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POUNDAGE QUOTAS FOR BURLEY TOBACCO

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HEARING

BEFORE THE

**SUBCOMMITTEE ON AGRICULTURAL PRODUCTION,
MARKETING, AND STABILIZATION OF PRICES**

OF THE

**COMMITTEE ON
AGRICULTURE AND FORESTRY
UNITED STATES SENATE**

NINETY-SECOND CONGRESS

FIRST SESSION

ON

S. 789

**A BILL TO AMEND THE TOBACCO MARKETING QUOTAS
PROVISIONS OF THE AGRICULTURAL ADJUSTMENT ACT
OF 1938, AS AMENDED**

MARCH 2, 1971

Printed for the use of the Committee on Agriculture and Forestry



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POUNDAGE QUOTAS FOR BURLEY TOBACCO

TUESDAY, MARCH 2, 1971

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

The committee met, pursuant to call, at 10:10 a.m. in room 324, Old Senate Office Building, Hon. Jack Miller presiding.

Present: Senators Eastland, Miller (presiding), and Curtis.

Also present: Senator Cook, Senator Cooper, and Representative Roy A. Taylor.

Senator MILLER. The committee will come to order.

Senator Eastland, who should be presiding, has been delayed, and so in his absence I will start the hearings. I am going to read an opening statement which Senator Eastland would otherwise be giving.

The subcommittee is holding hearings today on S. 789, which provides for poundage quotas for burley tobacco. The quota for each marketing year would be the amount which the Secretary estimated would be used domestically and exported during such year, adjusted upward as deemed desirable by the Secretary for the purpose of maintaining adequate supplies, or adjusted downward by not more than 10 percent for the purpose of effecting an orderly reduction of supplies to the reserve level.

The bill would be effective for the 3 marketing years beginning October 1, 1971, if the quota otherwise determined for 1971 would result in a reduction of more than 15 percent in those allotments that are subject to reduction, and if the Secretary finds that acreage allotments provided in section 313 of the act will not continue in future years to be effective in adjusting supplies to the reserve level.

The initial marketing quota for each farm would be determined by multiplying its 1970 allotment by a yield factor to obtain a preliminary farm marketing quota, and then by multiplying such preliminary quota by a national factor of not less than 95 percent.

A copy of the bill will be inserted in the record at this point, without objection.

(S. 789 follows:)

[S. 789, 92d Cong., 1st Sess.]

A BILL

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

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That the Agricultural Adjustment Act of 1938, as amended,
4 hereinafter referred to as the "Act", is amended by adding
5 immediately following section 318 a new section 319 to
6 read as follows:

7 "FARM POUNDAGE QUOTAS FOR BURLEY TOBACCO

8 "SEC. 319. (a) Notwithstanding any other provision
9 of law, if the amount of the national marketing quota for
10 burley tobacco for the marketing year beginning October
11 1, 1971, as determined under section 312 of the Act will

II

1 result in a reduction of more than 15 per centum in farm
2 acreage allotments which are subject to reduction, and the
3 Secretary finds that acreage allotments provided in section
4 313 of the Act as limited by Public Law 528, Eighty-
5 second Congress (66 Stat. 597), as amended by Public
6 Law 21, Eighty-fourth Congress (69 Stat. 24), approved
7 March 31, 1955 (7 U.S.C. 1315), will not continue in future
8 years to be effective in adjusting supplies to the reserve
9 supply level, because of increasing per acre yields, decreas-
10 ing usage, or otherwise, the Secretary shall proclaim national
11 marketing quotas for the three marketing years beginning
12 October 1, 1971, as provided in this section.

13 "Within thirty days following such proclamation, the
14 Secretary shall conduct a referendum of the farmers engaged
15 in the production of the 1970 crop of burley tobacco to de-
16 termine whether they favor or oppose the establishment of
17 farm marketing quotas on a poundage basis as provided in
18 this section for the three marketing years beginning October
19 1, 1971. If the Secretary determines that two-thirds or more
20 of the farmers voting in such referendum approve marketing
21 quotas on a poundage basis, marketing quotas as provided in
22 this section shall be in effect for those three marketing years.
23 If marketing quotas on a poundage basis are not approved
24 by at least two-thirds of the farmers voting in such referen-
25 dum, no marketing quotas or price support for burley tobacco

1 shall be in effect for the marketing year beginning October
2 1, 1971. Thereafter, the provisions of section 312 of the Act
3 shall apply: *Provided*, That national marketing quotas for
4 burley tobacco for any marketing year subsequent to the
5 marketing year beginning October 1, 1971, shall be pro-
6 claimed as provided in this section.

7 “(b) The Secretary shall determine and announce, not
8 later than the February 1 preceding the second and third
9 marketing years of any three-year period for which
10 marketing quotas on a poundage basis are in effect under this
11 section, the amount of the national marketing quota for each
12 of such years. If marketing quotas have been made effective
13 on a poundage basis under this section, the Secretary shall,
14 not later than February 1 of the last year of three consecu-
15 tive marketing years for which marketing quotas are in ef-
16 fect under this section, proclaim national marketing quotas
17 for burley tobacco for the next three succeeding marketing
18 years as provided in this section. Within thirty days follow-
19 ing such proclamation, the Secretary shall conduct a referen-
20 dum in accordance with section 312 (c) of the Act. If the
21 Secretary determines that more than one-third of the farmers
22 voting oppose the national marketing quotas, he shall an-
23 nounce the results and no marketing quotas or price support
24 shall be in effect for such kind of tobacco for the first market-
25 ing year of such three-year period. Thereafter, the provisions

1 of section 312 of the Act shall apply: *Provided*, That the na-
2 tional marketing quota and farm marketing quotas shall be
3 determined as provided in this section. Notice of the farm
4 marketing quota which will be in effect for his farm for the
5 first marketing year covered by any referendum under this
6 section shall insofar as practicable be mailed to the farm op-
7 erator in sufficient time to be received prior to the
8 referendum.

9 “(c) The national marketing quota determined under
10 this section for burley tobacco for any marketing year shall
11 be the amount produced in the United States which the Sec-
12 retary estimates will be utilized in the United States and will
13 be exported during such marketing year, adjusted upward or
14 downward in such amount as the Secretary, in his discretion,
15 determines is desirable for the purpose of maintaining an
16 adequate supply or for effecting an orderly reduction of sup-
17 plies to the reserve supply level. Any such downward adjust-
18 ment shall not exceed 10 per centum of such estimated utili-
19 zation and exports. For each marketing year for which mar-
20 keting quotas are in effect under this section, the Secretary
21 in his discretion may establish a reserve (hereinafter re-
22 ferred to as the ‘national reserve’) from the national market-
23 ing quota in an amount not in excess of 1 per centum of the
24 national marketing quota to be available for making cor-
25 rections and adjusting inequities in farm marketing quotas,

1 and for establishing marketing quotas for new farms (i.e.,
2 farms for which farm marketing quotas are not otherwise
3 established).

4 “(d) When a national marketing quota is first pro-
5 claimed under this section, the Secretary shall through local
6 committees determine a farm yield for each farm for which
7 a burley tobacco acreage allotment was established for the
8 marketing year beginning October 1, 1970. Such yield
9 shall be determined by averaging the yield per acre for the
10 four highest years of the five consecutive years beginning
11 with the 1966 crop year: *Provided*, That if tobacco was
12 produced on the farm in fewer than five of such years, the
13 farm yield shall be the simple average of the yields obtained
14 in the years during such period that burley tobacco was
15 produced on the farm: *Provided further*, That if no burley
16 tobacco was produced on the farm but the farm was con-
17 sidered as having planted burley tobacco during the imme-
18 diately preceding five years, the farm yield will be appraised
19 on the basis of the yields established for similar farms in
20 the area on which burley tobacco was produced during
21 such five-year period: *And provided further*, That the
22 farm yield established for any farm shall not exceed three
23 thousand five hundred pounds per acre.

24 “(e) A preliminary farm marketing quota shall be deter-

1 mined for each farm for which a burley tobacco acreage
2 allotment was established for the marketing year beginning
3 October 1, 1970, by multiplying the farm yield determined
4 under subsection (d) of this section by the farm acreage
5 allotment (prior to any reduction for violation of regulations
6 issued pursuant to the Act) established for such farm for the
7 marketing year beginning October 1, 1970. For each farm
8 for which such a preliminary farm marketing quota is deter-
9 mined, a farm marketing quota for the first year shall be
10 determined by multiplying the preliminary farm marketing
11 quota by a national factor obtained by dividing the national
12 marketing quota determined under subsection (c) of this
13 section (less the national reserve) by the sum of all prelimi-
14 nary farm marketing quotas as determined under this subsec-
15 tion: *Provided*, That such national factor shall not be less
16 than 95 per centum.

17 "The farm marketing quota for each succeeding year shall
18 be determined by multiplying the previous year's farm mar-
19 keting quota by a national factor obtained by dividing the
20 national marketing quota determined under subsection (c)
21 of this section (less the national reserve) by the sum of the
22 farm marketing quotas for the immediately preceding year
23 for all farms for which burley tobacco marketing quotas will
24 be determined for such succeeding marketing year. The
25 farm marketing quota so computed for any farm for any

1 year shall be increased by the number of pounds by which
2 marketings from the farm during the immediately preceding
3 year were less than the farm marketing quota (after ad-
4 justments) : *Provided*, That any such increase shall not
5 exceed the amount of the farm marketing quota (including
6 leased pounds) for the immediately preceding marketing
7 year prior to any increase for undermarketings or decrease
8 for overmarketings. The farm marketing quota so computed
9 for each farm for any year shall be reduced by the number of
10 pounds by which marketings from the farm during the im-
11 mediately preceding year exceeded the farm marketing
12 quota (after adjustments) : *Provided*, That if on account of
13 excess marketings in the preceding year the farm marketing
14 quota is reduced to zero pounds without reflecting the entire
15 reduction required, the additional reduction required shall be
16 made in subsequent marketing years.

17 "The farm marketing quota for a new farm shall be the
18 number of pounds determined by the county committee
19 with approval of the State committee to be fair and reason-
20 able for the farm on the basis of the past burley tobacco
21 experience of the farm operator; the land, labor, and equip-
22 ment available for the production of burley tobacco; crop
23 rotation practices, and the soil and other physical factors
24 affecting the production of burley tobacco: *Provided*, That
25 the farm marketing quota for any such new farm shall not

1 exceed 50 per centum of the average of the farm marketing
2 quotas for similar farms for which farm marketing quotas
3 are otherwise established: *Provided further*, That the num-
4 ber of pounds allocated to all new farms shall not exceed
5 that portion of the national reserve provided by the Secre-
6 tary for establishing quotas for new farms.

7 “(f) When a poundage program is in effect under this
8 section, the farm marketing quota next established for any
9 farm shall be reduced by the amount of burley tobacco
10 produced on any farm (1) which is marketed as having
11 been produced on a different farm; (2) for which proof of
12 disposition is not furnished as required by the Secretary;
13 and (3) as to which any producer on the farm files, or
14 aids or acquiesces in the filing of, any false report with
15 respect to the production or marketings of tobacco: *Pro-*
16 *vided*, That if the Secretary through the local committee
17 finds that no person connected with such farm caused, aided,
18 or acquiesced in any such irregularity, the next established
19 farm marketing quota shall not be reduced under this sub-
20 section. The reductions required under this subsection shall
21 be in addition to any other adjustments made pursuant to
22 this section.

23 “(g) When a poundage program is in effect under
24 this section, farm marketing quotas (after adjustments) for
25 burley tobacco may be transferred to other farms in the

1 same county under the terms and conditions contained in
2 section 316 of the Act: *Provided*, That such transfers shall
3 be on a pound for pound basis: *Provided further*, That any
4 adjustment for undermarketings or overmarketings shall be
5 attributed to the farm to which transferred: *And provided*
6 *further*, That not more than five thousand pounds may be
7 transferred to any farm under this section.

8 “(h) Effective with marketing year beginning Octo-
9 ber 1, 1976, no marketing quota, other than a new farm
10 marketing quota, shall be established for a farm on which
11 no burley tobacco was planted or considered planted in any
12 of the five years immediately preceding the year for which
13 farm marketing quotas are being established.

14 “(i) When marketing quotas under this section are in
15 effect, provisions with respect to penalties for the marketing
16 of excess tobacco and the other provisions contained in sec-
17 tion 314 of the Act shall apply, except that:

18 “(1) No penalty on excess tobacco shall be due or col-
19 lected until 110 per centum of the farm marketing quota
20 (after adjustments) for a farm has been marketed, but with
21 respect to each pound of tobacco marketed in excess of such
22 percentage the full penalty rate shall be due, payable, and
23 collected at the time of marketing on each pound of tobacco
24 marketed, and any tobacco marketed in excess of 100 per
25 centum of the farm marketing quota (after adjustments)

1 will require a reduction in subsequent farm marketing quotas
2 in accordance with section 319 (e) : *Provided*, That if the
3 Secretary, in his discretion, determines it is desirable to en-
4 courage additional marketings of any grades of burley tobacco
5 during any marketing year to insure traditional market pat-
6 terns to meet the normal demands of export and domestic
7 markets, he may authorize the marketing of such grades
8 without the payment of penalty or deduction from subsequent
9 quotas to the extent of 5 per centum of the farm marketing
10 quota for the farm on which the tobacco was produced, and
11 such marketings shall be eligible for price support.

12 “(2) The provisions with respect to penalties contained
13 in the third sentence of section 314 (a) shall be revised to
14 read: ‘If any producer falsely identifies or fails to account
15 for the disposition of any tobacco, the Secretary, in lieu of
16 assessing and collecting penalties based on actual marketings
17 of excess tobacco, may elect to assess a penalty computed
18 by multiplying the full penalty rate by an amount of tobacco
19 equal to 25 per centum of the farm marketing quota (after
20 adjustments) and the penalty in respect thereof shall be paid
21 and remitted by the producer.’”

22 “(3) The provisions contained in the fourth sentence of
23 section 314 (a) shall not be applicable. For the first year a
24 marketing quota program established under the provisions of
25 this section is in effect, the farm marketing quota determined
26 under the provisions of section 319 (e) shall receive a tem-

1 porary upward adjustment equal to the amount of carryover
2 penalty-free burley tobacco for the farm. For subsequent
3 years, the provisions of section 319 (e) shall apply.

4 “(j) The Secretary shall prescribe such regulations as
5 he considers necessary for carrying out the provisions of this
6 section.”

