and amplify the statement I have made.

Mr. JONES. We are happy to welcome Mr. Corbett and will be delighted to hear from him at this time.

Mr. CORBETT. Thank you, Congressman.

It is an honor to come before the committee with an opportunity to represent my organization. I would like to say here that we are, because of the actions taken by the Department of Agriculture in the program set forth before the National Tobacco Advisory Committee last spring or winter, in an extensive program educating our members as to the hazards of crossing county lines with either lease or transfer. We have polled our membership as we have held these meetings, and after the explanations that we have made to them, they have voted in opposition to lease and transfer and/or sale across county lines by some 97 percent.

I would like to read a brief statement here that was drafted at a rally. Two of the items in here are about warehousing and also the freezing of price support at the 71-cent level. But the last three items are relative to what we are talking about. I would like to read this.

No crossing of county lines or State lines by lease or sale. Since the county lines very obviously protect the county's individual real estate values, the permitting of cheap allotments to come into the high-priced counties would be disastrous to the loan structures and the annual operating borrowing procedures of the high-priced area. At the same time, the removal of these allotments from the lower priced areas would create economic vacuums within these counties. These devaluations could in many cases force those who are indebted or retired into a position of having to sell their property, thereby creating a surplus on the farm market and causing a chain reaction in land evaluation throughout the Flue-cured area. If this should happen, many farmers would very likely be forced into a position of having to grow tobacco under contract made directly with the companies or be financed at high interest rates from sources of money other than agriculture.

No ceiling of tobacco allotments on the land. The fact that allotment has maintained special identity in the entire land value of the Flue-cured area is directly related to the fact that the allotment belongs to the land. This has proven beyond a shadow of a doubt to be the backbone of our economic structure. The only way that we can maintain our 100-percent loan ability and our economic soundness is that all

the lands in the Flue-cured area retain their tobacco allotments. Also, it is felt that the permitting of selling small allotments off the land would encourage an expansion of influence in this direction by political segments and the USDA.

We must remember that this was one of the first moves made in the cotton transition and those who initially bought cotton allotments, found within 2 years they had bought nothing and that in consolidation of these allotments they had, in reality, lost much political strength.

No legislation for changes relating to the preservation of history of allotment tobacco farms. The tobacco allotment belongs to the land and if it is leased off the land, it should not change the identity of the farm history regardless of how long it is leased off the land. If tobacco farms are to get larger, this can well be done by purchasing the entire farm. Those who are desirous of leasing large acreage can now do so with a 5-year leasing agreement. This enables a man to buy equipment and set up a farm program satisfactory to his needs. The lease or transfer within the county is well used and involves 25 percent of the actual acreage and possibly as many as 70 to 75 percent of the total contracts leasing in or leasing out.

One other, a couple of other things I would like to point out about small allotments at this time, and also the geographic location of production of tobacco in North Carolina. As you know, in certain varieties, more specifically 139, when the entire belt, or almost the entire belt, went to planting 139, we found ourselves in a single blend situation as a commodity. This was a very definite detriment to our commodity in the export trade. And exports in North Carolina take about half of our commodity at this time.

Now, the blends are grown into the crop by nature of the soils and we feel that if all the tobacco, we will say in North Carolina, were permitted to be moved to the eastern part of the State, into the sandy soils, you would again have a single blend situation. These different types of soil are a part of the commodity blend.

One other thing that we feel very strongly about, and is readily admitted by the large producer once it is pointed out to him, is that we are much concerned about our exports and we find that the small producer grows a larger percentage of our export leaf, that the large producer will invariably neglect this crop. He will not harvest it on the exact date that it needs to be harvested, he will not give it the individual care, so to speak, that is necessary to meet these export markets. Export markets do not indicate that they are looking for cheap tobacco. The export trade buys the highest priced tobacco that is sold in North Carolina.

Gentlemen, I did not prepare any statement. I will attempt as a producer and as a State president to answer any questions you have.

Mr. JONES. Any questions?

Mr. MIZELL. Yes, Mr. Chairman.

First, a statement. Mr. Frazier and Mr. Corbett, I want to compliment you on this statement that you have presented here today before this committee, because you have touched on exactly the fears that my people share with you up in my area on the problems that we could face and the future as it relates to our tobacco program.

Is it not true, Mr. Frazier, that one of the great strengths of the tobacco program has been the number who have participated in it?

Mr. FRAZIER. Yes.

Mr. MIZELL. And overwhelming support for it?

Mr. FRAZIER. Yes, sir; the larger and smaller growers have jointly, so to speak, supported the spirit of the program in the interest of good prices. I cannot help but admire the statement made by Senator Cooper this morning. I think it is very appropriate to the history and the success of this tobacco program through the years.

Mr. MIZELL. Mr. Frazier, on page 2 of your statement, and just so that I might and the committee might know exactly what point you are making here, toward the bottom of the page, it says, "leasing arrangements would contribute to an eventual breakdown of the acreage-poundage program and the price support operation."

Do you have a fear here that if the production of tobacco is greatly reduced to where you only have a few producers, it might eventually break down the widespread support, even in the Congress, to continue the program?

Mr. FRAZIER. Perhaps I can best explain that statement by making one personal reference. Before taking my present position, I spent over 30 years in the Department of Agriculture in the administration of farm programs. So I did have some experience with the other commodities over the United States through the years. I guess you can summarize it this way. I have watched the trend and the inclination to concentrate in some of our technical institutions and even within the Department on the problems of guiding production, toward larger units in the name of efficiency and in some cases resulting in loss of quality. These are all beamed toward the general proposition that we must produce and sell at lower prices to expand our export markets. And at least in some of the other commodities, I believe this has produced a disastrous result for a large number of growers who can not today market at prices equal to or better than the cost of production. I refer to some of the grain crops to illustrate my point.

So, it is in this spirit that we are undertaking to be objective here. We want to raise the point of caution and try to enlist the interest of the committee in the long time effect of these changes that you have before you.

Mr. MIZELL. Mr. Corbett, I was real intrigued by the percentage of those who voted in opposition to this sale or lease and transfer across county lines within your meetings, 97 percent. Was this pretty well representative throughout North Carolina?

Mr. CORBETT. Yes, we held meetings, Congressman, all over North Carolina, some in South Carolina and some in Georgia. I personally conducted two meetings in Georgia, and after each meeting, we had a ballot prepared and we issued this ballot and this was the outcome of it.

I might point out this in reference to referendums. A referendum in this case would be a tremendous amount of work and it would be a tremendous educational process to get the farmer to understand, because initially, he is oriented to look ahead only 1 year. He thinks that if he can at least set the crop for 1 year, that is what he is looking for, but if you can show him what is happening to the equity of his property, then he does not want any part of it. There would be a need for an educational program among our leadership.

Mr. MIZELL. Also, the percentage of the crops of the small producers that go into exports as the large producer. In your opinion, do you think the lease and transfer throughout the marketing season would be helpful to this small producer in preventing him from having a carryover or something that might permit bugs to get in his tobacco and, therefore, decrease the value of it?

Mr. CORBETT. Yes, I think this would definitely be an asset.

I also would like to inject here that Congressman Jones' idea of some control of this transfer to a man planting before he is eligible, has much validity.

I like this idea, Congressman.

In this small producer thing, we had not thought about this until we started these meetings. Then this was evolved from it. We found in discussion that the small producers were the ones selling at high prices in the export grades and the large producers readily admitted that they simply did not get these prices. They did not produce that tobacco in many cases.

Mr. MIZELL. Now, Mr. Frazier, in summarizing your statement as you gave it, you think any action that this committee takes at this time that goes over and beyond permitting the lease and transfer during the marketing season would be going too far at this time?

Mr. FRAZIER. Yes, sir. We think that breaking the present pattern with respect to sale or transfers over county lines will open up a series of continuing problems that will be coming back to the committee in the future and we just hesitate to get into it at all.

Mr. MIZELL. Thank you again for this testimony, because you have expressed it far better than I have been able to, the fears that my people have of going too far too fast with this program.

Thank you.

Mr. JONES. Thank you, Mr. Frazier and Mr. Corbett.

At this time, we are going to digress from the regular list in view of Mr. Osborne's request and recognize Mr. H. R. Osborne of Washington, N.C., an outstanding farmer and agricultural leader.