7 SEC. 2. Section 378 of the Agricultural Adjustment Act
8 of 1938, as amended, is amended by adding subsection (d)
9 to read as follows:

10 “(d) In applying the provisions of this section to a farm
11 for which a tobacco marketing quota has been determined
12 under section 319 of this Act, the words ‘allotment’ and
13 ‘acreage’, wherever they appear, shall be construed to mean
14 ‘marketing quota’ and ‘poundage’, respectively, as required.”

15 SEC. 3. Subsection (c) of section 106 of the Agricul-
16 tural Act of 1949, as amended, is amended to read as follows:

17 “(c) If acreage-poundage or poundage farm marketing
18 quotas are in effect under section 317 or 319 of the Agricul-
19 tural Adjustment Act of 1938, as amended, (1) price sup-
20 port shall not be made available on tobacco marketed in
21 excess of 110 per centum of the marketing quota (after
22 adjustments) for the farm on which such tobacco was pro-
23 duced, and (2) for the purpose of price support eligibility,
24 tobacco carried over from one marketing year to another
25 shall, when marketed, be considered tobacco of the then cur-
26 rent crop.”

Senator MILLER. Our first witness is the author of the bill, Senator Cooper.

Senator Cooper, it is nice to have you here.

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

Senator COOPER. Senator Miller, I want to say to you I appreciate very much your acting as chairman of this meeting. It recalls to me my service on this committee for several years, a service which I enjoyed very much. I wish I were back on the committee again.

I appreciate the courtesy of the chairman of the full committee, Senator Talmadge, in arranging for an early hearing on the bill, S. 789, which I have introduced.

I am glad you are here, Senator Miller. You are a great friend of agriculture. I regret that Senator Jordan, the chairman of the Subcommittee on Agricultural Production, Stabilization, and Marketing Prices is ill and unable to be with us.

I note that in addition to the witnesses who are here today from Kentucky and other burley producing States representing farm and grower groups, we have with us a number of farmers from Kentucky, members of the Kentucky Farm Bureau who visit Washington each year and who are especially interested in the tobacco-support program.

I will ask all of those who are here from the Kentucky Farm Bureau to raise their hands.

Senator MILLER. Let the record show that most of the people in the room are from Kentucky.

Senator COOPER. I ask that there be included in the record of the hearing my statement to this subcommittee at the hearing held on December 8, and also my statement in the Senate on December 31 when I first introduced this bill.

Senator MILLER. Without objection that will be done.

(The prepared statement of Senator Cooper for hearing December 8, 1970, on H.R. 18686 is as follows:)

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

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

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

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

Under existing law, increases in per acre yields require reductions in acreage allotments in order to prevent over-production and investment of Federal funds in surplus taken under loans. When acreage allotments are reduced, farmers use more fertilizer, plant their tobacco closer together, and use other practices to increase their yields. Thus, we are caught up in a never ending spiral—with each

grower compelled to compete with every other grower in order to maintain his share of the market. Research indicates that further increases in per acre yield are obtainable.

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

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

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

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

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

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

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

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

During my service in the Congress I have worked with other members to keep our burley tobacco program both sound and profitable. In my first service in the Senate, in 1947, I offered the amendment, joined by the late Senator Barkley, which established the 90% of parity support for burley and fixed levels of support

for dark air cured and dark fire cured tobacco. In 1960, Senator Jordan and I secured the legislation which further strengthened burley support levels, and year after year I have worked with other Senators from tobacco states to defeat efforts made to abolish the tobacco program. Our position will become more precarious if over production continues and the investment of the Federal government in tobacco supplies increases.

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

[From the Congressional Record—Senate, Dec. 31, 1970]

Mr. COOPER. Mr. President, my State of Kentucky produces most—some three-fourths—of the burley tobacco, which is second only to Flue-cured or "bright-leaf" tobacco in volume, in its importance to the agricultural economy—about \$400 million for the 1970 crop—and in its contribution to the cash income of thousands of farm families. Burley tobacco is grown on 282,000 farm allotments, most of them family farm operations. Production was restricted to 231,000 acres in 1970, which means that the average allotment is less than 1 acre, on which a typical farmer might produce over a ton of tobacco selling this year for a little over 70 cents a pound.

During my service in the Senate, I have each year followed the progress of the tobacco price support and production control program, which is so important to farmers in Kentucky and other States. In fact, it was my amendment, with Senator Barkley in 1947, which secured 90 percent price support for tobacco as a permanent provision of law, and with Senator JORDAN of North Carolina in 1960 I sponsored the amendment which further stabilized the guarantee of 90 percent price support for tobacco.

Over the years the burley tobacco program has worked well, and every 3 years farmers have expressed their approval by voting in referendum by overwhelming majorities of 97 or 98 percent to continue the program. It has operated generally without large losses to the Government or heavy subsidy by the taxpayers—which have been characteristic of many other farm commodity programs—because tobacco growers have been willing to abide by the production controls necessary to keep their program sound.

I must say, however, that the burley tobacco program is now in difficulty, and I believe modifications must be made to continue to keep the program sound, and to avoid the loss of public support which would result if large Government loan stocks are allowed to build up. This could happen because burley yields per acre have increased about one hundred pounds per acre annually in recent years, reaching 2,585 pounds in 1970, and there is no sign they would not continue to do so under the present acreage control program. At the same time, the domestic use of burley tobacco has declined for the second consecutive year, and with continued use of filter cigarettes and changing manufacturing techniques, this trend also may continue.

In 1965, a modified system of production control known as acreage-poundage was adopted for flue-cured tobacco, but was not adopted for burley tobacco by the required two-thirds vote of growers in all States, in the special referenda held in 1966 and 1967. Further, the cuts in acreage allotments ordered for burley tobacco in 1964, 1965, and 1966, and again in 1970, have resulted in a greater proportion of farm allotments at or below the one-half acre minimum—which under present law is protected from cuts. Less than half the burley farm allotment—in fact, only 40 percent—are now subject to the acreage reductions which until now have been the method of keeping supplies in line with demand.

Now we are informed that under existing law, a cut in 1971 crop acreage allotments of at least 25 percent, and theoretically as much as 40 percent, will be required to bring supplies into line with use. Such a cut would work and extreme hardship on tens of thousands of farms which depend on burley tobacco for a large part of their livelihood. Even so, it would not solve the problem which confronts us, for it would simply drive more allotments into the protected half-acre category, and make production control through acreage adjustments increasingly ineffective and impractical for future years.

Those of us familiar with this problem—in the Congress, in the Department of Agriculture, and among the leadership of farm and grower groups in Kentucky and other burley-producing States—have recognized for some time that the situation was becoming critical, and efforts have been made over the last year to develop a solution. It was for this reason that representatives of Kentucky farm

organizations and burley tobacco groups, together with representatives of the Department of Agriculture, presented their recommendations at a hearing held by the Senate Committee on Agriculture on December 8, which was chaired by Senator JORDAN of North Carolina. I think the facts brought out at that hearing show clearly that if the price support program for burley tobacco is to be saved, the production control mechanism, upon which that price support depends, must be modified.

This ought to be done before the Secretary of Agriculture proclaims the national marketing quota for the 1971 crop of burley tobacco. That would ordinarily be done by February 1, but will now be postponed for 30 days by the resolution which I introduced following the Senate hearing—a resolution cosponsored by Senators COOK, BAKER, JORDAN of North Carolina, ERVIN, BYRD of Virginia, and SPONG, and identical to the resolution introduced by Congressman WAMPLER of Virginia—which has been passed by the Senate and the House of Representatives. Within 30 days following the proclamation, the regular referendum will be held, to determine whether burley growers will have a price support and production control program for the next 3 years, or no program, no price support, and unlimited production.

It is already late, and there will not be a great deal of time for the Committees on Agriculture of the Senate and the House of Representatives to hold hearings and act to revise the burley tobacco program for the 1971 crop. The changes which need to be made must be discussed by burley farmers and their organizations, and by all concerned segments of the tobacco industry. It is for this reason that I am introducing today a bill proposing modifications in the system of production control for burley tobacco—changes which I consider could keep the burley price support program on a sound basis by avoiding increased Government stocks, and by removing the present incentive for each farmer to increase production on his limited and often repeatedly reduced acreage.

I do not take the position that this proposal is the final one that I may offer, or farmers may support, but I consider it a necessary start. I emphasize that I am introducing the bill at this time in order to make it available to those who are interested in the future of the burley tobacco program, and so that this proposal and any others which may be suggested may be discussed and considered before the Congress returns in late January. When the Congress returns, I would propose to reintroduce the bill, or a similar bill, and at that time it may be that other Members of Congress from States producing burley tobacco may wish to join me in doing so, or present recommendations of their own.

While the general plan of this bill evolved from meetings during 1970 of farmers and grower groups, together with representatives of cooperative, warehouse, and dealer organizations in Kentucky and in other States as well, its specific provisions are not identical to the recommendations, for example, of the Kentucky Farm Bureau Federation, the Tennessee Farm Bureau Federation, the Department of Agriculture, or any other that I have seen. I have tried to settle on a plan which will be fair to all, and which will fulfill the essential requirement of limiting production to the amount of burley tobacco which will actually be used.

Primarily, the bill would shift production controls for burley tobacco from a limitation on acreage planted and harvested—the familiar farm acreage allotments—to a limitation on the number of pounds of burley tobacco which may be marketed and sold from any farm—a farm poundage quota. As I have pointed out earlier, acreage controls can no longer continue to work if yields per acre keep increasing—through the application of fertilizer, irrigation, new varieties and other intensive cultural practices—if domestic use of burley continues to remain stable or decline somewhat, and particularly if the reductions in acreage which have always been used to control production can only be applied to fewer and fewer farms. The poundage quota system of production control proposed by the bill would, however, be much less complicated than the acreage-poundage system formerly proposed, and I believe will be easier for farmers to understand and work with.

If we can bring burley production under control in this way, only a modest reduction—certainly far less than 25 percent—would be required for the 1971 crop. In subsequent years, I believe effective production control would be assured without drastic cuts or without any cuts, while permitting an orderly reduction over a period of years of Government stocks.

I know that farmers in Kentucky and other States will want to know how their farm poundage quotas would be calculated under this proposal. I will outline the main provisions of the bill:

First. The poundage system for burley tobacco would not be proclaimed, and growers would vote in March instead on the usual acreage program, unless an acreage cut of more than 15 percent is required for the 1971 crop, and unless the Secretary of Agriculture finds also that the present system of acreage allotments will not continue to work because of increasing yields and declining use of burley tobacco. However, I must say it now appears that both of these conditions would be met. In fact, the Department estimates that an acreage cut of at least 25 percent would be required for the 1971 crop under the old program.

Second. (a) For each farm now having a burley allotment, the yield per acre—that is, the number of pounds marketed per acre of allotment—would be calculated for the 1970 crop just sold, and for the 1969, 1968, 1967, and 1966 crops. The four highest of these yields for the last 5 years would be averaged. In this way, if a farmer has had a poor crop year for any reason, that year would not be included. Farmers would have the advantage of their 1970 crop—a good year.

A 4-year average yield in excess of 3,500 pounds per acre would be reduced to that figure. Individual years could be higher than 3,500 pounds, and I do not believe many farms would have a 4-year average that would have to be reduced.

This average “farm yield” would then be multiplied by the 1970 farm acreage allotment—the burley acreage permitted for the farm this last year. The result is called the preliminary farm quota.

The total of the preliminary farm quotas for all burley farms would then be considered by the Secretary of Agriculture in view of the supplies on hand and the anticipated demand for the 1971 crop. If the total would somewhat exceed expected demand, the Secretary could reduce all preliminary farm quotas equally—but not by more than 5 percent for the 1971 crop.

That would establish farm poundage quotas for the 1971 crop—for most farms within 10 percent of their 1970 crop sales. I should think this would be more fair, and more effective than a cut of 25 percent or more under the present acreage system.

Third. In future years, after the Secretary of Agriculture has calculated estimated use of burley tobacco and the total production needed, each farm quota for the previous year would be adjusted up or down accordingly, with all farmers treated alike. The bill provides that in setting the total national marketing quota for future years, the Secretary may not require a reduction of more than 10 percent below the estimated use of burley tobacco.

Fourth. The poundage plan includes a crop insurance feature. If a farmer does not sell tobacco one year, or markets less than his quota—whether because of hail, drought, or for any other reason—the unused quota would be carried forward to the next year, and could be grown and sold, with price support, at that time. Similarly, if weather is good and the farmer produces a little more than his quota, it would not have to be destroyed. He could sell and receive price support for 10 percent more than his quota—but on more than that—which would be deducted from his farm quota for the next year.

Fifth. The bill also provides for the first time for the leasing of burley quotas. Leasing is already permitted for other types of tobacco. I have opposed leasing in the past because I believed it could lead to a concentration in the hands of fewer growers, and would increase surplus supplies. But with a change in the program, leasing may be appropriate. A burley quota could be leased to another farmer in the same county having a burley allotment. Not more than 5,000 pounds of quota could be leased by any farm. That is the equivalent of about 2 acres of tobacco. It would mean that any farmer already having an allotment—perhaps a one-half acre allotment last year—could lease 5,000 pounds of quota, and so grow perhaps three or four times his present production. Or a larger farm could lease and grow the quota of three or four or five minimum farms, which would provide these farmers some income. That seems to me an ample amount, and as much leasing as should be permitted, at least until we see how it works out.

I have given this outline of the poundage proposal I have offered so that it can be discussed, and I hope there will be meetings of farm groups and consideration by leadership of the burley industry in the coming weeks. To be effective, such a proposal would have to be enacted by the Congress in time for the 1971 crop, and before the referendum at which burley growers will decide whether or not to have a price support program for the next 3 years.

If the Secretary proclaims quotas by March 1, that referendum must be held before April 1. If this plan, or a similar one, is enacted by the Congress, burley growers would then vote instead on whether it should be in effect for the next 3 years, or whether there would be no production control program and no price support for burley tobacco in 1971.

I recognize that it is a difficult matter to propose changes in the burley tobacco program—particularly changes that affect the minimum acreage—for the program affects the livelihood and the incomes of thousands of farm families. But I am deeply concerned that unless changes are made so that a surplus will not continue to build up, the price support program for burley tobacco will go down.

I think it is clear to all who have looked at the facts, and who think about the burley program, that we have come to the end of the line in attempting to control burley tobacco production through acreage alone, especially at a time when most burley growers have become exempt from acreage reductions.

I have talked to farmers in Kentucky, and I believe they want to save their burley tobacco program. I offer this proposal as a step in doing so.