We are happy to have you, Mr. Osborne.

STATEMENT OF H. R. OSBORNE, WASHINGTON, N.C.

Mr. OSBORNE. Congressmen, gentlemen, ladies and gentlemen, tobacco growers, officials from all phases of the tobacco industry, this gives me great pleasure to have this opportunity to come here and express myself and my fellow tobacco farmers in the concern of the production and sale of tobacco. The two gentlemen who just spoke my opinions very much. I did not bring a written script, but I want to share my beliefs. And let me state now, as our Congressman, the chairman has said, I am H. R. Osborne from Washington, N.C., Beaufort County.

It was my pleasure 2 weeks ago to attend a meeting—I am speaking entirely of North Carolina—of the North Carolina Council of Cooperatives. This issue came up on lease and transfers. And it was of great concern to me because I have seen in my experience what happened. I am beginning my 50th year of production of tobacco. I have seen it come and go. And may I say that we have a fine program. I want to commend everyone who has had a part in making a working

program. I shall not attempt to rehash a lot what has already been said, but I am affiliated with a lending organization as production man. I serve as chairman of the board and I am on the executive committee in making loans. I feel that I know what this means. And all the bills that have been here, and I am not acquainted with the numbers or things of that nature, but I want to offer a solution that I think is fair and will work with every individual.

First, I say that there has to be some way to keep the bugs out of tobacco. That is something that is new.

Mr. JONES. Mr. Osborne, let me interrupt you just 1 minute. Those three bells mean that within just a few minutes, the members will have to go and vote on the House floor.

Mr. OSBORNE. How much time do I have?

Mr. JONES. I hate to limit your time. Let me announce at this time that we are planning to reconvene this committee at 2 o'clock this afternoon.

Mr. OSBORNE. Well, I would like to be heard, if I could, so we can be on our way back home.

Mr. JONES. Proceed. I would say in about 5 minutes, certainly, Mr. Osborne, we will have to leave.

Mr. OSBORNE. All right, thank you.

In the lease and transfer, what I would like to see to make it work would be that farmers who participate 80 percent in the production of tobacco would be privileged to exchange poundage or purchase in the fall if one should be short and the other be over.

Now, also, I would suggest that a person who has tobacco to rent, if he leases 80 percent of his tobacco, that the remaining 20 percent, he can let the man have it if he is over. That gives everybody a chance to get rid of his tobacco and not be bothered with the bugs. That is in the lease and transfer.

Now, a man who does not lease his tobacco by April 1, then he will not be able to hold it over and take half of a man's crop to sell it. He must participate 80 percent so he can dispose of his remaining poundage at marketing time.

That covers what I have to say on the lease and transfer.

Now, other than the fact, we will now go into the leasing across county lines. I definitely have opinions on that, and I have talked with the people in the high production counties, and the ones that are in the lower counties. The effect that would have is the man who is in the high production counties, who is enjoying a nice return for his investment, if it were to be reduced, he would be hurt. Then if it were to be allowed that allotments could be sold or transferred across lines, the people that are in the lower ones, it cuts the man out who wants to lease in tobacco and get larger. In our area, it is working real well, everybody is happy. It would throw a hardship if this tobacco were to be leased out and these people who have long term obligations have to go way above what the normal price is.

I realize that this past season prices were good and the people are tobacco kings. And I certainly hope to see this program stay as is other than making this recommendation for the good of the production of tobacco and the farmers themselves.

I do want to say about this getting big in the tobacco business. I have watched operations and I have also used mechanical harvesters

myself. They do not do as good a job as you do, like the gentleman was just speaking. When you transfer it out of a county, you have a lot of labor. You have high school boys and girls that need to work in the summer, they need that money. And it would wreck the entire economy in many, many cases.

So I shall not detain you, because the time is over. I do appreciate this opportunity to appear before you.

Thank you.

Mr. JONES. Thank you, Mr. Osborne.

Mr. OSBORNE. Now, I would like questions.

Mr. JONES. Any questions?

Any questions on this side?

Mr. MIZELL. Mr. Chairman, only to commend Mr. Osborne for having the interest and taking the time to come here today to appear before this committee.

And thank you for your testimony. I, too, share your concern about the effects of lease and transfer within the State and the impact it would have on the economy, in many areas. I just want to thank you for taking the time to come.

Mr. OSBORNE. Thank you. I feel that it was the greatest way that I could render a service to my fellow farmers.

Thank you very much.

Mr. JONES. Thank you, Mr. Osborne.

To those witnesses who were not given an opportunity to testify this morning, I announce again that we will reconvene at 2 p.m. in this same location for continuation of testimony.

The committee now stands in recess until 2 o'clock this afternoon.

(Whereupon at 12:05 p.m., the committee recessed, to reconvene at 2 p.m., the same day.)

AFTERNOON SESSION

Mr. JONES (presiding). The committee will be in order.

The Chair recognizes Mr. Mizell from North Carolina for the purpose of introduction.

Mr. MIZELL. Thank you, Mr. Chairman. It is with a great deal of pleasure that I welcome to the committee Mr. J. W. Hunter from up in Surry County.

If you would just come up to the front, gentlemen. Also, Grady Hunter from Yadkin County. The Hunters are not related in any way.

And Arthur Winter from over in Yadkin County. I certainly appreciate the others who are waiting to testify having extended this courtesy as well.

Mr. JONES. We are recognizing at this time Mr. Grady Hunter.

STATEMENT OF GRADY HUNTER, BOONEVILLE, N.C.

Mr. HUNTER. Thank you, Mr. Chairman, Mr. Mizell.

It is indeed a pleasure that you have given me this privilege to appear before you today. I am Grady Hunter, as has been said before, from Yadkin County, N.C. As a tobacco producer myself and the people I have talked with, we are 100 percent supporting the bill, H.R. 8055, to extend the leasing date throughout the year or to extend

it throughout the marketing season, the latter part of the marketing season, whichever would be best for administrative control.

In the interest of time, I am going to briefly, on three other bills here, mention that H.R. 12705, H.R. 12713, that has leasing tobacco across county lines. At this time, I do not think we are quite ready for that. In the future, it has very good potential, I think, and possibilities, but at the present date, I do not think we do have it.

In regard to the bill H.R. 11643, sale and transfer of allotments across county lines, I am opposed to them and the people that I have talked to back in my home county are opposed to that.

In regard to the bill 8055 again, I would like to bring out a point or two of the advantage I think it would be to lease tobacco throughout the year. It gives a producer a chance with a very good crop of tobacco to have the chance of selling his tobacco, where on the other hand, he would not have that chance. He would have to carry it over on his own storage facilities there, which creates some problems with the allotment that we have. When the mold is accumulated on tobacco, we have rainy seasons, high humidity, and it is not very easy to carry tobacco. If we could store it like the manufacturer does and sell it next year, fine, that would be well, but I do not think we can carry it from one year to the next and be a benefit to the producers.

Again, I think it would more or less legalize some of the things that are existing today, Mr. Chairman. It would more or less keep people honest, where you might say they would not be. It entices them to get someone else's card and sell. Once you get into that, I think you are not only defeating the purpose of the program itself, but also you are coming back that the producer that sells that tobacco for another producer, uses his card, for a percentage, say 30 percent of that, well, he gives the other 60 to 70 percent of that to the producer that produced that tobacco. Well, you have no record at all of that income for that particular producer. He might be reporting that to IRS or he might not be.

From that point and things that I have mentioned there, I still feel that we need year-around leasing of that.

So that, Mr. Chairman, concludes what I had to say.

Mr. JONES. Mr. Hunter, thank you very much. I would like to ask you a question or two if I might.

I think we are in agreement on the subcommittee, I think, on this extended time for leasing under certain conditions and controls. What would be your reaction to approaching the problem of leasing across county lines if we approve legislation which provided for a referendum? Would you oppose that?

Mr. HUNTER. I would have to answer that as no, I guess, Mr. Chairman, but then I come back with the same token as, if I understand now, in a referendum there, you would have to have two-thirds majority.

Mr. JONES. The legislation you have before you provides that, yes, sir.

Mr. HUNTER. Right, two-thirds majority. I am of the opinion that it would be, considering all the farmers over the five Flue-cured tobacco States, that it would be a kind of hard fact to realize there that two-thirds of them would vote in favor of this, because you have a lot of them there that are very much opposed to it. And from that point there, I am afraid it would be hard to carry.

Mr. JONES. But you would have no objections to that legislation?

Mr. HUNTER. I do not think so.

Mr. JONES. Any questions that you want to ask?

Mr. MATHIS. No, Mr. Chairman, I want to apologize to Mr. Hunter for missing the greater part of his testimony.

But I would like to thank you for taking the time to come and share with this subcommittee your views and opinions.

Mr. HUNTER. Thank you.

Mr. JONES. Mr. Mizell?

Mr. MIZELL. Thank you, Mr. Chairman.

I, too, want to thank the gentleman for taking the time to come. He speaks for a great many of the tobacco producers in our area, and his experience in this field is not just token, but he has been active in ASCS. He has also served on the State ASCS board, and I think his testimony, because of this, carries a great deal of weight.

Just one question so that I might completely understand your response relating to a referendum within the State. With your past experience, do you have any idea what the cost of the referendum would be in North Carolina?

Mr. HUNTER. The actual figures, Congressman, I do not have, but I know it is rather expensive to have a referendum. Once you get your ballot worked up and printed up, and then you have in each precinct in each county in each State, you have to have someone hold the post. Even by mail ballot, it is rather expensive. The majority of the time, we have in the past, had polling places. And it is rather expensive. The figure, I could not give you right now.

Mr. MIZELL. Based on the testimony we had earlier today by Mr. Frazier and also Mr. Corbett of the number that was opposed to lease and transfer across county lines, they took a poll and found 97 percent were opposed. This would certainly be an indication that the spending of money for referendum would be only an act of futility in North Carolina, would it not?

Mr. HUNTER. That is correct.

Mr. MIZELL. I thank you, Mr. Chairman.

Mr. ABBITT (presiding). Any other questions?

Mr. JONES. No.

Mr. ABBITT. Next we have Mr. Arthur Winter of Jonesville, N.C.

STATEMENT OF ARTHUR WINTER, CHAIRMAN OF COUNTY COMMISSIONERS, YADKIN COUNTY, JONESVILLE, N.C.

Mr. WINTER. My name is Arthur Winter. I am chairman of the board of the Yadkin County Commissioners. I am a tobacco farmer and we in the county feel that the bill No. H.R. 8055 is a good bill, that would give the farmers in the entire county an opportunity to lease during the whole year. For instance, if one farmer had large crop and another one had short crop, he could put it over either one and sell all his tobacco. There would be more money coming into the county.

The reasons I think these other bills could be running into a little trouble, H.R. 11643, H.R. 12705, and 12713, when you one-time lease tobacco out of our county, it is gone forever, and the value of your land, particularly your back land, would be worth about half price, in my estimation. The front land, up on the highways, I think its value

will stay there pretty well. But when you have your back land, I think your valuation would lose approximately half in the Piedmont area, Yadkin County, perhaps.

In our county, Yadkin, we have 6,517.96 acres and the poundage 10,963,134 pounds. If that amount of pounds and dollars went out of Yadkin County I feel we would lose a great deal.

The bill No. H.R. 8055, I feel like that would be good for everybody, so if one person did have some tobacco left over, one did not have enough, as I said before, he could sell his tobacco.

Thank you.

Mr. ABBITT. Any questions?

Mr. JONES. Mr. Chairman, I have a question.

Thank you, sir, for coming up here and testifying. In view of your statement that if the lease was moved to another county or the allotment was moved to another county through leasing, I do not quite understand your statement how it would affect the land values at the farm from which it was leased, because the allotment still stays with that farm.

Mr. WINTER. If you leased it permanently is what I was thinking about, Mr. Jones. Is that the way the law was going to be wrote, permanently leased, for good?

Mr. JONES. No, sir, no intention of that whatsoever.

Mr. WINTER. The way I had interpreted it, I had it leased permanently away from the farm.

Mr. JONES. I am glad I asked you that question. There was no intention on my part and I do not think on the part of the gentlemen from Georgia for permanent leasing whatever.

Mr. WINTER. How long would the leasing be from county to county?

Mr. JONES. Under the present law, as I understand it, up to 5 years.

Mr. WINTER. That many years, the income out of the county would be reduced greatly. The land value actually would not be reduced within that period of time for 5 years. Therefore, it would be a valuation of the loss of land in that 5-year period.

Mr. JONES. If the legislation was drawn to provide for only an annual or 1-year lease, would that remove some of your objections?

Mr. WINTER. How is that again, sir?

Mr. JONES. If the legislation was drawn to provide for only 1 year or an annual lease, would that remove some of your objections?

Mr. WINTER. One year, it would be less.

Mr. JONES. One further question, Mr. Chairman.

If the proposal to lease across county lines was submitted to a referendum requiring two-thirds majority, would that remove some of your objections?

Mr. WINTER. Well, sir, that referendum, we would have to abide by it whether we thought it was good or bad, if it carried the two-thirds. But I would hate to see it moved out of the county.

Mr. JONES. In other words, you are adamantly opposed to leasing across county lines under any circumstances?

Mr. WINTER. I would be opposed to leasing out of the county. Personally, I would vote against it if it came to a vote.

Mr. JONES. Thank you.

Mr. ABBITT. Any other questions?

Mr. MIZELL. Mr. Chairman, if I might, just pursuing that one step further, Mr. Winter. We had testimony here in the committee earlier this morning that about 30 percent of the tobacco allotments in the eastern section of North Carolina were leased this past year. This is just a rough estimate, I realize that. Considering 30 percent of the people who have a fear of the value of their leases being reduced in the eastern area of North Carolina, combined with the number of producers we have in the Piedmont area of North Carolina, which would be opposed to leasing and transferring across county lines, what chance do you think a referendum would have of passing?

Mr. WINTER. If we started leasing on our small farms—I think Yadkin County averages about 3 acres per farm. If it got across the county lines, it would not take long, we would be out.

Mr. MIZELL. Then you are saying you do not think there would be much support for a referendum to permit lease and transfer across county lines?

Mr. WINTER. No, sir; I do not think so.

Mr. MIZELL. I thank the Chair.

Mr. ABBITT. Any other questions?

Mr. MATHIS. Mr. Winter, first of all let me, too, compliment you on taking the time to come and make your views known to the subcommittee.

You would have no objection, would you, sir, if the voters in the tobacco producing areas of the State of Georgia, were to vote in this provision if we passed the law providing for a referendum, would you?

Mr. WINTER. Sir, as far as Georgia, I do not know a whole lot about tobacco bases down there and I could not answer anything about Georgia.

Mr. MATHIS. You would not deny the tobacco producers of Georgia the opportunity to vote?

Mr. WINTER. No, sir.

Mr. MATHIS. Thank you, sir.

Mr. ABBITT. Any other questions?

(No response.)

Mr. ABBITT. Thank you, sir.

Mr. MIZELL. Mr. Chairman, I have a number of telegrams from down in my area that strongly support the position of Grady and Arthur here before this committee and they range from the representative of the Farm Bureau in Forsyth County to farmers in Stokes and Surry County as well as in Yadkin County. I would like to ask unanimous consent that they be entered into the record.

Mr. ABBITT. At this point?

Mr. MIZELL. At this point.

Mr. ABBITT. Without objection.

(The telegrams referred to follows:)

WINSTON-SALEM, N.C., February 8, 1972.

HON. WILMER MIZELL,
Cannon Building, Washington, D.C.

Would like to say I am very very much against bills H.R. 11643, H.R. 12705, and H.R. 12713 which offer the sale, lease, and/or transfer of tobacco allotments across county lines within the State. I am for Bill H.R. 8055 for the lease and transfer of tobacco allotments within the county during the marketing season.

W. K. JOYCE.

WALNUT COVE, N.C., February 7, 1972.

Hon. WILMER MIZELL,
House Agricultural Subcommittee,
Longworth Building, Washington, D.C.:

I would like to express my strong opposition to the concept of leasing transferring or sale of tobacco allotments or poundage across county lines. I would like to offer my support for bill number HR8055 which authorizes the lease and transfer of tobacco allotment or pounds throughout the season within the county lines.