Mr. President, I ask unanimous consent that there be printed in the RECORD at this point examples of how the 1971 poundage quota provided by the bill I have introduced would be calculated for a typical one-half acre burley farm, and for a larger Kentucky farm; a statement which I made before the Senate Committee on Agriculture at the December 8, 1970, hearing; and the text of the bill I have introduced today.

Senator COOPER. I note also that I introduced last year, with Senator Cook and all the Senators from the burley States, a resolution in the Senate, as did Congressman Wampler of Virginia in the House of Representatives, securing postponement of the declaration of the Secretary of Agriculture of quotas under the existing acreage allotment program, to provide time for hearings and consideration by the Congress of new legislation. This deferral was again extended by a resolution which I introduced on February 18, and with the full cooperation of this committee and the House Committee on Agriculture. It was adopted 1 week from its introduction. As a result—and I believe this will be borne out by the representatives of the Department of Agriculture—a cut, which would have been announced by the Secretary of Agriculture, first on February 1, and later on March 1, has not been ordered.

This year I have introduced the poundage bill in substantially the same form as I did the latter days of the session last year.

Mr. Chairman, I have been anxious that all who desire have an opportunity to make their views known either for the bill or against the bill. I think every farmer in the burley program ought to know the pros and cons of this bill.

I sent a statement to every radio station in Kentucky explaining as best I could the purpose of this bill. And it has been used in the last weekend.

The principal facts are these: The burley tobacco program, which provides 90 percent of parity price support, and which has been one of the most successful farm programs over the years, depends absolutely on strict and effective production controls. In the past this control has been a limitation on the amount of land—acres—which a farmer having an allotment may plant and market. But yields per acre have steadily increased, through the use of fertilizer closer planting, pesticides, better varieties, and even irrigation. In the early forties when this program came into effect the average yields were 1,000 pounds per acre, and gradually grew to about 1,200 to 1,300 pounds per acre. Last year they exceeded 2,500 pounds per acre. I understand now they will be about 2,580 per acre, over twice what they were when this program was inaugurated.

During the years the use of burley tobacco expanded with the general population growth. This increased yield was largely offset by a greater use of tobacco. But in recent years Government loan stocks increased and a surplus was built up. And the testimony that we received on

December 8 and the statements of the Department of Agriculture, and of those who know this program, recognize that acreage allotments alone will no longer effectively control production. They can only do so through massive cuts in acreage, which would work a hardship on thousands of farmers, and which will prove less and less effective.

This is especially true at a time when the use of burley tobacco has begun to decline somewhat, and estimates expect this decline to continue. I think I am correct in saying that since World War II the use disappearance of tobacco, both domestic and export, has increased year by year. But in the last 2 years—I think I am correct—for the first time since World War II the use disappearance has gone down. I think we know some of the reasons. And I will elaborate on them briefly in a few minutes.

The decline in use markedly affects the surplus reduction effort required under existing law. For example, with the formula goal permitting a 2.8 years' supply, 2.8 times the amount of estimated use, when there is a decline of 10 million pounds of use, 28 million pounds of supply automatically becomes surplus and must be worked off.

On a rising market supplies appear as an asset, but as a burden on declining market.

I inquired today and was told—and I believe that my information is correct and will be confirmed by the representatives of the Department of Agriculture—that the surplus now amounts to over a half a million pounds.

So while burley tobacco farm prices have been good, and while only a small percentage of the 1971 burley crop went into the pool, it is evident that the burley program is in serious difficulty.

Yesterday I had a call from a friend of mine in Kentucky, a tobacco farmer. And he said, "Well, we got a fine price this year." Well, whatever the production is under the support price, buyers must pay the support price. He said also, "Well, the companies paid more on the market than the support price." Of course they do for the types that they want. But the remainder is bought by the Government.

If the Federal investment in burley stocks continues to grow, the price support program will no longer continue to enjoy public support and the support of the Congress which it has always had.

Tobacco growers have always given strong support to this price support program, by votes of 97, and 98, and 99 percent in the regular referendums which occurred every 3 years. They have known that they must control production to avoid large losses to the Government or costs to the taxpayer, and they have "shown their willingness to keep supplies in line with demand," as President Eisenhower said in 1956. Because of this we were able to secure President Eisenhower's endorsement, and that of every other President. I believe growers should take action to keep supplies in line with demand.

I will point out briefly two provisions which I hope the committee may consider. First, Congressman Abbitt, chairman of the Tobacco Subcommittee, and Congressman John Watts of the 6th District of Kentucky have introduced H.R. 4328 and H.R. 4462, which are substantially identical to S. 789, the bill I have introduced.

The House bills, however, provide for larger poundage leasing, and for the sale of quotas within countries.

Heretofore I have always opposed the leasing of burley allotments. But now I believe that it might be helpful on a limited basis. It will

permit smaller growers, for example, to accumulate increased poundage, and will enable them to build up their bases, the half-acre growers and less. Also with older people, disabled people who cannot grow their small acreages, would be enabled to secure some income from leasing. But I am opposed to a large volume of poundage leasing.

I want to say also I oppose the sale of allotments, and I have always opposed it. I am concerned that it could lead to the concentration of allotments in the hands of richer farmers in each county having the largest resources and capital equipment and labor. I do not want to see these allotments, often small, and held by a widow, disabled person, or family of no great means, bought up at a time of particular hardship, leaving them without the means to supplement their annual cash income. I point out that in the definitive case, *Lee v. Berry*, the Supreme Court of South Carolina held in 1951—and there has been no challenge to this case—that the allotment “runs with the land”—an old principle of the common law and the statutory law. It is not made to an individual. This has been the historic basis of the tobacco allotment. And I consider that the sale of allotments would violate the principle and change the quota into a kind of a Federal franchise which can be bartered back and forth.

I would like to say that I welcome the appearance of Senator James Eastland of Mississippi, of this committee. He has been on this committee for a long time, and is a great friend of the farmer.

And I urge the committee not to authorize the sale of burley quotas either within or across the county lines, and if leasing is approved, it be limited to an amount which would not encourage the concentration of tobacco production in fewer and fewer hands.

Second, the provisions of my bill would limit the discretion of the Secretary of Agriculture in establishing farm market quotas for the first year, which would be the 1971 crop. I have provided in the bill that the “preliminary farm quota” for each farm, obtained by averaging the four highest of the last five farm yields, multiplied by the 1970 farm acreage allotment, may not be reduced by the Secretary more than 5 percent. But on consideration I have thought that it might give a false impression to our farmers, because actually they are going to have to be cut, all farmers, if this bill passes, by at least 10 percent below the 1970 crop in order to start working off the surplus. After that, if production would stay in line with use, which I believe it would under this bill, then there would be no reductions other than those necessary to accommodate any decline in actual use. If this bill should be adopted and should be followed, theoretically there would be no repeated cuts in the future unless use declined and declined and declined.

I point out also that this bill has an insurance feature which would be of help. If the farmer did not raise his allowed poundage quota in 1 year for some reason, he would be allowed in the next year to raise enough to make up for the quotas for 2 years. And that is a good thing. It provides insurance against bad weather, against sickness, against all kinds of problems.

Mr. Chairman, Flue-cured tobacco, which is the largest type grown, changed its method of control in 1965. And since that time surplus supplies have been steadily reduced, prices have been good, and exports have increased. They have got their house in order. But as

Senator Jordan of North Carolina pointed out last fall, if burley tobacco is in trouble, farmers will lose their burley support program, and in fact the entire tobacco program will go down. We must not allow this to happen. If a farm program gets in trouble and production controls are no longer effective, it is the responsibility of the Congress, with advice from the Department of Agriculture and support from the farmers, to change that program so that it will be effective and can continue to meet the needs of farmers. Then whatever program is decided upon should be submitted to the farmers for their approval, or if they choose to reject it, they may produce without their goals and without price support. I trust that this would not occur.

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

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

Thank you.

(The prepared statement of Senator Cooper follows:)

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

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

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

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

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

The principal facts are these:

The burley tobacco program, which provides 90 percent of parity price support, and which has been one of the most successful farm programs over the years, depends absolutely on strict and effective production controls. In the past, this control has been a limitation on the amount of land—acres—which a farmer having an allotment may plant and market. But yields per acre have steadily increased, through the use of fertilizer, closer planting, better varieties, and even irrigation. In the early Forty's yields were 1,000 pounds per acre; last year they exceeded 2,500 pounds per acre. During the years that use of burley tobacco expanded, with the general population growth, this increased yield was largely offset by greater use. But in recent years, government loan stocks increased and a surplus has built up, and the testimony that we received on December 8 and the statements of the Department of Agriculture and those who know the program, recognize that acreage allotments alone will no longer effectively control production. They could only do so through massive cuts in acreage, which would work a hardship on thousands of farmers, and which will prove less and less effective.

This is especially true at a time when the use of burley tobacco has begun to decline somewhat, and estimates expect this decline to continue. The decline in use also markedly affects the surplus reduction effort required under existing law. For example, with the formula goal of 2.80 years supply, when there is a decline of 10 million pounds in use, 28 million pounds of supply automatically becomes surplus which must be worked off. On a rising market, supplies appear as an asset, but as a burden on a declining market.

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

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

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

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

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

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

the number of allotments not now planted which would be grown under poundage. In that event, no progress would be made in reducing surplus stocks until the following year, when a reduction in quotas would have to be made in the 1972 crop.

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

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

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

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

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

Senator COOPER. May I ask permission for a few minutes to speak?

Senator MILLER. Please continue.

Senator COOPER. I would like to say to the farmers assembled here and others that this will be my 19th year in the Senate. In the first 2 years I came here, in 1947 and 1948, the whole farm program had to be rewritten, as Senator Eastland will remember. There was great controversy over that bill, which came up from the Department of Agriculture. As it provided for what was called flexible supports. It became a great issue in the election in 1948.

We were able to secure for tobacco the only exception, with the exception of wool, to the flexible support a 90-percent support price for tobacco. That became a great issue in many campaigns in Kentucky for me. It was denied many times that I had ever had anything to do with it.

Senator EASTLAND. You did, though.

Senator COOPER. I did. I remember it passed by one vote on the Senate floor, and then Senator Aiken and the chairman of the conference committee sustained it in conference, with the aid of Senator Eastland and others.

Since that time the burley growers and the Flue-cured growers have been the only growers of the major farm crops in this country who have enjoyed this 90-percent support price. When it has been questioned we have always been able to say until recently that it has cost the American taxpayer no money, because even an increase in production occurred 1 year and a surplus resulted, over a period of years it could be

worked off. But that was in a time when production per acre was consistent. Now, when it is doubled and when the use is declining, and when this program is under the greatest attack by the anticigarette and the antismoking forces, I want you to know that we are in trouble. Time after time there have been efforts made on the floor of the Senate and the House to abolish the tobacco price support program. We must remember that there are just a few States that grow tobacco. We have been helped by the other farm Senators like Senator Eastland, Senator Miller, and Senator Curtis, and all others who are interested. But there is large group in the Congress, both Senate and House, that are against the cigarette business. And that will continue.

Last year we had the closest vote we have ever had for abolishing the burley support program.

I was asked, why was the cut so small last year. The Department of Agriculture told me that, theoretically, a cut of 30 percent last year was possible. All of us who come from burley States went down and saw Secretary Hardin and said, "don't cut except for the minimum 10 percent, and if you won't, we will try to get everybody together and see if we can correct this situation."

And that is what we are trying to do. It is not a popular thing. Those growing a half acre or less want to maintain their position. But I think that they have got to consider that if this program goes out, no one will have any program. How would you like to sell your tobacco and not get your 90-percent price support? That is what it will come to if this program is abolished.

I come from a rural county. And I come from a county on the edge of eastern Kentucky where we have many half-acre growers. I have to face them too. But I will, because I know this is best for them too.

A man who had a 2-acre allotment 20 years ago now has 0.8 of an acre. He has been cut 60 percent. There are not many of these large growers. This is not right. In a program which is designed to treat everybody equally, and where we have protected the half-acre growers for over 20 years, they too must help to secure this program.

Let me tell you, it is not right either to assume that the tobacco grower could continue to sell his tobacco to the Government. And that is what is happening. The grower gets a good price for it because of the support of Cooper-Barkley 90-percent support amendment. But you cannot expect to sell to the Government forever.

I have been your friend. But I have to tell you the truth. And I am telling you the truth.

Senator EASTLAND. The warehouse is no market.

Senator COOPER. That is right.

I am open for questions.

Senator MILLER. Thank you, Senator Cooper, for a very excellent statement.

Senator Eastland?

Senator EASTLAND. No questions.

Senator MILLER. Senator Curtis?

Senator CURTIS. Just one question.

You said you were going to change your method of controlling production.

Senator COOPER. Yes.

Senator CURTIS. Is it done on an acreage basis now?

Senator COOPER. Yes, sir; acreage.

Senator CURTIS. How are you going to do it in the future? What do you propose?

Senator COOPER. Put it on poundage. Take 4 of the last 5 years of production, and the average would be the preliminary quota, and then they make adjustments to bring it in line with estimated use, and that would work off the surplus over a period of, say, 6 to 10 years with small reductions. And of course if use goes up, cuts would not necessarily take place even then.

The whole point is, as I have said, that the production per acre has doubled—it has doubled in the last 15 years,

Senator CURTIS. That is all.

Senator MILLER. I would like to ask a couple of questions.

Senator COOPER. Yes, sir.

Senator MILLER. You may know that over the years there has been some agitation for changing from an acreage basis to a bushelage basis in the case of feed grains.

Senator COOPER. Yes.

Senator MILLER. You can make some economic argument for that but if you start to think about the administrative problems, especially in the case of those farmers who might feed their own feed grains, it is almost insuperable. I am sure you have thought about the administrative feasibility of going to a poundage basis in burley tobacco. How would this work out? Do you have a weighing system for each farmer at a local terminal, or what?

Senator COOPER. Well, this tobacco is sold at warehouses and they have allotments. There would be quotas, and they could sell that amount. Everybody knows what they can sell. And also we have had experience through the Flue-cured program, which has been an acreage-poundage program, but which is really a poundage program. We have had no problem about it.

Also, while there are many uses for grains, but tobacco is just used for tobacco, and some snuff or other products, but generally it is for smoking.

Senator EASTLAND. There is no trouble there in the cotton industry.

Senator MILLER. You do not see any administrative problems on this?

Senator COOPER. No; I do not see any.

I would like to say one other thing, because everybody has got to know about this bill. And this has worried me somewhat, and I keep my mind open upon it.

This bill would provide that a two-thirds approving vote would change to a poundage program. And it would provide also that if poundage were not approved there would be no program. That worries me. And I must say I will keep my mind open whether or not to offer an amendment to that procedure.