HOWARD MARSHALL,
Tobacco Farmer.

SHOALS, N.C., February 7, 1972.

Hon. WILMER MIZELL,
House Agricultural Subcommittee,
Longworth Building, Washington, D.C.:

I would like to express my strong opposition to the concept of leasing, transferring or sale of tobacco allotments or poundage across county lines. I would like to offer my support for bill number HR8055 which authorizes the lease and transfer of tobacco allotment or pounds throughout the season within the county lines.

JESSE HEATHE,
Tobacco Farmer.

SANDY RIDGE, N.C., February 7, 1972.

Hon. WILMER MIZELL,
House Agricultural Subcommittee,
Longworth Building, Washington, D.C.:

I would like to express my strong opposition to the concept of leasing, transferring or sale of tobacco allotments or poundage across county lines. I would like to offer my support for bill number HR8055 which authorizes the lease and transfer of tobacco allotment or pounds throughout the season within the county lines.

JOHN NELSON,
Tobacco Farmer.

MOUNT AIRY, N.C., February 7, 1972.

Hon. WILMER MIZELL,
House Agricultural Subcommittee,
Longworth Building, Washington, D.C.

I would like to express my strong opposition to the concept of leasing transferring or sale of tobacco allotments or poundage across county lines. I would like to offer my support for bill number H.R. 8055 which authorizes the lease and transfer of tobacco allotment or pounds throughout the season within the county lines.

TOM HEATH,
Tobacco Farmer.

WINSTON-SALEM, N.C., February 7, 1972.

Hon. WILMER MIZELL,
House Agricultural Subcommittee,
Longworth Building, Washington, D.C.

I would like to express my strong opposition to the concept of leasing, transferring or sale of tobacco allotments or poundage across county lines. I would like to offer my support for bill number H.R. 8055 which authorizes the lease and transfer of tobacco allotment or pounds throughout the season within the county lines.

IVY SMITH,
Tobacco Farmer.

WINSTON-SALEM, N.C., February 7, 1972.

HON. WILMER MIZELL,
House Agricultural Subcommittee,
Longworth Building, Washington, D.C.

I personally, and the Forsyth County Farm Bureau, at October annual meeting, oppose sale and lease of tobacco allotments across county lines. We favor H.R. 8055 bill.

RAYMOND M. WALL,
President, Forsyth County Farm Bureau.

HIGH POINT, N.C., February 7, 1972.

HON. WILMER MIZELL,
House Agricultural Subcommittee,
Longworth Building, Washington, D.C.:

I would like to express my strong opposition to the concept of leasing, transferring or sale of tobacco allotments or poundage across county lines. I would like to offer my support for bill number HR8055 which authorizes the lease and transfer of tobacco allotment or pounds throughout the season within the county lines.

WELDON IDOL,
Tobacco Farmer.

WINSTON-SALEM, N.C., February 7, 1972.

HON. WILMER MIZELL,
Cannon Building, Washington, D.C.:

Would like to say I am very, very much against bills HR11643, HR12705 and HR12713 which offer the sale, lease, and/or transfer of tobacco allotments across county lines within the State. I am for bill HR8055 for the lease and transfer of tobacco allotments within the county during the marketing season.

GRAHAM PARDUE.

KERNERSVILLE, N.C., February 7, 1972.

HON. WILMER MIZELL,
House Agricultural Subcommittee,
Longworth Building, Washington, D.C.:

I would like to express my strong opposition to the concept of leasing, transferring, or sale of tobacco allotments or poundage across county lines. I would like to offer my support for bill number HR8055 which authorizes the lease and transfer of tobacco allotment or pounds throughout the season within the county lines.

ELMER WILLIARD,
Tobacco Farmer.

KERNERSVILLE, N.C., February 7, 1972.

HON. WILMER MIZELL,
House Agricultural Subcommittee,
Longworth Building, Washington, D.C.:

I would like to express my strong opposition to the concept of leasing, transferring, or sale of tobacco allotments or poundage across county lines. I would like to offer my support for bill No. H.R. 8055 which authorizes the lease and transfer of tobacco allotment or pounds throughout the season within the county lines.

LAWRENCE E. POPE,
President, Winston-Salem Warehousemen Association.

WINSTON-SALEM, N.C., February 7, 1972.

HON. WILMER MIZELL,
Cannon Building,
Washington, D.C.:

Regarding tobacco legislation: We oppose extending lease and transfer across county lines. We oppose sale of tobacco allotments. We favor lease and transfer throughout marketing season.

JOHN W. PETREE,
Member, Forsyth County Farm Bureau Tobacco Committee.

KERNERSVILLE, N.C., February 7, 1972.

HON. WILMER MIZELL,
House Agricultural Subcommittee,
Longworth Building, Washington, D.C.:

I would like to express my strong opposition to the concept of leasing, transferring, or sale of tobacco allotments or poundage across county lines. I would like to offer my support for bill No. H.R. 8055 which authorizes the lease and transfer of tobacco allotment or pounds throughout the season within the county lines.

BOBBY MOORE,
Tobacco Farmer.

WINSTON-SALEM, N.C., February 8, 1972.

HON. WILMER MIZELL,
Cannon Building,
Washington, D.C.:

Would like to say I am very very much against bills HR11643 HR12705 and HR112713 which offer the sale lease and/or transfer of tobacco allotments across county lines within the state. We are for bill HR8055 for the lease and transfer of tobacco allotments within the county during the marketing season.

GO JOYCE.

WINSTON-SALEM, N.C., February 7, 1972.

HON. WILMER MIZELL,
House Agricultural Subcommittee,
Longworth Building, Washington, D.C.:

I would like to express my strong opposition to the concept of leasing transferring or sale of tobacco allotments or poundage across county lines. I would like to offer my support for bill number HR8055 which authorizes the lease and transfer of tobacco allotment or pounds throughout the season within the county lines.

YORK TUCKER,
Tobacco Farmer.

WALNUT COVE, N.C., February 7, 1972.

HON. WILMER MIZELL,
House Agricultural Subcommittee,
Longworth Building, Washington, D.C.:

I would like to express my strong opposition to the concept of leasing, transferring or sale of tobacco allotments or poundage across county lines. I would like to offer my support for bill number HR8055 which authorizes the lease and transfer of tobacco allotment or pounds throughout the season within the county lines.

DAN GEORGE,
Tobacco Farmer.

WINSTON-SALEM, N.C., February 8, 1972.

HON. WILMER MIZELL,
Cannon Building, Washington, D.C.:

Would like to say we are very very much against Bills H.R. 11643, H.R. 12705, and H.R. 12713 which offer the Sale and/or transfer of tobacco allotments across county lines within the state. We are for Bill H.R. 8055 for the lease and transfer of tobacco allotments within the county during the marketing season.

C. B. STRICKLAND,
President, Winston Tobacco Board of Trade.

ROARING GAP, N.C., February 7, 1972.

HON. WILMER D. MIZELL,
Congressman Fifth District,
House Office Building, Washington, D.C.:

We urge your support of H.R. 8055 in the best interest of the tobacco farmers of Yadkin County. We urge your efforts to defeat H.R. 11643 and 12705 and 12713. We think these will be very detrimental to the future of the tobacco growers.

Sincerely,

LUTHER TODD,
Chairman, Yadkin County Tobacco Farmers Marketing Committee.
A. F. MOXLEY,
Chairman, Old Belt Tobacco Farmers Association, Inc.
J. A. MILLER,
President, Yadkin County Tobacco Board of Trade.

WINSTON-SALEM, N.C., February 7, 1972.

HON. WILMER MIZELL,
Cannon Building,
Washington, D.C.:

Would like to say I am very very much against Bills H.R. 11643, H.R. 12705 and H.R. 12713 which offer the sale lease and/194 transfer of tobacco allotments across county lines within the State. I am for bill H.R. 8055 for the lease and transfer of tobacco allotments within the county during the marketing season.

DOUGLAS COOK.

Mr. JONES. Mr. Chairman, I want to introduce Grimes Lewis of Walstonburg, N.C., who fits the description of a dirt farmer as well as anyone I know, whatever that means. I also want to say that in addition to being a hard working citizen, he cooks about the best tasting southern barbecue anywhere. I am sorry he did not bring some with him.

Mr. ABBITT. It has just been suggested that when you come back, we hope you bring some with you.

STATEMENT OF GRIMES LEWIS, WALSTONBURG, N.C.

Mr. LEWIS. Mr. Chairman, I am Grimes Lewis of Pitt County. I am in support of H.R. 12705, leasing and transferring across the county lines of any State.

Mr. ABBITT. Any questions?

Mr. JONES. No, I just want to thank Mr. Lewis for going to the trouble and expense of coming here. I think his statement is about as effective as any here today. He is right to the point. He is for the bill.

Mr. ABBITT. What do you think of the referendum? It is about divided opinion whether we should have them.

Mr. LEWIS. I think it would be fair to all concerned.

Mr. ABBITT. To have a referendum by the States?

Mr. LEWIS. Yes, sir.

Mr. MATHIS. Mr. Chairman, might I ask one question of Mr. Lewis?

Mr. ABBITT. Certainly.

Mr. MATHIS. Mr. Lewis, first of all, have you had the opportunity to discuss any of these bills with a large number of your fellow tobacco producers in North Carolina?

Mr. LEWIS. No, sir; not a large number.

Mr. MATHIS. Those you have discussed it with, what has been the general feeling that you have heard?

Mr. LEWIS. Mr. Jones' bill for lease or transfer within a State across the county line?

Mr. MATHIS. Yes, sir.

Mr. LEWIS. Yes, sir.

Mr. MATHIS. Has the feeling been that most of the people you have talked to would support this bill and are interested in this bill?

Mr. LEWIS. Yes, sir.

Mr. ABBITT. Mr. Jones, do you want to introduce the next witness? Are these the only two districts in North Carolina that grow tobacco?

Mr. JONES. No, Mr. Chairman, they just grow the best.

Our next witness is Mr. Ruel Dildy of Fountain, N.C., no relation to Congressman Fountain. He, too, is very active in the profession of agriculture and offers leadership and direction to a sound farm program. I am very happy to introduce him to this committee and thank him for coming in and contributing his testimony.

Mr. ABBITT. We are pleased to have you here. Just proceed however you prefer.

STATEMENT OF RUEL DILDY, FOUNTAIN, N.C.

Mr. DILDY. Mr. Chairman, in the interest of time, we are a long way from home, and we would like to get on the road home, but I would like to echo everything this Carl Hicks said this morning. We are for the H.R. 8055 bill and also H.R. 12705.

Now, I would like to use myself as an example on this 8055, which is lease or transfer through the year. If a man has some tobacco left over and he cannot sell in the fall of the year, he has a lot of risk to run there. You cannot get any insurance on it. I had about 10,000 pounds—the good Lord blessed me with a good crop in 1970, and I carried this over, scared to death whether it was going to be in the tobacco house in the morning or be in ashes. I could not get any insurance. The bugs got in it. We had to work it out.

The companies did not want it because it was old tobacco. If I could have bought some pounds that fall and sold that tobacco, I would not have had to put up \$200 or \$300 the first of the year and lay out the cost in interest for 8 months before I could sell that tobacco and then might lose it.

So I am wholeheartedly, and everybody I talked to in my community, that I talked to from the time I found out I was coming up here, they are for these bills and we would like to see them passed.

Mr. ABBITT. What is your position with regard to the referendum that has been discussed here?

Mr. DILDY. What is my position on it?

Mr. ABBITT. Yes; what do you think of the referendum?

Mr. DILDY. Well, I think that is the fairest way to go. I believe it would have to go that way, and I think if it does, it would pass.

Mr. ABBITT. Any questions?

(No response.)

Mr. ABBITT. We certainly appreciate your attendance and sharing with us your views.

Next is, Mr. Jones?

Mr. JONES. It is a pleasure to introduce to the committee Mr. David Harold Smith of Route No. 2, Ayden, N.C. He has gone to a great deal of trouble to get here and has been patiently waiting to testify.

We are delighted to have you.

STATEMENT OF DAVID HAROLD SMITH, ROUTE NO. 2, AYDEN, N.C.

Mr. SMITH. Thank you, Mr. Chairman, fellow members of the committee. I, too, am a dirt farmer and this kind of scares me to death when I come up here to a place like this where I am not used to being.

But to make it short, people in my community are very much in favor of Mr. Jones' bill, No. 12705. We have strictly a tobacco county and we depend on tobacco primarily for our livelihood. We need a stable supply and a stable cost of poundage if we are going to attempt to maintain a decent level of living.

Also, we have men average of about 55 years of age in the present day farmers in our communities. Not many years in the future, these people are going to have to step down and give over to younger people. To get these younger people interested in farming, and also provide an equal base for them to operate, they have to make a profit. The only way we can make a profit in tobacco is to have a stable supply and a stable cost.

That is all I have, thank you.

Mr. ABBITT. We appreciate very much your appearance.

Any questions?

Mr. JONES. I have no questions.

Mr. ABBITT. Thank you so much. Nice of you to come.

Do you favor the referendum?

Mr. SMITH. Yes, sir; we feel like that is a fair way.

Mr. MIZELL. Mr. Chairman, I think I am the only one today who gets to present someone from his district twice, in trying to extend the courtesy to those who had to catch a plane, I presented Mr. Hunter before from Mt. Airy in Surry County, N.C. Not only is he experienced in the warehouse business, but also in the producing business as well as farm supplies. I certainly appreciate Mr. Hunter's interest in coming so far on such short notice, I might say, to testify here today, Mr. Chairman.

STATEMENT OF J. W. HUNTER, MT. AIRY, N.C.

Mr. HUNTER. Thank you, sir.

Mr. Chairman, I am testifying in the interest of this House bill 8055. I am from Mt. Airy in Surry County, N.C. We are a county of small tobacco producers, probably about two and a half acres, average.

Of course, we do have at this time in the last two or three growing seasons farmers who have leased and grown up to 20 or 30 acres of tobacco. Under this system, I find that generally when they are growing 25 or 30 acres it is poorer quality. The best tobacco we have in our area is grown by the small 2 or 3-acre tobacco farmer. I think that will prove true in about every county in North Carolina. Sometimes the larger they get, the poorer quality they get.

I have talked to a number of people in our county and I have found no one in favor of leasing or selling allotments across county lines. I think our county would go along with this House bill 8055 in leasing all through the marketing season. I do not think there would be any objection to that in our county.

Mr. ABBITT. We appreciate so much your coming up.

Any questions?

(No response.)

Mr. HUNTER. One more thing. I would have to disagree with Mr. Jones. I think he said they grew the finest tobacco in North Carolina. I want to disagree. We grow some finer.

Mr. JONES. Let me say you misunderstood me.

Mr. ABBITT. I am glad he limited it to North Carolina.

Mr. JONES. The Chairman made a comment that were we the only two districts that raise tobacco in North Carolina, and I said the two districts raise the best tobacco, including Mr. Mizell's and mine.

Mr. HUNTER. I beg your pardon.

Mr. MILLER. If I may, sir, I have heard several times today a quotation that the larger the farm is, the lower quality the tobacco is. Perhaps you could elaborate a little on this.

Mr. HUNTER. Well, in my area, they just plant more than they can manage. That is what happens to it. Excuse me for bringing this in, but I am in the fertilizer business and the hardest bills I have to collect are the people that grow the most tobacco. The little farmer has always managed to pay his bills, but the big ones, they give me problems on the large farms.

Mr. ABBITT. Thank you. Any questions?

Mr. MIZELL. Just one point.

Did I understand you to say, and I am thinking in terms of testimony earlier this morning, the small producer is the one that will benefit the most by extending the lease and transfer of allotments throughout the marketing season?

Mr. HUNTER. Well, that would be hard to answer. It depends on who has the tobacco. Sometimes the largest producer would be the largest. It is hard to tell. It depends on who has the tobacco.

Mr. Jessup was to come with me up here, but his father became ill and he did not come here. So I had to leave him back in Surry County.

Mr. ABBITT. Are there any other farmers here?

We are fortunate indeed and proud to have with us one of the outstanding men of Congress, a man who has always been vitally interested in tobacco growing. While he is naturally interested in the tobacco raised in his State, he is interested in the entire tobacco industry and all the different types.

I am glad to have with us Tim Lee Carter of the great State of Kentucky.