Senator MILLER. You testified that you were opposed to the sale of allotments?

Senator COOPER. Yes.

Senator MILLER. And one of the reasons for that is because you do not want to see the big farmers get bigger. You see a danger there if you permit the sale of allotments. I am wondering if the same argument could not be made with respect to the leasing of allotments?

Senator COOPER. No. Leasing retains ownership in the person who owns the land to which the allotment was made. You are a lawyer, a

good one. You are familiar, and Senator Eastland is, and Senator Curtis, with the old common law principle that rights run with the land. That is the theory of this program. But leasing, if it is not permitted in such large amounts, and within the county, would also help the smaller man. He could lease an additional acreage. It would also help a person who was ill or disabled and had no way to work the little plot. A sale would take it all away. And that bothers me, because it is a fact that with a person of more means, naturally they want to improve—I do not say they would do anything wrong, but I want to protect the small fellows.

Senator MILLER. I think there is a lot to be said about letting the small grower lease from another small grower so that he can have an economic unit.

Senator COOPER. That is right.

Senator MILLER. But what about allowing the small grower to lease to a very large grower?

Senator COOPER. Well, you cannot decide every case. I think these people have good sense, like our Kentucky people. I think they have good sense.

Senator MILLER. You do not see any reason for putting any kind of a limitation on it?

Senator COOPER. A limitation on poundage, yes. I had one at 5,000 pounds, and over in the House they have got 15,000 pounds on their bill, and it might come out something like 10,000 pounds.

Senator MILLER. I was talking about a limitation on the freedom to lease, whether you would have a limitation which might provide, for example, that a large grower would not be permitted to buy up these leases, and that—

Senator EASTLAND. You cannot buy them up.

Senator COOPER. I am against sales.

Senator MILLER. Not buy them up, but enter into leases for them, for the fear that you might encourage larger units, really big units.

Senator COOPER. Well, if you limit the poundage that can be leased, I think you would pretty well take care of that.

I thank you for your questions.

Senator MILLER. Thank you, Senator Cooper.

We are also privileged to have the other Senator from Kentucky, Senator Cook.

Would you like to say something to the committee, Senator?

STATEMENT OF HON. MARLOW W. COOK, A U.S. SENATOR FROM THE STATE OF KENTUCKY

Senator Cook. Thank you, Senator Miller and Senator Eastland.

I am just going to put this statement in the record. It reiterates many of the things that Senator Cooper has said.

Senator MILLER. It will be placed in the record at this point.

Senator Cook. Thank you, Mr. Chairman.

(The prepared statement of Senator Cook follows:)

It is a pleasure to be sitting with the Senate Agriculture Committee today. This was my first committee assignment when I came to the Senate and I have always enjoyed working with my distinguished colleagues on this committee.

I am especially pleased that the committee has agreed to hold hearings on S. 789, Senator Cooper's burley poundage bill. As you well know, burley tobacco is probably the single most important agricultural crop in Kentucky accounting for approximately 40% of our total farm income.

We are experiencing some problems under the present program. The Department of Agriculture has estimated that if the averages of the past ten years are used as normal years for domestic and export consumption, and without any adjustments for possible trends, a reduction of 40% in allotments will be necessary this year. Should the Secretary use his discretionary authority it could result in a lower figure, such as 25 to 30%. However, coming on top of last year's 10% reduction this is extremely high and unacceptable to many. Equally disturbing is that even with this very large projected reduction for 1971, we may be faced with even more cuts in the future. The present production methods—including intense cultivation and fertilization—have resulted in an increase of burley tobacco yields per acre from 1,620 pounds in 1960 to 2,488 pounds in 1970. The trend seems to be toward even greater yields per acre in the future. Many have expressed their concern that this may lead to uncontrollable production and the forced abandonment of the present 90% price support system. Such action could seriously damage Kentucky's agricultural economy.

We in the burley producing states have faced difficult problems in the past, and we have solved them. I am confident that we can resolve the current problem. Because of this, I look forward to hearing the testimony today.

Senator COOK. I would like to say, with respect to some of the things that might be on your mind relative to the leasing of too many allotments, Senator Miller, it is proposed in Senator Cooper's bill that the leases would not amount cumulatively to more than 5,000 pounds. The House has a cumulative factor of 15,000 pounds. So I am sure that it can be worked out between the House and the Senate. And what you will do is, you will still continue to produce income for the original holder of the allotment, but you will at least control the amount of poundage that can be produced by the holders of the lease.

A point that the Senator makes gets down to simply this. You started off with a 90-percent program back in 1947 when you felt that you had a stable poundage situation. However, the poundage yield per acre from 1960 to 1970 has increased from an average of 1,620 pounds per acre to 2,488 pounds. So we now have a situation where you have a half a billion pounds over your 2.8-year supply. And I must say to you, from the standpoint of serving as a member of the Commerce Committee, and having fought for the tobacco farmer last year from the consumer end of this, we are now faced with the agricultural problem.

We will continue to face this problem. And I do not think anybody doubts that at all. And I think that we have to realize and understand that we just cannot continue to have our cake and eat it too. And we have got to come up with a program that the farmers can live with, so that the farmers can secure a good percentage of income, but which also does not cause the overproduction of tobacco. After all, this represents 40 percent of the farm dollars of the Commonwealth of Kentucky. To this extent you can see the impact on the Commonwealth of Kentucky. Mr. Farrington indicated in his letter to Mr. York, back in December, which is in the record of December 7, it is conceivable you could have a cut as big as 40 percent. This would be slightly disastrous to the farm community of Kentucky.

I am going to give the rest of my time to all the people who want to testify.

Senator MILLER. Thank you, Senator.

Senator EASTLAND?

Senator EASTLAND. No questions.

Senator MILLER. No questions.

The next witness is Mr. Kenneth Frick, the Administrator of the Agricultural Stabilization and Conservation Service, U.S. Department of Agriculture.

Good morning, Mr. Frick, it is nice to have you with us this morning.

Mr. FRICK. Thank you, Mr. Chairman.

Senator MILLER, You can proceed in any way you wish.

STATEMENT OF KENNETH E. FRICK, ADMINISTRATOR, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. FRICK. I appreciate being here, and I appreciate having the opportunity to appear before your committee and other Members of the Senate.

I have with me Claude Coffman, Deputy General Counsel of the Department, and Joe Todd, Deputy Director of the Tobacco Division of ASCS.

We are pleased to give the Department's views on S. 789, a bill to amend the tobacco marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended.

The bill provides for establishing farm marketing quotas for burley tobacco on a poundage basis rather than an acreage basis, if the Secretary finds that:

(1) A reduction of more than 15 percent in burley tobacco farm acreage allotments for 1971 is required under present legislation; and

(2) The acreage allotment program will not continue in future years to be effective in adjusting supplies to the reserve supply level. Although these determinations have not been made at this time, there can be no doubt that both conditions exist.

The bill provides for referendum of burley tobacco growers to determine whether they favor or oppose the establishment of farm marketing quotas on a poundage basis for the next three crops. If two-thirds or more of the farmers voting approve marketing quotas on a poundage basis, quotas will be in effect on such basis for the next three crops of burley tobacco.

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

Farm marketing quotas would be based on the average of each farm's four highest yields during the 5 years, 1966-70, multiplied by the farm's 1970 acreage allotment. Farm marketing quotas, regardless of size, would be adjusted uniformly to equal the national marketing quota—less a reserve of no more than 1 percent for correcting errors, adjusting inequities and for establishing quotas for new farms.

Under the bill, the national marketing quota would be the amount of burley tobacco produced in the United States which the Secretary estimates will be utilized and exported during the marketing year, adjusted upward or downward as the Secretary determines is desirable to maintain an adequate supply or for an orderly reduction of supplies to the reserve supply level.

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

The bill provides for the lease of burley tobacco farm marketing quotas and transfer to other farms in the same county. The bill limits the amount that can be transferred to any farm to 5,000 pounds.

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

Senator EASTLAND. Could I ask you a question?

Mr. FRICK. Yes.

Senator EASTLAND. Is tobacco exported under an export subsidy?

Mr. FRICK. There is some tobacco which is exported under an export subsidy; yes, sir. It is 5 cents a pound.

Senator COOPER. That applies to all tobacco?

Mr. FRICK. Yes, sir.

Senator COOPER. Not only burley but Flue-cured?

Mr. FRICK. Yes, sir.

It is generally agreed the present acreage allotment program was for many years effective in maintaining burley tobacco supplies in line with demand, with favorable prices to growers and with minimum costs to the Government for price supports. However, in recent years sharp increases in per-acre yields and decreased domestic usage have combined to build up a surplus which has resulted in excessive amounts accumulating under Government loan.

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

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

The Department recommends that S. 789 be passed, if it is amended by the deletion of the proviso in lines 15 and 16 on page 6 and if the figure "10" appearing in line 18, page 4, is changed to "15". These changes will provide for a more effective adjustment of supplies. Since we do not know the total of the preliminary poundage quotas for all farms, we cannot estimate the amount of reduction for each farm at this time. But hopefully if the bill is passed, the farmers would be notified of their quotas prior to the referendum.

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

It is recommended that the bill be amended to authorize the sale and permanent transfer of farm marketing quotas in addition to leases, and that transfers be permitted across county lines in the same State. Present legislation authorizes the sale or lease and transfer of Fire-cured, Dark Air-cured and Virginia Sun-cured tobacco allotments and transfer to other farms in the same county.

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

Senator EASTLAND. Now, is that an issue in Senator Cooper's bill, to transfer allotments across county lines?

Mr. FRICK. That would be different from the bill, which only authorizes leases within a county.

Senator EASTLAND. Where you transfer them across county lines you can dry up many a small community.

Mr. FRICK. Again, the only point in this was to be helpful to anyone who wished a unit for his own efficiency.

Burley tobacco allotments were established for 282,115 farms in 1970 and the total acreage allotted was 230,947 acres. This is an average of eighty-two one-hundredths of an acre per farm. The sale and lease of burley quotas will enable those farmers who have the labor and equipment for producing larger acreages to increase their operations to more economic units, and will encourage mechanization of planting, harvesting, curing, and marketing tobacco.

This has already taken place in many other commodities, but some 400-450 man-hours are still required to produce and market an acre of tobacco. It is recommended that the bill be amended also to increase the limit which can be transferred to a farm to 15,000 pounds.

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

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

We shall be pleased to answer any questions members of the committee may care to ask.

Thank you.

(Supplemental information submitted by the Department of Agriculture is as follows:)

DISTRIBUTION OF 1970 BURLEY TOBACCO FARM ACREAGE ALLOTMENTS BY SIZE GROUPS

Size of allotments		Number of farms	Acreage allotted
From—	Through—		
0.01	0.10	9,194	612.09
0.11	0.20	16,750	2,524.64
0.21	0.30	17,901	4,454.12
0.31	0.40	18,812	6,604.70
0.41	0.50	106,182	52,101.20
0.51	0.60	15,778	8,705.56
0.61	0.70	12,549	8,197.28
0.71	0.80	11,270	8,498.05
0.81	0.90	12,940	11,125.25
0.91	1.00	8,192	7,835.48
1.01	2.00	33,550	46,718.53
2.01	3.00	9,898	23,964.96
3.01	4.00	3,969	13,623.11
4.01	5.00	2,033	9,028.94
5.01	6.00	979	5,358.64
6.01	7.00	619	3,999.62
7.01	8.00	387	2,896.91
8.01	9.00	286	2,418.77
9.01	10.00	185	1,757.83
10.01	20.00	528	6,872.06
20.01	50.00	100	2,742.82
50.01	100.00	13	906.90
Over—	100.00	0	0
Total		282,115	230,947.46

Note: A total of 168,839 farms, or 59.8 percent of all farms having burley allotments, had allotments of five-tenths of an acre or less. The acreage allotted to these farms was 66,296.75 acres, 28.7 percent of the total allotted acreage.

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

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

¹ Dry weight.

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

Item and unit	1969-70 (actual)	1970-71 (estimated)	S. 789 (projected)				
			1971-72	1972-73	1973-74	1974-75	1975-76
National factor (number).....	1.00	0.90	1.095	0.88	0.99	0.99	0.99
Acreage allotted (thousand acres).....	250	231					
National poundage quota (million pounds).....			1,547	482	477	472	468
Acreage harvested (thousand acres).....	238	217	214.4	188.8	186.8	185.2	183.6
Percent of previous year.....	100	91	90	88	99	99	99
Yield per acre (pounds).....	2,488	2,585	2,500	2,500	2,500	2,500	2,500
Production (million pounds).....	591	560	536	472	467	463	459
Total disappearance (million pounds).....	565	555	540	535	530	525	520
Support level (cents per pound).....	65.8	68.6	71.5	75.4	77.2	78.9	80.7
Average price (cents per pound).....	69.6	72.2	75.0	78.0	80.5	82.5	84.0
Value of production (million dollars).....	412	404	402	368	376	382	386
CCC Activity: ²							
Loans outstanding, beginning of year (million pounds).....	311	416	435	453	411	368	326
Loans made (million pounds).....	137	47	42	25	25	25	25
Repaid (million pounds).....	32	28	24	67	68	67	66
Outstanding, year end (million pounds).....	416	435	453	411	368	326	285
Change during year (million pounds).....	+105	+19	+18	-42	-43	-42	-41
CCC Budget outlays:							
Loans made (million dollars).....	127	44	38	24	25	25	26
Loans repaid (million dollars).....	32	23	20	59	62	62	62
Net outlay or receipt (-) (million dollars).....	94	21	18	-35	-37	-37	-36
Investment in loans, year end (million dollars).....	346	367	385	350	313	276	240
Change during year (million dollars).....	94	21	18	-35	-37	-37	-36

¹ Estimated farm marketing quotas=576 million pounds×0.95=547 million pounds national quota.² Dry weight.