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

Mr. CARTER. Congressman Abbitt, Congressman Jones, Congressman Mathis, Congressman Miller and Congressman Mizell, certainly it is a pleasure to be here with you in support of the tobacco program.

I appreciate very much what you had to say, Mr. Chairman. As a result of your work last year, tobacco in Kentucky, burley tobacco, soared to an alltime high of 85 cents per pound for top grades, and with an average of 80 cents per pound. I understand it is only necessary for pools under Government loans to purchase one-tenth of 1 percent of the tobacco sold.

Certainly, I support your intentions, whatever they may be, and I am sure first that they would be right, about flue-cured tobacco and other tobaccos. My primary interest, of course, is burley.

I oppose the sale of burley allotments. Many of the allotments are very small, but they provide a source of much needed income to the small farmer. The end result would be, if such legislation providing for the sale of allotments across county lines, if this passes the House, the concentration of tobacco on allotments in the hands of the very wealthy farms will occur. The bill as passed by the Congress last year would permit leasing of acreage producing 15,000 pounds or less. This amount might be a little greater than it should be, however, in regard to burley tobacco.

I oppose H.R. 10037 introduced by Congressman Hamilton, which would permit the lease or sale of acreage allotments for any type of tobacco in the same manner that fire-cured or sun-cured allotments may now be transferred under section 318 of the Agricultural Adjustment Act of 1938 as amended in 1967, so far as it would apply to burley tobacco, but only in that regard.

I would ask that my statement be included for the record. It is a pleasure to be here with you gentlemen and to support your programs.

Mr. ABBITT. Without objection, that will be done.

(The above-referred to document follows:)

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

Congressman Abbitt, Congressman Wampler, Congressman Miller, Congressman Mizell, and Members of the Tobacco Subcommittee, I want to thank you for the opportunity to report on the legislation which you initiated and which passed the House last year.

I am particularly aware of the efforts of the Subcommittee to protect the rights of the small tobacco farmer. The poundage plan with built-in protection for the grower of a .5 acre base and less has been extremely helpful to the burley growers of Kentucky. Prices soared to an all-time high of 85c per pound for top

grades, and with an average of 80c per pound. It was only necessary for pools under Government loan to purchase 1/10 of one percent of the tobacco sold.

Although the total poundage last year was less than usual, the built-in protection in the bill passed in 1971 will permit them next year to make up this loss. It is my understanding today that you have before you several bills concerning the lease and transfer of flue-cured tobacco quotas and one proposal which would affect the burley tobacco program. Since we grow no flue-cured tobacco in my district, I shall address my remarks to burley tobacco.

I oppose the sale of burley allotments. Many of these allotments are small, but they provide a source of much needed income to the small farmer. The end result will be, if such legislation passes this House, the concentration of tobacco allotments in the hands of the very wealthy farmers. The bill as passed by the Congress last year would permit leasing of acreage producing 15,000 pounds or less. I submit that this amount is greater than it really should be.

I oppose H.R. 10037, introduced by Congressman Hamilton, which would permit the lease or sale of acreage allotments for any type of tobacco in the same manner that that fire-cured or Virginia sun-cured allotments may now be transferred under section 318 of the Agriculture Adjustment Act of 1938, as amended in 1967, since it would permit transfer across county lines to any farmer within the State.

While it might not have a bad effect in Indiana, it could prove a disaster in Kentucky, for burley production over a period of time would be transferred to the richest agricultural areas.

I petition this committee to maintain the burley poundage plan without change. I oppose sale of allotments or transfers out of the county. Let us see how the leasing provisions work this year.

Again, let me congratulate the committee on the good work it has done in the past.

Mr. CARTER. If there are any questions.

Mr. ABBITT. I have just one statement to make. We appreciate so much your coming and giving your help and assistance to this committee.

Any questions?

Mr. MATHIS. No questions, thank you.

Mr. CARTER. I am delighted to be here.

Mr. ABBITT. Is there any one else here who would like to testify?

(No response.)

Mr. ABBITT. Mr. Todd, my recollection is in the past when we permitted leasing within the county, we invoke very stringent rules and regulations because we were treading new ground and we wanted to ascertain exactly what it would do. My further recollection is that we provided only that the person who had the lease be the lessee of the person who had that particular type of tobacco. I understand from the testimony here this morning that that is not true at least for burley tobacco, anybody on that land can be the lessee of burley tobaccos. Is that true in the sun-cured, dark fired sun-cured?

STATEMENT OF JOSEPH J. TODD, ACTING DIRECTOR, TOBACCO DIVISION, ASCS-USDA—Resumed

Mr. TODD. I think we changed our minds a couple of times and made it confusing. My recollection is that some of the folks of Virginia knew of two or three instances—first let me say we have an entirely different situation on your dark-fired than on burley. Your tobacco is in short supply, burley is in long supply. So some of the folks from your area said if we would permit leases or sales to farms that did not then have dark-fired allotments, they would grow what was needed. I think some of these farms had tobacco

barns but they lost their allotments because they had not raised it for 5 years. So in section 318, which applies to dark tobacco, it can be leased or sold to a nonallotment farmer.

Mr. ABBITT. That is what I want to know.

Mr. TODD. You do not have to have an allotment, but I do not know how many have gone that way. I think Mr. Tom Hall said he knew of two instances where younger men had bought a farm; it was a tobacco farm and lost its allotment because it had not been grown for 5 years. Now, a new man that would come in there, if he had a barn, he would grow tobacco, but he would need a new allotment.

Mr. ABBITT. My understanding is that he could lease or buy an allotment if he could find a willing seller?

Mr. TODD. Right. Technically, under the law, burley could go to nonallotment farms—but when we put the new program into operation, burley was in surplus, so we invoked an administrative ruling that burley can't go to a nonallotment farm.

Mr. ABBITT. That is the same way you used to compel a man to come into an ASCS office to sell a lease or transfer or lease tobacco, isn't it?

Mr. TODD. That was done by administrative rule, yes, sir.

We discussed it with the farm leaders, and since there was a surplus of burley, they said let's keep it on the burley farms. If you are going to reduce production, which we had to do, let's keep it on the burley farms.

Mr. ABBITT. I am not questioning that, but I just want to be sure that in the dark-fired area, they could transfer to nonallotment land-owners, because in Virginia dark-fired type 21 has an allotment of 9,000 acres. It is in short supply, yet they only grew 5,000 acres last year. And the foreign markets are wide open, they are calling for the tobacco and nobody raised it. Virginia is the only place that the type 21 is grown or can be grown, as I understand it. It is a different type from the Kentucky or Tennessee dark-fired.

I just wonder if that was the rule, but I was not sure.

Any questions?

Mr. JONES. Mr. Todd, this morning, you testified that on the farm which for a period of 3 years did not plant or lease, that allotment was lost, right?

Mr. TODD. I'm afraid I confused that point this morning. In the case of flue-cured, the allotment is not reduced for underplanting until the history completely runs out.

Mr. JONES. All right, if for 6 years, if for some reason it is not utilized in any way?

Mr. TODD. That is right—grown or leased.

Mr. JONES. Utilized in any way?

Mr. TODD. Yes.

Mr. JONES. It then becomes nonexistent, is taken out.

Mr. TODD. Yes, sir.

Mr. JONES. Do you have an opinion or estimate of how much that involves in the course of 6 years? It would be very minute, would it not?

Mr. TODD. It is minute.

Mr. JONES. Thank you.

Mr. TODD. Especially since we have had lease and transfer. And the ones that have gone out have been very small ones, just an acre or two, which is not very practical on flue-cured tobacco.

Mr. MIZELL. If I might, I would like to have Mr. Todd respond to this question as it relates to H.R. 8055, which permits a lease and transfer of allotments throughout the marketing season within the county; certainly this is a hypothetical question as to what action the committee might take, Mr. Todd. But if the committee saw fit to just report out 8055, that would permit the secretary to have his discretion of extending leasing throughout the season, would it be necessary to have any other amendments or would it be necessary for the committee to take any precautionary action to make sure that this would not disrupt the marketing season, in your opinion?

Mr. TODD. I do not think any additional language would be required. We have run into these problems where some brokers have gotten into the operation, so you may want to consider Mr. Jones amendment, which is designed to keep somebody from leasing up some quota, not planting it, but carrying it around in his hip-pocket until the marketing season opens.