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

Item (unit)	1969-70 (actual)	1970-71 (esti- mated)	S. 789 as amended (projected)				
			1971-72	1972-73	1973-74	1974-75	1975-76
National factor (number).....	1.00	0.90	1.00	0.99	0.99	0.99	0.99
Acreage allotted (thousand acres).....	250	231					
National poundage quota (millions of pounds).....			459	455	451	446	442
Acreage harvested (thousands of acres).....	238	217	180	178	177	174.5	173
Percent of previous year.....	100	91	83	99	99	99	99
Yield per acre (pounds).....	2,488	2,585	2,500	2,500	2,500	2,500	2,500
Production (millions of pounds).....	591	560	450	446	442	437	433
Total disappearance (millions of pounds).....	565	555	540	535	530	525	520
Support level (cents per pound).....	65.8	68.6	71.5	74.4	77.2	78.9	80.7
Average price (cents per pound).....	69.6	72.2	75.0	78.0	80.5	82.5	84.0
Value of production (millions of dollars).....	412	404	338	348	356	360	364
CCC activity ² : (million pounds):							
Loans outstanding, beginning of year.....	311	416	435	373	301	231	161
Loans made.....	137	47	25	25	25	25	25
Repaid.....	32	28	87	97	95	95	92
Outstanding, yearend.....	416	435	373	301	231	161	94
Change during year.....	+105	+19	-62	-72	-70	-70	-67
CCC budget outlays (million dollars):							
Loans made.....	127	44	23	24	25	25	26
Loans repaid.....	32	23	71	82	83	85	85
Net outlay or receipt (-).....	94	21	-48	-58	-58	-60	-59
Investment in loans, yearend (million dollars).....	346	367	319	261	203	143	84
Change during year (million dollars).....	94	21	-48	-58	-58	-60	-59

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

² Dry weight.

Senator MILLER. Thank you, Mr. Frick.

Senator COOPER. May I ask a question?

Senator MILLER. Yes, sir.

Senator COOPER. I note that there are two differences in our respective positions; that is, the positions of the bill and the Department of Agriculture. One goes to sale, which I have already talked about. The program thus far has resulted in allotments being opened in general distribution throughout Kentucky, and I assume North Carolina and Tennessee, throughout the State, where soil and so forth were able to produce burley tobacco. As a result, warehouses have been built in areas in Kentucky, eastern Kentucky, where heretofore years ago there were no warehouses. Partly it was because of transportation by roads, and part of it because they had no tobacco.

The economy of these counties, the banks, the living conditions of small farmers, have been improved by the fact that they have small acreages. Assume that a farmer has a half an acre, and he produces, say, 1,200 pounds on it, he probably tends that himself with his family. And if he gets 70 cents a pound on it he comes up with \$840, which is a big help to him.

I am against, as I said, sales and particularly sales throughout the State. I think I would oppose the bill wholly if sales are permitted.

Now, as to your suggestion that they be reduced to 15 percent a year, to work off the surplus, rather than a 10 percent, I know that would be an advantage to the Department of Agriculture and the Commodity Credit Corporation, because you have to pay storage costs and interest costs, and we have to appropriate money to compensate the Commodity Credit Corporation. But you have got to think also of the economy, and also the condition of these farmers. They are a part of

the economy of this country today. If you reduce their income too much in a year, you are hurting not only them, but you are hurting the economy of the country. And I am going to insist as far as I can in the Senate that the limit be 10 percent a year beyond use, and if we pass it I will urge the President to sign it. We have talked about the economy of the country. And I think we not only have to think about the cost to the Department of Agriculture, if this program is adopted it is going to remove this problem of surpluses, but you have to think about these people too. So I am going to insist that we keep it not higher than 10 percent.

Senator Cook. Mr. Frick, as I understand from your statement, the only two things that you are seriously recommending are the two amendments that you propose, one, the elimination of the 95 percent, and the other one, raise it 10 to 15. Otherwise the others are merely recommendations; is that correct, Mr. Frick?

Mr. FRICK. That is correct.

Senator Cook. In other words, your recommendation as to the sale and permanent transfer is purely a recommendation that you are making from the Department and it is not in the nature of an addition to or amendment to the bill as presently introduced, is that correct?

Mr. FRICK. That is correct. That is merely to bring it to everyone's attention.

Senator Cook. Thank you, Mr. Chairman. That is all at this time.

Senator MILLER. Mr. Frick, if the proviso on page 6 which you recommend be taken out of the bill were deleted, would that make too much difference if the 10 percent were left in there on page 4?

Mr. FRICK. Certainly if the 95 were deleted the 10 percent brings it then much more in line with disappearance. But the reason for asking for the deletion of the first item is that in comparison with the allotment program we have now, there would be \$48 million in accumulation of loan stocks, without the authority to go down in a percentage related to disappearance. I think the sensitive point is trying to tie this to disappearance.

Senator MILLER. What you are saying is that the difference between 10 and 15 percent would be this \$48 million more in loan stocks, is that it?

Mr. FRICK. No. The difference between the 95 percent and the 15 percent would be \$66 million.

Senator MILLER. In other words, if the 95 percent limitation stayed in the bill, you are saying it would cost \$66 million more than if you changed the bill to 15 percent?

Mr. FRICK. The first year.

Senator MILLER. In the first year?

Mr. FRICK. Yes.

Senator MILLER. Now, my question is, suppose that the 10 percent was left in the bill, contrary to what you would recommend, but the 95 percent was taken out of the bill, which you would like to have done, where would that leave you?

What I am getting at is this. If the 95 percent limitation were taken out of the bill, you could make it 95 percent or you could make it 90 percent?

Mr. FRICK. Yes.

Senator MILLER. And I would suppose that if you were trying to save in cost, and the Budget Bureau said you have got to save in cost, that even though you were stuck with the 10 percent on page 4, line 18, you could roll with the punch by adjusting this national factor downward, so you would come out with the same result. Do I read that correctly?

Mr. FRICK. Partially. There would be a \$7 million cost over the present program in the first year.

Senator MILLER. Then it seems to me that the main thing you are concerned about is either having the 95 percent taken out and forget about the rest of it, or forget about taking out the 95 percent and make this 15 instead of 10?

Mr. FRICK. Yes; but we prefer to have the 15 percent, particularly in the following years, in order to have the authority to adjust the supplies similarly to what the authority is today.

Senator MILLER. But you can do it by adjusting downward your national factor too, can't you?

Mr. FRICK. Not compared to what the program is today. In the second and third year, with only the 10 percent, it does not adjust it as much as the program would today.

Senator MILLER. Suppose this bill became law and the proviso on page 6 were knocked out, what would you propose to do? Would you propose to make it 95 percent, 90 percent, or 85 percent? Do you have any thoughts on that?

Mr. FRICK. It would be somewhere between the 90 and the 85, Mr. Chairman.

Senator MILLER. It might be 90 and it might be 85?

Mr. FRICK. Yes, sir.

Senator MILLER. If it were 90, and you were stuck with the 10-percent figure in here on page 4 that Senator Cooper insists upon, where would that leave you on your cost?

What I am trying to get at is alternative costs. I am sure you have an estimate of the costs of the bill just the way it is written, with the 95-percent and 10-percent limitations. Now, suppose the bill is approved with the 10-percent limitation, but you set the national factor at 90 percent. Where would we come out on costs? If you do not have those computed and you want to furnish those for the record, that would be fine.

Mr. FRICK. I would like to furnish them exactly, because what I show is that we would accumulate 34 million more pounds under the first 3 years, under what you are suggesting, different than we would under the present program—

Senator MILLER. But that does not answer my question. I can see, compared to the present program, that that is what you would accumulate. Now, we need the further information of what would you accumulate if you have the 10-percent figure in there that Senator Cooper insists on, but you have this national proviso deleted, and with the proviso knocked out you decided to exercise your discretion and make it a 90-percent national factor. And you might give us the figure on an 85 national factor too. If you will provide that for the record I think it would be helpful.

Mr. FRICK. We will.

Senator MILLER. Thank you.

(The information is as follows:)

BURLEY TOBACCO—CCC NET RECEIPTS UNDER ALTERNATIVE PROGRAMS (LOAN REPAYMENTS MINUS LOAN OUTLAYS)

[In millions of dollars]

Fiscal year	Present acreage allotment program	Cooper bill S. 789 ¹	15 percent reduction below disappearance		10 percent reduction below disappearance			
			15 percent below disap- pearance 1st year ²	10 percent below disap- pearance 1st year	Each year	Except 0.85 of base 1st year	Except 0.90 of base 1st year	Except 5 percent below dis- appearance 1st year
1972.....	30	³ —18	48	23	23	21	15	3
1973.....	46	35	58	58	34	34	34	34
1974.....	49	37	58	58	36	36	36	36
1975.....	48	37	60	60	37	37	37	37
1976.....	47	36	59	59	34	34	34	34

¹ Production 0.95 of base in 1971-72 and 10 percent below disappearance thereafter.² USDA proposal.³ Minus equals net outlay.

Note: The first year cost difference between the proposals are:

	Million
Cooper bill (cost).....	\$18
Present program (receipt).....	30
Difference (cost).....	48
Cooper bill (cost).....	18
USDA Proposal (receipt).....	48
Difference (cost).....	66
10-percent reduction.....	23
Present program (receipt).....	30
Difference (cost).....	7
Cooper bill (cost).....	18
10 percent reduction (receipt).....	23
Difference (cost).....	41
10-percent reduction (receipt).....	23
USDA proposal (receipt).....	48
Difference (cost).....	25
5 percent below dis. (receipt).....	3
Present program (receipt).....	30
Difference (cost).....	27

Senator MILLER. Senator Cooper?

Senator COOPER. I have studied this bill, and I think I can explain it.

Senator MILLER. Yes. I would like to hear the comments of Senator Cooper and Senator Cook.

Senator COOPER. We provided in this bill that the cut the first year, below their 4-year average yield, to avoid surplus production and get the program in balance with estimated use, would be 5 percent. That would be for this crop year, 1971. After that, the national quota could be set at not more than 10 percent below estimated use, in order to work off existing surplus supplies.

Now, I agree that the 5 percent cut in 1971 could be changed to 10 percent or even 15 percent. I do not want to fool these people. Over a period of years they are going to have to have another 10 percent cut unless use goes up, which I hope it will. But we calculated that establishing production at 90 percent of use—that is the 10 percent on page 4, line 18—it would take about 6 years to work off the surplus.

Now, isn't that soon enough?

I will ask somebody from the Department, how long did it take you to work off the surplus on Flue-cured? Or is it worked off yet?

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

Mr. TURNER. Claude Turner, Director of Tobacco Division.

The supply of the Flue-cured tobacco has been reduced a little over 600 million pounds since the acreage poundage program went into effect in 1965. We still have, though, some surplus of Flue-cured tobacco. And this is due primarily to the fact that the total use, the domestic use and exports have gone down 100 million pounds, which absorbs quite a bit of it.

Senator COOPER. But it has not been worked off yet. I would like to say to everybody here that establishing the national quota at 10 percent less than use would not necessarily mean a cut in individual farm quotas of 10 percent. It would take into account any decline or increase in use. So the cut in farm quotas in 1972 could be somewhat larger or smaller than 10 percent. After that time, farm quotas would change only as total use changed. And after the surplus is worked off, in 6 or 7 years, quotas could be 100 percent of use. And I do not think you can ask any more of the farmers than that. We have got to consider that too.

Senator MILLER. I hope we can get the issue clearly drawn here. You suggested that under your bill this is going to enable a working out of the surplus. But according to Mr. Frick's testimony, if I understood it correctly, if you put this bill into effect it is going to cost considerably more than what we have right now.

Senator COOPER. Perhaps it could the first year. He stated that \$48 million might go to the Commodity Credit Corporation, into Government loan stocks. I am not convinced that would occur, but compare that to cutting these people—I have heard rumors that they are going to cut them some place between 25 and 40 percent. You cannot just knock the tobacco economy in the head in 1 year. And \$48 million worth of tobacco is small compared to what you hold now. That is not going to wreck the program. We are introducing the bills for these very strict controls to try to bring the program into balance. Just to be frank about it—and I am going to continue pressing the point—I think the 5-percent cut in 1971 may be too narrow a limit upon the Department of Agriculture.

Senator MILLER. But if I understand your testimony, you are saying here is a bill that is going to help work down the surplus?

Senator COOPER. Yes.

Senator MILLER. But the Department comes in and says, "Our analysis indicates that unless we make some changes in it, it is going to cost considerably more." Now, for the first year I understood him to say \$48 million. But he also talks about an additional cost over a 3-year period. I think we ought to have the issue more clearly defined than we have it right now unless that is it.

Senator EASTLAND. Let him define it.

Mr. FRICK. Again, in the first year under the bill, compared to a 30-percent cut under what we are operating under today.

Senator COOPER. Are you talking now about the 5-percent cut in 1971, or next reduction of 10 to 90 percent of use from that time until the surplus is worked off?

Mr. FRICK. Five percent as it is.

Senator COOPER. What would it be if the 5 percent for 1971 were made 10 percent?

Mr. FRICK. Mr. Turner?

Mr. TURNER. If it were 10 percent you would be down to——

Senator MILLER. While you are checking that, I understand that Congressman Taylor of North Carolina is here.

Congressman, we are glad to have you. If you would like to come up and sit down at the table with us we would welcome your doing so.

Representative TAYLOR. Thank you.

Senator COOK. Senator Miller, before they get that figure, as I understand it you are asking the Department to give the figures for 90 and 10, 95 and 10, and 85 and 10; is that correct?

Senator MILLER. That is right. I am also trying to get this issue drawn here so that we know what the two sides have to say about the cost in the surplus impact of this bill.

Mr. FRICK. Let me continue while he is getting that figure, then.

In the first year, if we compare it with a theoretical cut of 30 percent, under the bill we are considering with the 10-percent adjustment we would then be producing 476 million compared to 470 million the first year. In the second year, we would be producing 472 compared to 459. And the third year continues about the same. In other words, with the the 10-percent adjustment, we continue to produce more than we would project under the program we are now operating under. And we would continue that projection for a period of 5 years of producing more. And this is the objection, that now today, when the supply is, I believe, something over 3.4 years, and we are trying to aim for 2.8 years, that even with the 10 percent it does not quite adjust.

Senator MILLER. If you did not have new legislation you would propose to continue under the present program with a 30 percent reduction in order to achieve this objective, is that right?

Mr. FRICK. Yes, sir.

Senator MILLER. So we are comparing that proposal with what we would have with this new legislation?

Mr. FRICK. Yes, sir.

Senator COOPER. I want to say this. This is an argument for continuing the present program and having massive cuts. What we are trying to do is get a program that will work. And I am going to say again, I will ask the Department to furnish a statement as whether or not, under the bill we have introduced, the surplus would be worked off in 6 years.

I have finished.

(Supplement statement filed by the Department of Agriculture is as follows:)

The Department subsequently advised that the surplus would not be completely worked off in 6 years. About 9 years would be required to reduce supplies equal to the 2.8 years disappearance required by legislative formula.

Senator MILLER. Thank you very much, Mr. Frick.

The next witness is Mr. Harry Graham, legislative representative of the National Farmers Organization.

Congressman, Taylor, would you like to say a few words?

Representative TAYLOR. Thank you, Mr. Chairman. Not at this time. I am anxious to get as much information as I can to aid in any way I can to solve this problem, which I think is very acute.

Senator MILLER. We are delighted to have you here.

Mr. Graham, do you have a prepared statement?

Mr. GRAHAM. Yes.

Senator MILLER. Do you wish to put your statement in the record in full, or would you like to read it?

Mr. GRAHAM. I would like to put it in the record, if I may, please. And then I will read parts of it and comment on some of it.

Senator MILLER. Without objection that will be done.

Mr. GRAHAM. First I would like to introduce Mr. George Marsh, who is the president of the NFO in Harrison County, Ky., which is one of the major tobacco-growing areas. He has a very short statement here that I think we should have him read now or put in the record. It is only three paragraphs. And then we will get that part of it out of the way.

Senator MILLER. Please do so.

Mr. Marsh, you may proceed, sir.

Mr. MARSH. Thank you, Mr. Chairman.

STATEMENT OF GEORGE MARSH, PRESIDENT, HARRISON COUNTY NATIONAL FARMERS ORGANIZATION, CYNTHIANA, KY.

Mr. MARSH. Mr. Chairman, I am George Marsh, president of the Harrison County National Farmers Organization, representing Kentucky NFO members who grow burley tobacco.

Kentucky NFO is in agreement with the fundamental control feature of Senate bill 789, and believes that any differences between this bill and similar bills introduced in the House of Representatives can be resolved. We believe the present acreage control program must be changed to a poundage program in order to preserve the entire tobacco industry and the economy of the Commonwealth of Kentucky.

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

Senator MILLER. Thank you.

Please proceed, Mr. Graham.

We shall be glad to hear from you at this time, sir.

STATEMENT OF HARRY L. GRAHAM, LEGISLATIVE REPRESENTATIVE, NATIONAL FARMERS ORGANIZATION

Mr. GRAHAM. I also want to say in the beginning that NFO is very appreciative of the work and the stand that the two Senators from Kentucky have taken in terms of farm programs. And their understanding of what it takes to make a farm program work is evidenced in their testimony here today, and Senator Cooper's sponsorship of this legislation.

We believe, first of all, that controls on any commodity should be in terms of the market unit, be it bushels, bales, pounds, hundred-weight, or whatever it is. We think that it has been abundantly proved over a long period of time that acreage controls simply are not effective ways of getting the job done.

May I say also, in terms of some of the questions that have come up, that we still believe—and we have not mentioned this specifically in the testimony, because what we have done is only make exceptions to what we would prefer in the bill—but we believe that 90-percent parity concept is valid. We are sorry that we have lost it in some other crops, but we are not about to approve losing it in this one if we can keep from doing it. In terms of the 10-percent reduction, which was the subject of the discussion just a few minutes ago, or a 15 percent, or 30 percent. We believe that the whole concept of the Commodity Credit Corporation was that the Government loan program was the proper vehicle to maintain surplus stocks, and that these surpluses are caused generally by price fluctuations, price trends, that do not go up and down every year, they go up for a period of years, and down for a period of years, in terms of trends. It is impossible to effectively handle this kind a program and expect that every year we should come out with a balance. There ought to be some provisions for this phasing out of surpluses. And we have found out that sometimes circumstances develop when we phase them out lots quicker than we anticipated we would, as in 1967.

With wheat, for instance, we went down—as you remember, Senator Cooper, in an area with which you were very closely associated, the supplying of wheat in the subcontinent of India—we went down until we almost ran out of wheat. There was a time when we were under a hundred million bushels' supply of wheat. And nobody ever thought a year and a half before that that would happen, that we would ever get into that kind of a situation.

So I am not one who believes, nor is my organization, in emptying the reserves all the time every year at the beginning of a crop year. Tobacco may not be as critical to life as wheat is, but the same principle should be applied to this one. A 30-percent reduction in our judgment is completely lacking in validity. It can be argued from the standpoint of the cost to the Federal Government, but there are other costs that would accrue to the Government if they did that that would almost offset it.

We have three suggestions for changing the present bill.

We do not approve of a provision that once a poundage program is presented, that if it is voted down there should be no program at all. I think if it is voted down they should do it with the knowledge that the Department intends to cut their production by 30 percent. But there should still be a program. I am always in opposition to this concept of voting programs out when you put an amendment up, and if they do not accept the amendment they lose the whole program.

Senator EASTLAND. You want to give the farmer a choice?

Mr. GRAHAM. Let's don't give him the choice between hanging and being shot. This is what we are giving him.

Senator EASTLAND. I understand that.

Mr. GRAHAM. Let's give him a choice to survive.

Senator EASTLAND. That is exactly what I said. I think that the farmers in general would approve of this.

Mr. GRAHAM. The provision of section 319 that the notification should be prior to a referendum insofar as practicable raises my hackles fairly fast. This is an escape mechanism that we have had some problems with, and especially a couple of years ago on soybeans, where they notified some of our people that the soybeans were going

to be moved from county elevators to the terminal warehouses, and they got the notices at 10 o'clock in the morning, and the time for redemption of their grain was 12 o'clock that day. You do not make arrangements for loans to do that kind of a thing in 2 hours after you get your mail. And I think that should be taken out. Senator Cooper, I think they should send those notices so that people get them.

Now, the ordinary practice, they told us, when we were fussing about the soybean problem, was to mail the notice 10 days before the effective date. If they mail them 10 days before the effective date they will get them. But this thing of mailing the notice of a referendum so that it may get there or may not certainly creates problems.

Senator COOPER. I certainly agree with that.

Mr. GRAHAM. This is not a major thing. But they are the kind of sticky things that cause problems.

We are not all of one voice in the NFO. And I talked to people all over our tobacco belt on this, and burley belt. And we have a substantial membership there too. I am not trying to speak for any unanimous voice in tobacco, anybody that tries that has got a couple of holes in his head too, because there is no unanimous voice in all the factors about tobacco—but in general there should be some kind of a floor under the size of these allotments. Mr. Carter's bill provides for 1,600 pounds. We put this in as a recommendation for a half acre, and a proportional poundage for allotments of less than a half acre. We are not going to shed any blood over that 1,600 pounds, as to whether it should be there or at some other point. But when you are down to a tenth of an acre, any reduction makes the allotment almost meaningless at that point.

And we have another valid reason, we think, for this. And that is, for a great many of these people this represents the only cash income they have in a year. Many of them in parts of Kentucky that I know and that you gentlemen both know and that George here knows, eastern Harrison and some of these counties do not have the money to go out and lease bigger allotments. And many of them do not have the land to use for it if they did have. This is not the best land in the world to grow tobacco on. And they have not made much of a contribution to the big increase in supplies. But they do have a way of life that goes on. And \$300 or \$400 from a tobacco program a year is the difference between abject poverty and subsistence living.

It seems like that at the time when we are talking so much about rural redevelopment that any program that forces people off the land or out of programs where they have some stability is foolhardy. Many of the farmers that have larger allotments are forced to earn substantial amounts of their total income off the land. And if the rural population is to be stabilized, if the rural-urban migration is to be stopped and hopefully reversed, and if the costs to the government are to be minimized, then this kind of a provision should be included.

Now, if we are to preserve this production in the marginal and submarginal areas and thus stabilize and strengthen rural communities, the sale of allotments should be prohibited. And the leasing of allotments across county lines should likewise be prohibited.

We think the social costs of this increased efficiency that people are talking about are greater than the monetary savings.

Senator MILLER. Mr. Graham, on that point, do you have any figures which would show not just the social kind of costs, but the costs to government? Would they be just the same?

Mr. GRAHAM. This would be including the social costs. You move them from this income over into welfare.

Senator MILLER. Welfare or unemployment compensation.

Mr. GRAHAM. Minimum income—

Senator MILLER. Food stamps and all the rest. The costs there would be almost equal to the cost that the administration was indicating that they are concerned about; is that your point?

Mr. GRAHAM. That is my whole point.

Senator MILLER. Do you have any figures, though?

Mr. GRAHAM. No; I do not.

Senator MILLER. Do you have any figures on the number of people leaving burley tobacco production each year?

Senator COOPER. We have got them.

Senator MILLER. Do you have them, Senator Cooper?

Senator COOPER. We can furnish them.

Senator MILLER. I think it would be helpful to have them for the record.

(The information is as follows:)

NUMBER OF BURLEY TOBACCO ALLOTMENTS AND NUMBER OF FARMS HARVESTING BURLEY TOBACCO, BY YEARS

Year	Number of farms with allotments	Number of farms harvesting	Year	Number of farms with allotments	Number of farms harvesting
1970	282, 115	250, 401	1964	298, 663	277, 317
1969	282, 875	257, 803	1963	299, 843	280, 830
1968	284, 752	284, 354	1962	301, 142	284, 468
1967	288, 086	261, 578	1961	300, 623	283, 934
1966	292, 537	269, 612	1960	302, 307	277, 651
1965	295, 416	275, 299			

Source: USDA.

Mr. GRAHAM. George has an answer, that 11 percent of the people in Harrison County are receiving food stamps today.

Eleven percent. We get into some other figures—

Senator MILLER. Do you have a figure on how many received food stamps? The food stamp program has been expanded, as you know. Do you have any indication of how much drop there has been in the number of producers of burley tobacco, and whether they were the little ones, by the year for the last 2 or 3 years, so that we can get the trend of this?

Mr. GRAHAM. I rather think that is going to come up in the testimony of one of the other witnesses.

Senator MILLER. The record will be left open, and if you want to provide any of that, we will be pleased to receive it.

Mr. GRAHAM. We get an idea of a little of this if these half-acre people are to be eliminated. Sixty percent of them in 1970 were producers of a half-acre or less. And if you would take them out of the picture, then we end up with 112,000 producers instead of 228,000 producers, which is a pretty substantial reduction. And the point that I want to make about this is that tobacco, I think, is more of a problem than most any other commodity. And every commodity and every interest is protected by the size of the constituencies that are involved in it. And if to get tobacco down to 112,000 big producers with the pressure on tobacco that is there now—social pressure, health pressure—we are all aware of all of these pressures—it means that this program becomes less and less defensible. Some of us have defended the

tobacco program because it is the only income a great many people have, it is a very small income, but it is all they have.

Now, this proposal takes us out of that argument. We have lost it, we have lost 60 percent of our constituency at that point, if this is what we approve. And the problem is, just like in milk, once you lose the half acre or undersized farmers, then the man with an acre is the smallest farm. And you keep moving this up, and there is no end. If we take these economic arguments, we end up when we have two farmers left. And then one would be smaller than the other.

I remember Senator Humphrey saying—and this is what colors my thinking on this—in the 1964 farm bill, on the floor, somebody said, “Why did you put this terrible cotton bill with this bad wheat bill?”

And he stood on the floor and said:

My friend, the first law of politics is that you learn how to count. I learned to count a long time ago. We did not have enough votes to pass a wheat bill or a cotton bill, but we put them together and we can pass it. And we are going to pass it in about 20 minutes.

And that is what they did.

When we get down to 112,000 people or less, I just do not think we can defend a tobacco program in terms of the social pressures that are being brought against it.

I would like to make one other suggestion, and that is, instead of the wide variations in what can be carried over, that there be something—or maybe in addition to them—some provision or some thought be given to storage in bond like we use in grain, Senator Miller, where they would put it—bond it and hold it until a time when they might have a bad crop, and then they would factor it back in to make up for a crop that they were unable to produce at a particular time. I do not think that tobacco has ever been handled that way, but I know a lot of it is stored, and I know no reason why it could not be stored in bond by the producer himself to hold it off the market for a period of time until he has a poor crop or until the other factors could indicate that it should be brought in to the market.

These are rather random comments on a very complex bill.

Again, we are very grateful to Senator Cooper for taking the lead in trying to resolve a very difficult problem. And we do not have our feet set in concrete on this, except for the sale of allotments and across-county leasing of allotments. For that there will be no change in the NFO position. And we will try to work with you on whatever you work out with the rest of the program.

Thank you very much.

(The prepared statement of Mr. Graham follows:)

Mr. Chairman and members of the committee, I am Harry L. Graham, Legislative Representative of the National Farmers Organization with headquarters in Corning, Iowa.

During the past four years the remarkable national growth of the N.F.O. has included the burley tobacco belt as well as other tobacco areas. Our growers are alert, informed and concerned. They helped develop the basis of the bill by Senator Cooper.

May I say at the beginning of this presentation that Senator Cooper is a great favorite of our Kentucky growers, as he is of me. We all deeply regret the understandable decision of this great senator and statesman to retire at the end of his present term. Our points of disagreement in the language of this bill should not be erroneously interpreted as a lack of respect and affection for the distinguished senior senator from the Blue Grass State.

It has long been obvious that allotments on farm commodities should be based on market terms such as pounds, bales, bushels or hundred-weight. We are aware

of the problems of increased production per acre and their ramifications. And we have been in close contact with our membership regarding this proposed legislation.

Having said that we support controls on an acreage-poundage basis, we would respectively submit the following suggestions:

(1) The provision for the elimination of all programs if the referendum on poundage is defeated should be removed. It is in Sec. 319(a). The first referendum should simply let the producers decide which kind of a control program they prefer, with full knowledge of the probable acreage cuts if they choose that method.

We are informed by our Kentucky NFO officials that this was not in the grower agreement. They view this as a means of defeating all programs and this they oppose.

(2) In section 319(b), the provision is included in the last sentence that "*insofar as practicable*" be deleted. We have had some unpleasant experiences with notices from ASC offices being late. In one instance a notice that soybeans under reseal in a county elevator were to be moved to a terminal elevator was received at 10:00 A.M. with a redemption deadline of 12:00 noon that same day.

We believe that the accepted USDA practice is to mail notices at least ten days in advance and this is the provision we suggest.

(3) At the end of 319(d), we propose to add "nor less than 1600 Lbs. per one-half acre allotment or a proportional poundage for allotments of less than one-half acre."

We would point out that the producers of one-half acre or less have not been nor cannot be responsible for the great increase in tobacco yields. They simply have not had the capital, facilities or know-how to accomplish this increase. Most of them are planting and cultivating as they did twenty-five to fifty years ago. They clear a patch of brush, use the brush to "burn" the bed for the plants, and plant the patch for a year or two and then let it return to brush.

Furthermore, for many of these people, this represents the only cash income they have in a year. As we consider a minimum national wage or a minimum welfare payment, it seems foolhardy to further lower these cash incomes that are at or below all suggested minimums.