Mr. MIZELL. Is that legal now? Is that legal for someone to do that now?

Mr. TODD. No; because he has to file his lease before planting time under present law in Flue-cured.

Mr. ABBITT. Of course, if the gentleman would yield, that provision was put in to eliminate what you are talking about, that no one could lease allotments unless he was prepared to plant them. In other words, he would have to get the lease before planting time and certainly make out like he was going to plant them.

Mr. MIZELL. Well, this is why I wanted Mr. Todd to respond to this, just so we make sure that what we are doing would be a step forward. We certainly want to prohibit someone who tries to deal in leases in a brokerage fashion interfering, because our action and our intention is strictly to make it as convenient and profitable for the tobacco producer and the man who is going to lease his allotment as possible.

So, Mr. Todd might even think about this a little bit and the committee might even want to get his recommendations on this.

Mr. JONES. Will the gentleman yield?

Mr. MIZELL. Yes; be glad to.

Mr. JONES. I have discussed this with Mr. Todd on previous occasions and with the permission of the committee to clarify for the moment at least, let me again read a revised amendment which I shall offer, either to your bill or to my bill—

Mr. MIZELL. Well, it is all of our bills.

Mr. JONES. Whatever bill comes out I will offer it to control the very thing you are concerned about, and about which I am also concerned, that is speculating and doing nothing except profiting out of somebody else's misfortune: "Any lease of Flue-cured tobacco acreage-poundage marketing quotas filed on or after June 1 in any year shall not be effective unless the acreage planted on both the lesser or lessee farms during the current marketing year was as much as 75 percent of the farm acreage allotment in effect for such year."

That means simply that if you are leasing in good faith before the planting season, then of course this does not apply. But after the planting season, and almost, in some cases, maybe, the harvesting season—we used the date June 1, but that is arbitrary and can be changed—then to legalize, both of us must have been active planters in this year up to 75 percent of your allotment.

Does that explain it to you?

Mr. MIZELL. Certainly it has been helpful to me to see the point that you are making.

Mr. JONES. It is my opinion that this will eliminate speculation, I guess is the word; or any taking advantage of anybody else. If we were both acting in good faith, and I had a poor crop, which would be my fate, I am sure, and he had a good crop, which would be your good fortune, so you are stuck, you do not have to carry it, it is expensive, there is a penalty to do it pricewise. So you come to me and say, under certain arrangements, let me lease part of your card which you cannot fulfill.

Mr. MIZELL. Certainly understand the thrust of your amendment now, Walter.

Mr. Chairman, if I may, Mr. Todd, how is it working in the burley tobacco now? I realize you have only had 1 year's experience but what precautions do you have in the burley bill right now that prevents the wholesaling of these leases or the brokerage of the leases?

Mr. TODD. We do not have any. I saw one ad in the paper where a fellow had set himself up for that kind of business. But I do not think we had much leasing in burley because the crop was short. Although the law does not establish a closing date for your dark tobacco or for burley, either, obviously, we do not want to run the thing on 5 years, so we put a closing date in administratively for burley, which is February 15, and all the markets are already closed. So it was just a cutoff date, would not catch anybody.

Mr. ABBITT. Any other questions?

Mr. TODD. Mr. Chairman, I might just for clarification, both Mr. Mizell's bill and Mr. Jones' bill have a provision in them that would repeal the second sentence of section 316(c). What Mr. Jones proposal is, as I understand it, is to put his new language in lieu of what is in the second sentence of 316(c) now, and he can do it either on his bill or Mr. Mizell's bill.

Mr. ABBITT. That is the language, it strikes out the one and closes off the date of the leasing.

Mr. TODD. Before planting time; yes, sir. Both bills would repeal that sentence that is in there now, that it has to be filed before planting time, and the committee could substitute whatever language they want to.

Mr. MILLER. Mr. Chairman, if I may.

Mr. Todd, I would like to hear your reason as to why we have better quality tobacco from the smaller allotments. Is it the fact that it is hand produced on small allotments while on the larger allotments there is more mechanization? We heard it several times today and I would like to hear your comments.

Mr. TODD. Well, Congressman, that is one of these things that is kind of hard to get your teeth in, and there are exceptions, of course,

to that, because some of the larger growers do grow top quality tobacco and some of the smaller growers do not take the care. I think, generally, it may be due to the fact that they are family-operated farms and a man has more interest in his product than hired labor would have. That would be my guess as the only explanation that I know.

Mr. MILLER. Thank you.

Thank you, Mr. Chairman.

Mr. ABBITT. Now, have we taken care of all the statements that want to be provided?

Without objection I want to reserve the right for Robert B. Delano of the Virginia Farm Bureau to submit a statement in a reasonable time.

Unless there is somebody else who wants to be heard?

Mr. MIZELL. Mr. Chairman, if I recall directly, you said the record would be held open for a few days.

Mr. ABBITT. Yes. The meeting is adjourned.

(The following statement, letters, and telegrams were also submitted to the subcommittee:)

STATEMENT OF HON. LEE H. HAMILTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

Mr. Chairman, I want to thank you for holding a day of hearings on legislation affecting the lease and transfer and/or sale of tobacco acreage allotments and marketing quotas across county lines in the same state. I urge that affirmative action be taken on this beneficial legislation.

I introduced a bill of this nature in 1971, H.R. 6136, directed at burley tobacco allotments. This bill was later reintroduced in an expanded version to incorporate the suggestions of the Department of Agriculture. The new bill, H.R. 10037, authorizes the lease and transfer and/or sale of allotments and marketing quotas for all kinds of tobacco, and also authorizes transfers of allotments or quotas across county lines in the same state. The Agriculture Department has recommended that this bill be passed.

There is a drafting error in H.R. 10037, Mr. Chairman. It should read (7 U.S.C. 1314d(a)) and (b), rather than (7 U.S.C. 1314b(a)) and (b).

There are several reasons for the enactment of H.R. 10037, as amended above.

First, as the Agriculture Department pointed out in commenting on my bill, more flexibility would be introduced into the tobacco marketing quota programs. Rigid restrictions now in effect detract from the efficient use of tobacco allotments and quotas. By loosening these restrictions, farmers who want to continue to farm tobacco will be able to concentrate their labor and machinery in one location, thus aiding the development of economies of scale.

It is estimated that 60 percent of the burley tobacco allotments consist of one-half an acre or less. The average size for all allotments is less than two acres. These acreages are too small to permit efficient planning, harvesting and curing techniques. Greater flexibility in the distribution of allotments and quotas would allow the creation of more economic production units. Reduced production costs would protect the price competitiveness of American tobacco in the world market.

This bill would also permit growers who are hard-pressed to find tenant farmers for their tobacco acreage to combine their operations in one location, thereby avoiding the headaches of insuring the presence of a tenant for each allotment. Under the present law, the absence of a tenant could lead to the loss of the allotment base if the acreage is not continuously used for tobacco production.

A second advantage of this bill is that it would permit farmers who do not wish to continue the production of tobacco to transfer their resources into other enterprises and at the same time, continue to receive some income from the lease or sale of their allotments.

Finally, H.R. 10037 would not add to the overall tobacco acreage, so administrative costs of the tobacco programs would not increase.

Mr. Chairman, there are precedents for the enactment of this legislation. Present law already permits the owner of an allotment or quota for Fire-cured, dark air-cured or Virginia sun-cured tobacco to sell or lease his acreage to another farm owner or operator within the same county. This bill expands this privilege to include all types of tobacco.

Present law also allows the transfer of certain Virginia tobacco allotments or quotas to a farm in another county in the same state. This provision is also expanded in H.R. 10037 to apply to all types of tobacco.

Mr. Chairman, the advantages of this bill are apparent. I respectfully urge you to take prompt and affirmative action on this measure.

AMERICAN FARM BUREAU FEDERATION,
February 7, 1972.

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."

"In order to permit the development of more efficient units, producers should be authorized to lease, sell, or otherwise transfer allotments to other farms in the same state or administrative area."

We believe that H.R. 12705 by Congressman Jones of North Carolina is consistent with the policy position taken by our members. We urge favorable consideration of this bill by this Committee and the Congress.