With the increased vocal support from high placed for rural re-development, it seems equally foolhardy to force people off the land and into the towns and cities. This would be the effect of such legislation.

American farmers are being required by low farm prices and high costs to earn a substantial amount of their total income off the land. If rural population is to be stabilized and if the rural to urban migration is to be stopped and hopefully reversed, and if the costs to the government are to be minimized, then this provision should be included.

(4) If we are to preserve this production in the marginal and sub-marginal areas and thus stabilize and strengthen rural communities the sale of allotments should be prohibited and the leasing of allotments across county lines should likewise be prohibited.

We are aware of all the arguments for economically efficient units, but we are in complete disagreement with the Marxist and orthodox capitalist concept that all economic problems must be solved of the basis of historical trends toward economic determination.

If this democracy is to be preserved and if its modified and controlled capitalism is to survive, then people must be factored into the equation used to determine policy. Bigness and efficiency are desirable—at a price—but not at any price.

It is our considered judgement that the concentration of economic factors must be controlled.

In the case of tobacco, the large growers and the industry should recognize their present political problems. One of the real defenses against those who oppose any tobacco program has been the fact that this represents the only cash income for a great number of impoverished people who live on farms with limited productive land available.

If programs are pursued to destroy these producers, then the programs will die and the industry will die. I remember a statement by Senator Humphrey in 1964 when he said, "the first law of politics is to learn how to count." Some of the big producers and industry people better learn how to count. When they do, they will see the necessity of maintaining the widest possible base of support for the programs and the industry. Our proposal will preserve that base.

In summary, we believe that S. 789 is a good bill moving toward desirable objectives. However our tobacco growers believe that the suggestions we have made will improve the legislation and best serve the long-term interests of both producers and the tobacco industry, as well as our national policy and welfare.

Senator COOPER. May I make one more comment?

You might get into a situation where you do not have any tobacco. This bill provides that if in any one year the quota is not raised, next year they can double it, add 100 percent of what they did not raise before.

Also let me say strongly, I am familiar with this problem of one-half acre or less. My county is full of them. The purpose of this bill is to save them too.

Mr. GRAHAM. Yes, I know.

Senator Cooper, may I say this about this storage that is involved. Suppose somebody has had a good crop, a real good crop 1 year, and maybe he came out 50 percent more than he had. The storage in bond would keep him from having a penalty, and the next year he could cut his production by the 50 percent, and he gets away from the penalty problem. A penalty is a very abrasive thing as far as farmers are concerned. I think something of that kind might cut down some of the problems that we have, and do exactly the same thing you are talking about, but from a different direction.

Senator MILLER. Thank you, Mr. Graham.

The next witness is John M. Berry, Sr., president of the Burley Tobacco Growers Cooperative Association, New Castle, Ky.

Mr. Berry, it is nice to have you here.

Please proceed.

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

Mr. BERRY. Mr. Chairman and gentlemen of the committee, I am John M. Berry of New Castle, Ky., and I am president of Burley Tobacco Growers Cooperative Association, 620 South Broadway, Lexington, Ky., an organization of approximately 400,000 tobacco farmers.

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

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

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

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

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

No one with the most profound perception could evaluate the benefits of the combination of these two programs to the farmers and

to the governments of this country. As the result of these programs burley tobacco farmers' incomes have been maintained at near parity.

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

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

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

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

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

An examination of the record reveals, surprisingly, that since 1940 of the 31 crops produced only four—1947, 1955, 1958, and 1960—were smaller than the quotas proclaimed by the Secretary of Agriculture, while 27 exceeded the quotas.

Glaring excesses of up to 210 million—1946—occurred in 1944, 1945, 1946, 1948, 1954, 1962, 1963, and 1966. The following tabulation showing the "Year" and "Quota" and the "Production" demonstrates conclusively the ineffectiveness of acreage allotments as a control measure.

(The tabulation referred to follows:)

BURLEY TOBACCO UNDER 1938 AAA AS AMENDED

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

Subject to revision.

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

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

The situation is critical, hence the Burley Tobacco Growers Cooperative Association strongly approves and urges the enactment of Senator Cooper's Senate bill No. 789 providing for poundage quotas for burley tobacco beginning with the 1971 crop.

Thank you, Mr. Chairman.

Senator MILLER. Thank you very much, Mr. Berry.

Any comments, Senator Cooper?

Senator COOPER. No; I think the statement shows that he has been familiar with this program since its inception.

Mr. BERRY. Yes, sir.

I would like to make one further comment, Mr. Chairman, about the reduction in the first year. I think the proposal that Senator Cooper makes in his bill is a reasonable and moderate one. And I think for us to take more than what would amount to a 10-percent reduction in the 1971 crop will be a too drastic impact, adverse impact upon the economy of the burley area and the farmers who produce the tobacco.

Senator MILLER. Thank you, sir.

The next witness is Mr. William Balden, chairman of the Council for Burley Tobacco, Danville, Ky.

We shall be glad to hear from you at this time, Mr. Balden. Proceed, sir.

STATEMENT OF WILLIAM BALDEN, CHAIRMAN, COUNCIL FOR BURLEY TOBACCO, DANVILLE, KY.

Mr. BALDEN. Mr. Chairman and members of the committee. I am William Balden, chairman of the Council for Burley Tobacco, and a full-time farmer.

Incidentally, this is a new organization that was formed this year to study this particular problem. It is composed of the following organizations: Burley Tobacco Cooperative Association, Burley Auction Warehouse Association, Burley Tobacco Leaf Dealers Association, Burley Farmers Advisory Council, Kentucky Farm Bureau Federation, National Farmers Organization, University of Kentucky College of Agriculture, and the Kentucky Department of Agriculture.

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

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

Our organization has met at least once each month during the past year and has thoroughly studied the burley tobacco situation, as Senator Cooper has so ably pointed out.

We have met with farmers throughout Kentucky, and have had discussions with representatives of all burley-producing States during the year. Every farmer and every other person has had an opportunity to express his views at these meetings if he so desired.

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

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

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

Under a poundage program, production will definitely be controlled, whereas this is not being accomplished under the present program. In addition, quality will be improved, resulting in better prices for the farmer; production costs to the farmer will be reduced; at least \$1½ million will be saved by the Federal Government by not having to measure allotments, and farmers also will save money by the elimination of the necessity to measure allotments.

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

With a lease or sale provision, small allotment holders can increase their units of operation so that they will be able to make a better living from farming. Retired farmers can lease out their crops and supplement their retirement incomes.

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

In all the meetings we have attended since introduction of Senator Cooper's bill on December 31, 1970, where the program has been explained and farmers understand it, they are wholeheartedly in favor of it.

When it is explained to growers throughout the State of Kentucky, Senator Cooper, as you have explained it, and they understand it, we find very little if any opposition to it.

So we earnestly request that you give favorable consideration to the proposal before you and that you give tobacco growers the opportunity to vote in referendum on the proposed changes in time to apply to the 1971 crop.

Thank you, Mr. Chairman.

Senator MILLER. Thank you, Mr. Balden.

Any questions, Senator Cooper?

Senator COOPER. No. I would just say that after the situation we have gotten into last year, when a very stiff cut was first proposed, I think it was 25 percent, members from tobacco States, Kentucky and all the other tobacco States, both the Senate and House of Representatives, conferred with Secretary Hardin. And I think we were able to prevail upon him to make a minimum cut with the idea that this matter would be studied. As a result this committee was formed, and it has been engaged in this study.

I would like to ask this one question, because this bothers me. Do you believe that the growers of Kentucky generally throughout the State, whether large or small growers, have knowledge of legislation?

Mr. BALDEN. I believe the growers of Kentucky throughout the State are concerned about the program. And all of them realize that something has to be done. I think there are areas of the State where farmers do not understand all of the advantages of the program. And I think we need to do an educational program, which the University of Kentucky is in the process of doing right now. And these are the meetings that I spoke of, where they have conducted these meetings.

And when farmers understand what the program is trying to do, they are wholeheartedly in favor of it.

Senator MILLER. Thank you very much.

The next witness is Louis F. Ison, president of the Kentucky Farm Bureau Federation, Harrodsburg, Ky.

It is nice to have you here, Mr. Ison.

Do you have a prepared statement that you want to have placed in the record?

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

Mr. ISON. I have already filed with the clerk the statement for the record. I will not read this statement, for the sake of brevity.

I simply want to reiterate—

Senator MILLER. Then your statement will be placed in the record.

Mr. ISON. It will be placed in the record, and I will try to summarize what I believe are the important points of this statement.

First, Senator Cooper, let me say that we appreciate your having introduced this bill. And as you know, you do have our endorsement and full support.

And thank you, Senator Cook, for your support of this bill.

I think the basic objective that we have here for consideration is the preservation of the livelihood of thousands of farmers, not only throughout Kentucky but throughout the burley producing belt.

I might add to what you have said, Senator Cook. Forty percent of our income, approximately, comes from tobacco. We have about a \$300 million income from it. Add to this the transportation of tobacco, the marketing, storing, the processing, and so forth, and you can see that it has quite an impact on our total economy.

The Farm Bureau had a mandate in arriving at this poundage concept. We went out in June in cooperation with the Kentucky College of Agriculture, and held district meetings throughout the State. These meetings were well publicized, and they were well attended. And I will quote these percentages, as I think they are very important.

Ninety-six percent said they believed some changes in the program were absolutely necessary.

Eighty-one percent said they did not believe burley production can be controlled under the present acreage system.

Eighty-eight percent said they would be inclined to favor some quantitative controls such as poundage or acreage poundage.

And likewise, eighty-eight percent said they believed that all growers should participate in future quota adjustment.

Then between June and November when we had our annual meeting in November our delegates without dissent approved a change asking that the law be amended to provide for a referendum to go to straight poundage controls instead of acreage controls, with these qualifications.

It has been brought out certainly why we are in the situation that we are in. With an increase in yields per acre of about 80 pounds per year, it put us up last year to about 2,488 pounds per acre. You have for the record the number of cuts and increases from 1945 through 1970. The 231,000 acres allotted in 1970 represents only 38 percent of

what it was in 1945. This, coupled with the declining domestic demand for burley, certainly is an indication itself that our acreage program is not working, and certainly the system, the acreage system is in jeopardy.

So I think as far as our organization is concerned—I not only think, but I know that our people believe that unless we change to poundage controls, we could well lose our price support system.

So it is as simple as this. We plant acres, we sell pounds. And that is the reason we are in the dilemma we are in. And I would ask hopefully your consideration so that this legislation before you today can be adopted in order to apply to the 1971 crop.

(The prepared statement of Mr. Ison follows:)

Mr. Chairman, and members of the committee, my name is Louis Ison. I am president of the Kentucky Farm Bureau Federation.

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

May I also express our sincere gratitude to Senator John Sherman Cooper for introducing the legislation under consideration today, and to this committee for so promptly holding hearings.

At the outset, I wish to say firmly and without equivocation that the Kentucky Farm Bureau Federation strongly supports Senator Cooper's bill, S. 789, which authorized a poundage control program for burley tobacco when approved by growers in a referendum.

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

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

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

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

Concern about the future of the tobacco program began to spread among our farmer members early in 1970 when it was indicated by Secretary of Agriculture Clifford M. Hardin that a 10 percent cut was the least he could apply in 1970, and that unless something was done to overcome the problems of overproduction more excessive cuts could be expected in the future.

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

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

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

The problems confronting burley tobacco were discussed at length at the Tobacco Conference held during the state Farm Bureau convention and, on

November 18, the more than 500 voting delegates to the convention, without dissent, adopted a policy favoring a "straight poundage control program" for burley.

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

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

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

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

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

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

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

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

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

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

Year:	Percent increase	Year—Continued	Percent increase
1951-----	10	1962-----	6
1961-----	6		

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

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

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

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

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

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

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

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

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

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

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

Senator MILLER. Thank you, Mr. Ison.

Mr. ISON. In addition, as was indicated earlier by a show of hands many of our Farm Bureau folks are here. I have for the record the signature of about 40 burley producers that have signed this petition here asking for a change in the program. And you could call on any of them to testify if you so desired.

Senator MILLER. Thank you, Mr. Ison. I am sure you are representing their viewpoint very well.

Mr. ISON. Thank you, sir.

(The document containing the signatures referred to follows:)

We, the undersigned Kentucky burley producers attending the hearing on S. 789 on March 2, 1971, realize time will not allow each of us to testify individually.

However, we do wish to express our support for this legislation, which provides for poundage quotas for burley tobacco, and hereby request that our expression of support be placed in the hearing record, and we urge this committee's favorable consideration of S. 789.

W. R. Riffe, Jr., Webbville, Ky.; Joan D. Riffe, Webbville, Ky.; Luther Smith, Burlington, Ky.; Lucille Smith, Burlington, Ky.; Stephen C. Bullen, Mt. Vernon, Ky.; Dollie C. Whitt, Grayson, Ky.; Kenneth H. Whitt, Grayson, Ky.; Carl Mitchell, Jr., Frankfort, Ky.; Harvey Jones, Versailles, Ky.; Frank Couch, Bledsoe, Ky.; John R. Fritz, Lexington, Ky.; Billy Ray Smith, Lexington, Ky.; Thomas W. Johnson, Lexington, Ky.; W. J. Mahan, Lexington, Ky.; James N. Mason, Mt. Sterling, Ky.; C. A. Wekon, Jr., Georgetown, Ky.; Maud Schultz, Melbourne, Ky.; Mrs. Dale Pence, Campton, Ky.; Miss Irene Spencer, Campton, Ky.; Charles Schmitzler, Waynesburg, Ky.

Carl A. Dean, Nicholasville, Ky.; Eugene Preston, Lancaster, Ky.; William G. Turp, Richmond, Ky.; Andrew H. Turpin, Richmond, Ky.; Marion C. Inman, Harrodsburg, Ky.; Mrs. Charles Schnitzler, Stanford, Ky.; Ezra Bach, West Liberty, Ky.; Paul McCauley, Cynthiana, Ky.; Roberta Dean, Nicholasville, Ky.; Carl Gillespie, Bourbon, Ky.; Mrs. Ezra Bach, West Liberty, Ky.; Mrs. Betty Tabor, Carlisle, Ky.; Wilbur Lee Tabor, Carlisle, Ky.; H. T. Ammerman R. #5 Falmouth, Ky.; Mrs. H. T. Ammerman, R #5 Falmouth, Ky.; Mrs. Marion C. Iuman, Harrodsburg, Ky.; Mrs. William D. Sullivan, Warsaw, Ky.; Kathryn M. Ruduill, Burlington, Ky.; James W. Cox, Lexington, Ky.; Smith Cain, Ashland, Ky.; Robert D. Woods, Lex. Ky.; Ellsworth, Kesler, Louisville, Ky.; Henry R. Catlett, Crittenden, Ky.; Herbert L. Schultz, Melbourne, Ky.