We respectfully ask that this letter be made a part of the hearings record on this legislation.

Sincerely yours,

MARVIN L. McLAIN,
Legislative Director.

NATIONAL FARMERS ORGANIZATION,
February 9, 1972.

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

DEAR CONGRESSMAN ABBITT: Our state president in North Carolina, W. K. Corbett, asked that I make available to you these resolutions that were developed in discussion of NFO tobacco men from four states last May. Although some of the points do not relate directly to the lease and transfer questions now under consideration in your subcommittee, the recommendations may be helpful.

If there are any questions, please call on me.

Sincerely,

CHARLES L. FRAZIER,
Director, Washington Staff.

TOBACCO RALLY, RALEIGH, N.C., MAY 27, 1971

RESOLUTIONS

1. No decrease in public auction warehouses or buyers

The tobacco industry needs more selling time and markets, not less. During a time that the farmer has spent thousands of dollars for progress and improvement of tobacco handling, equipment and methods, the buying interests have failed to do the same in processing ability. This has resulted in the farmer not being able to turn tags on tobacco that did not bring a fair price and re-sell it in an orderly and reasonable time. This has caused much tobacco to go into Stabilization that should not have. Therefore, we feel that there must be no curtailing of one-set markets and no reduction of buyers on any markets so that the farmer can again protect his price by being able to refuse an insufficient price. Any

concentration of the markets will be an inconvenience to the farmers in both travel and ability to maintain a good price.

2. No freeze in support price at the 1971 level

The support price formula takes into consideration prices paid by farmers for interest, taxes and wage rates. Since it is impossible for the farmer to freeze the cost of his production, it is not economically feasible to think that his price support could stand still and still make a reasonable profit. The tobacco farmer is continually in transition of one kind or another and he must make a profit in order to main quality in his production and a satisfactory living for his family.

3. No crossing of county lines or state lines by lease or sale

Since the county lines very obviously protect that county's individual real estate values, the permitting of cheaper allotments to come into higher price counties could be disastrous to the loan structures and annual operating borrowing procedures of the higher price areas. At the same time, the removal of these allotments from the lower price areas would create economic vacuums within those counties. These devaluations could in many cases force those who are indebted or retired into a position of having to sell their property, thereby creating a surplus on the land market and causing a chain reaction in land devaluation throughout the flue-cured area. If this should happen, many farmers would very likely be forced into the position of having to grow tobacco under contract directly to the companies or be financed at high interest rates from sources of money other than agricultural.

4. No selling of tobacco allotments off the land

The fact that tobacco has maintained a special identity in the entire land value of the flue-cured area is directly related to the fact that the allotment belongs to the land. This has proven beyond the shadow of a doubt to be the backbone of our economic structure. The only way that we can maintain our 100% loan abilities and our economic soundness is that all the lands in the flue-cured area retain their tobacco allotments. Also, it is felt that the permitting of selling small allotments off the land would encourage an expansion in this direction by political segments and the USDA. We must remember that this was one of the first moves made in the cotton transition and those who initially bought cotton allotments within two years found that they had bought nothing and that consolidating these allotments in reality had lost much political strength.

5. No legislation for changes relating to preservation of history of allotments on tobacco farms

The tobacco allotment belongs to the land and if it is leased off the land this should not change the identity of the farm history, regardless of how long it is leased off the land. If tobacco farms are to get larger, this can well be done by purchasing the entire farm. Those who are desirous of leasing large acreage can now do so with a five-year long-term leasing agreement. This enables a man to buy equipment and set up a farm program satisfactory to his needs. The lease or transfer within the county is well used and now involves 25% of the actual acreage and possibly as many as 70-75% of the total contracts were leasing in or leasing out.

A. No transfer by sale of allotments.

B. Give planting credit for allotments transferred by lease, regardless of number of years.

C. No 20% reduction if less than 90% is planted on the farm.

D. No cancellation of allotment if no tobacco is planted on the farm in five consecutive years.

E. No changes in Section 377 of the Agriculture Act of 1937 with reference to tobacco.

FLORIDA FARM BUREAU FEDERATION,
Gainesville, Fla., February 11, 1972.

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

DEAR CONGRESSMAN ABBITT: On behalf of the more than 7,000 tobacco farmers in Florida, we would like to go on record in support of H.R. 12705 by Congress-

man Jones of North Carolina. We believe this will greatly assist the producers of tobacco throughout the flue-cured area.

We would like to suggest an amendment to H.R. 12705 that would provide an extension of the lease and transfer through the marketing season. You will recall that last year this provision was written in for burley tobacco and we understand has proven of great assistance to burley producers. We, therefore, recommend similar language be inserted in this legislation that would make the burley provision applicable to flue-cured tobacco.

We respectfully ask that this letter be made a part of the Hearing record with regard to this legislation.

Kindest personal regards.

Sincerely,

JOHN C. LYNN,
Executive Vice President.

VIRGINIA FARM BUREAU FEDERATION,
Richmond, Va., February 14, 1972.

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

DEAR CONGRESSMAN ABBITT: We have reviewed certain House Bills being considered by the Subcommittee on Tobacco and wish to state the position of the Virginia Farm Bureau Federation regarding three of these Bills.

H.R. 11643 by Mr. Mathis of Georgia would amend the Agricultural Adjustment Act of 1938 to authorize the sale, lease, and transfer of flue-cured tobacco acreage-poundage quotas between farms in the same state.

The Virginia Farm Bureau has a firm policy position in opposition to the sale of flue-cured tobacco allotments and must oppose H.R. 11643 because of the provision for sale of allotments.

H.R. 12705 by Congressman Jones of North Carolina would amend the Agricultural Adjustment Act of 1938 to permit the lease and transfer of flue-cured tobacco acreage-poundage quotas across county lines within a state by an act of the Congress.

We find the attitude of our flue-cured tobacco producers is mixed on this issue with some favoring this provision while others oppose. We believe that producers should be given the opportunity to vote in referendum on a change in the program of this magnitude. Without the provision of referendum in H.R. 12705, the Virginia Farm Bureau will not support this Bill.

H.R. 12713 by Mr. Mathis of Georgia would amend the Agricultural Adjustment Act of 1938 to authorize the lease and transfer of flue-cured tobacco acreage-poundage marketing quotas between farms within the same State. It further provides that such provision would become applicable upon a favorable vote of two-thirds of the farmers voting in such referendum.

Again, in view of mixed attitude of producers on the change of this program, the Virginia Farm Bureau supports the provisions of H.R. 12713 which will permit flue-cured tobacco producers to make the determination of change in the flue-cured tobacco acreage-poundage program. We urge favorable consideration of H.R. 12713 by the Subcommittee on Tobacco and the Congress.

We respectfully request that this letter be made a part of the hearing record on the above mentioned bills.

Sincerely yours,

ROBERT B. DELANO, *President.*

RALEIGH, N.C., February 7, 1972.

Mrs. CHRISTINE GALLAGHER,
Clerk, House Agriculture Committee, Agriculture Committee Office, U.S. House of Representatives, Washington, D.C.:

North Carolina Farm Bureau's position on lease and transfer of tobacco allotments "we favor the lease and transfer system for tobacco. We recommend a regulation to permit the current producer to transfer through the county ASC office their unused pounds of flue cured tobacco during the marketing season of the current production year."

B. C. MANGUM, *President.*

HENDERSON, N.C., *February 7, 1972.*

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

Regret impossible to attend hearing tomorrow. Bright Belt Warehouse Association, Inc. opposes H.R. 12705 and other bills to be considered which would change the present flue cured tobacco program.

F. S. ROYSTER,
Managing Director.

LOUISVILLE, KY., *February 7, 1972.*

Congressman WATKINS M. ABBITT,
Chairman, Tobacco Subcommittee, Longworth House Office Building, Washington, D.C.:

The poundage legislation for burley tobacco enacted by Congress in 1971 has proven entirely satisfactory. We feel definitely that the law should not be changed at this time. We would appreciate you presenting this recommendation at any hearing conducted this year for consideration to change the present program for burley tobacco.

LOUIS F. ISON,
President, Kentucky Farm Bureau Federation.

(The subcommittee was adjourned at 3:45 p.m., subject to the call of the Chair.)

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