Senator COOPER. What is the membership of the Kentucky Farm Bureau?

Mr. ISON. 105,159 family memberships, the major portion of which grow burley tobacco.

Senator MILLER. Thank you again.

Mr. ISON. Senator Cooper, I might say again that when this bill is passed by Congress I pledge to you and to Congress our full support to go to the country in explanation of this program.

Senator Cook. Senator Miller, let me bring up one point that, in going through his statement, I think is extremely important. And that is, on his summation on the last page I was struck by his remark "We plant acreage and we sell pound."

He proceeds:

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

I think it is important to emphasize this for the benefit of the committee. I know it will be placed in the record. But the main discussion is as to whether the minimum acreage farmer really is convinced that this is the means by which the program can be salvaged, or whether in fact he wants to hold on to what he has as long as he can. And I think we are not in the either/or situation any more. I think we have to have a program as set forth by Mr. Ison. And I think that remark is most interesting.

Mr. ISON. Might I add, Senator, it is regrettable, but I believe this has been blown out of all proportion, because this is not a program pitting large growers against small growers, this is a program that is for the salvation of all growers.

Senator MILLER. Thank you again.

Our next witness is Glenn McCauley, president of the Burley Farmers Advisory Council, Cynthiana, Ky.

We shall be glad to hear from you at this time, Mr. McCauley.
Go right ahead.

STATEMENT OF GLENN McCAULEY, PRESIDENT, BURLEY FARMERS ADVISORY COUNCIL, CYNTHIANA, KY.

Mr. McCauley. Thank you, Mr. Chairman.

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

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

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

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

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

Thank you, Mr. Chairman.

Senator MILLER. Thank you, sir.

On your letterhead you have an executive committee. Does that list all of the members of the council?

Mr. McCAULEY. No, sir.

Senator MILLER. Do you have a list, or would you care to tell us the organizations that are represented on your Burley Farmers Advisory Council?

Mr. McCAULEY. These are farmers made up from these counties. We have been in existence for about 4 years, sir.

Senator MILLER. And what counties are those?

Mr. McCAULEY. I can produce you—this is mainly central Kentucky. We go as far as Davis County south. We do not go into—the opportunity is open for counties to join. They have not joined.

Senator MILLER. But it is a three-county organization?

Mr. McCAULEY. Thirty-three.

Senator MILLER. Thirty-three. I am sorry.

Mr. McCAULEY. Out of the 120.

Senator MILLER. So that would be a pretty fair sampling?

Mr. McCAULEY. Yes, sir.

Senator MILLER. Do you have any questions or comments, Senators Cooper and Cook?

Senator COOPER. I think it would be wise if you supply to the committee the list showing the members of the council and their residency.

Senator MILLER. Would you be able to do that for our record?

Mr. McCAULEY. Yes, sir.

Senator MILLER. Just give it to the clerk when you get a chance to work it up.

Mr. McCAULEY. Yes, sir.

(The information is as follows:)

THE BURLEY FARMERS ADVISORY COUNCIL,
Lexington, Ky., March 2, 1971.

Mr. C. M. MOUSER,
Chief Clerk, Senate Committee on Agriculture and Forestry, Senate Office Building, Washington, D.C.

DEAR SIR: Following is a list of counties in Kentucky that have membership in the Burley Farmers Advisory Council. It is requested that this information be injected into the records of the Senate hearing held on March 2, 1971:

Anderson	Grayson	Mercer
Boone	Green	Montgomery
Bourbon	Hancock	Nelson
Boyle	Hardin	Nicholas
Bracken	Harrison	Pendleton
Clark	Henry	Scott
Daviess	Jackson	Shelby
Fayette	Jessamine	Spencer
Fleming	Madison	Todd
Franklin	Marion	Washington
Garrard	Mason	Woodford

Respectfully submitted.

GLENN McCAULEY,
President.

Senator MILLER. The next witness is Mr. Albert G. Clay, chairman of the Burley Auction Warehouse Association, Mount Sterling, Ky.

I might say for the rest of the witnesses, that I am going to keep going here for quite a while yet, but we have a record vote at 1 o'clock, and if we do not finish the witness list we will be back in at 2:30 this afternoon.

Mr. Clay, please proceed, sir.

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

Mr. CLAY. I filed a statement with the clerk, and I would like permission, if I may, to brief my statement as quickly as possible.

Senator MILLER. That will be fine.

Mr. CLAY. My name is Albert Clay. I am chairman of the Board of Burley Auction Warehouse Association, which represents over 90 percent of the auction warehouses that sell burley tobacco that is produced in 14 States.

I appreciate this opportunity of appearing before this subcommittee on behalf of the membership of all of these warehouses to unanimously endorse Senator Cooper's bill, Senate bill 789.

This committee is well aware of the major adjustments that have been made over the years in our tobacco program. Senator Cooper, as you know, has been a very dedicated servant of the tobacco grower all through his congressional life. He has been an outstanding leader in proposing necessary legislative changes to keep the tobacco program sound and profitable. He has kept abreast of the problems by counselling with all the leaders and agricultural organizations involved. And I think his statement here this morning bears this out.

So I can add very little to his remarks before this committee. He has made them on the Senate floor. And I have put with my statement this morning a copy of Senator's remarks, so I will not go into any details.

But I think it has been said this morning, and I want to reiterate with great emphasis, that we have reached a point where another major adjustment is needed in our burley tobacco program. And I think that Senator Cooper's bill on which he has done a great amount of work in taking it to the growers himself, is that adjustment. It will benefit every tobacco grower of burley, because, unless—and I think I speak from some authority, over 5 years—unless this legislation is passed and approved by two-thirds of the voters in a referendum, that our burley tobacco program is doomed. And I think all tobacco growers, small and large, will suffer economic chaos.

This committee and the Congress should take into account that if the burley tobacco program of controls and price supports—as Senator Cooper has stated, and Mr. Berry, who administers the major portion of this program, his organization ceases to exist, there will be large financial losses, Senator Miller, of Commodity Credit stocks that are now held on loan.

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

this major change in the Flue-cured program has been highly successful. And it came at a time when the situation was almost as critical as to burley.

I think the record will prove that this endorsement and change in this program which Senator Cooper is now seeking for burley has reduced their surplus stocks year by year, and now they are in 2.6-years' supply, which is under the law their target.

I have also been privileged to serve on three national advisory committees to the Secretary of Agriculture. The most recent one, appointed by Secretary Hardin, met last week here in Washington for the first time on February 25.

Senator Cooper's bill and comparable bills introduced by Congressman Watts from Kentucky and Congressman Abbitt from Virginia were discussed thoroughly. And I am happy to report that this committee unanimously endorsed the principle of all of these bills, and recommended passage as soon as possible, and submitted them to a grower referendum.

I will not take up the committee's time to outline the specifics of Senator Cooper's bill which you have before you. But I think that it is important that all of us realize—and I would like to comment, if I may, briefly on two of the witnesses that have preceded me and make some clarification of their remarks.

First, Mr. Frick, he made the statement that unless the bill was changed from a 95-percent factor to either an 85- or 95-percent factor, that the Government cost would be \$28 million. I think that his insinuation there is wrong. What I think he was talking about—and I do not think you can project those things with any degree of accuracy as to how many million pounds will go under loan, because our supply fluctuation determines that year by year—but what he is saying is that they have projected the 28 million pounds would go under commodity loans if the 98-percent factor were left in. And this is not actually cost, Senator Miller, to the U.S. Government, because Senator Cooper's bill will gradually decrease the surplus over a period of years, which is the intent of another adjustment that the growers that Senator Cooper has counseled with are willing to make to keep their program sound.

Now, Mr. Graham's statement that he felt the need of putting some provision in the bill as to a 1,600-pound minimum, I want to reiterate again, I think the principle involved here is whether these growers, the small growers, have any program at all. I would like to ask the Department of Agriculture to comment before this hearing is over on Mr. Graham's recommendation as to an amendment to the bill, that there be some provision of minimum poundage put in, how the Department would react to that, and if they thought that if such a provision was adopted in Senator Cooper's bill, we could have a sound and workable program. And I hope they will do that before the hearing is over.

Senator MILLER. We will get their comments on some of the testimony.

Mr. CLAY. Again I want to thank this committee for this privilege. I will be glad to answer any questions that anyone would like to ask me as a grower myself, and also as a warehouseman, and also as a dealer. But I want to emphasize again that I think that Senator

Cooper has given great thought in devising a bill and submitting a bill—maybe there are a few technicalities that differ between the House and the Senate version—and that unless this bill is passed, and unless this committee recommends it and it does pass the Congress and the Senate, and we submit it to the growers, and unless we vote for a two-thirds program, we will not have a price support program for burley, which I think will be economic chaos, and many, many people will be on welfare then.

Thank you Mr. Chairman.

Senator MILLER. Thank you, Mr. Clay.

We will include your prepared statement in the record at this point.

Mr. CLAY. Thank you, sir.

(The prepared statement of Mr. Clay follows:)

My name is Albert G. Clay and I am Chairman of the Board of the Burley Auction Warehouse Association, which represents over 90% of the auction warehouses that sell the burley tobacco produced in 14 states. I appreciate the opportunity to appear here today on behalf of our membership to endorse Senate Bill 789.

This Committee is well acquainted with the history of our burley tobacco program and how, over the years, the United States Congress and the tobacco growers have made adjustments when needed to maintain a workable and economically sound program.

Senator Cooper has been a very dedicated servant of the tobacco growers. He has been an outstanding leader in proposing necessary legislative changes to keep the tobacco program sound and profitable. He has kept abreast of the problems by counseling with all leaders and agricultural organizations involved. I can add very little to his remarks made before this Committee on December 8, 1970, and on the Senate floor on December 31, 1970, when he introduced Senate Bill 4613. He accurately stated the problems that we are faced with and has very wisely suggested a solution in what is now Senate Bill 789.

We have now reached the point where another major adjustment in our burley program is needed, and the Cooper Bill is that adjustment. It will benefit every grower of burley tobacco because unless such legislation is adopted the burley tobacco program is doomed and all tobacco growers will suffer economic chaos. Also, this Committee and the Congress should take into account that if the burley tobacco program of controls and price supports ceases to exist there will be a large financial loss on the burley stocks now held under Commodity Credit loan.

I had the privilege of serving on the Secretary of Agriculture's Task Force in designing and recommending the acreage-poundage program for flue-cured tobacco that was adopted by Congress in 1965 and approved by growers in a referendum. This major change in the flue-cured program has been highly successful and it came at a time when the situation was almost as critical as burley's is now.

I have also been privileged to serve on three National Tobacco Advisory Committees to the Secretary of Agriculture. The most recent one, appointed by Secretary Hardin, met for the first time on February 25. Senator Cooper's Bill and comparable bills introduced by Congressman Watts from Kentucky and Congressman Abbit from Virginia were discussed thoroughly, and I am happy to report that the Secretary's Advisory Committee unanimously endorsed the principle of all of these bills and recommended passage as soon as possible.

I will not take the Committee's time to outline specifics of Senator Cooper's bill, since he has given what I consider a very accurate explanation of the facts pertaining to the need for this legislation in his remarks before this committee. As a grower and a warehouseman, I would be most happy to answer any questions that any member of the Committee might like to ask concerning the proposed legislation.

Senator MILLER. Do you recall what the vote was in that referendum on Flue-cured tobacco, Mr. Clay?

Mr. CLAY. Mr. Turner will probably know. I say it was over 95 percent.

Mr. TURNER. It was 98.4 percent in the last referendum.

Senator MILLER. You heard Mr. Graham's recommendation for storage and bond. Would you like to comment on that, Mr. Clay?

Mr. CLAY. I would like to comment on that. I think the provision under Senator Cooper's bill is the same as it is in Flue-cured. There is a tolerance, if the grower raises above his amounts that he is allotted. Burley tobacco will keep in his storage house or his packing house or his barn. The next year he can reduce his amount that he grows, and he can sell this tobacco and receive price support the following year.

Senator COOPER. And conversely.

Mr. CLAY. Conversely, the same way.

He was talking about putting it in bond. We tried that, I think 30 or 40 years ago, and I see no reason for this, because I think the grower is protected. He can keep his tobacco. It is not a perishable product.

Senator MILLER. I got the impression that Mr. Graham was concerned about exceeding the tolerance that Senator Cooper's bill provides for.

Mr. CLAY. You mean the 10-percent tolerance?

Senator MILLER. Yes; and that he is not worried about people within that tolerance. But suppose there is an excess over the tolerance, then he would like to be able to do something about it.

Mr. CLAY. I think my answer to that is the actual experience which has occurred in Flue-cured which was a program, it works the same way. And I believe it has never been a problem in Flue-cured. Actually many of the growers have undersold because of the various conditions, wetter, and otherwise. And so far—and I think Mr. Turner could back me up—this really has not been a problem. In the case of another type of tobacco that was in serious difficulty, they adopted a new program, and it has worked.

Senator MILLER. You think that the tolerance provided in the bill is adequate?

Mr. CLAY. I think it is adequate, because it has worked in Flue-cured.

Senator MILLER. Do you have any comments or questions, Senators Cooper and Cook?

Senator COOPER. No, except that I would like to state the converse, which I have stated before, that this would permit the grower, of course, to raise 10 percent more than his quota, and sell it, and next year he would have to reduce it 10 percent. But conversely, if for some reason he could not raise the quota in 1 year—bad health, bad weather, or crop failure—he has an insurance feature. Next year he could increase his quota by whatever amount he failed to reach his quota in a preceding year. We do not have that freedom in the present program.

Senator MILLER. That seems to be fair. It works both ways.

Thank you Mr. Clay.

Mr. CLAY. Thank you.

Senator MILLER. Mr. E. B. Hillenmeyer, Jr., president, Burley Leaf Tobacco Dealers Association, Maysville, Ky., is our next witness.

Mr. Hillenmeyer, we are glad to have you before the committee.

Please proceed, sir.

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

Mr. HILLENMEYER. Mr. Chairman, Senator Cooper, and Senator Cook, I am Ernest Hillenmeyer, president of the Burley Leaf Dealers Association. We represent 26 independent leaf processing and storage

companies in five burley producing States. We probably will be the only buyers of burley tobacco that will make a statement.

We respectfully recommend to this committee and the Congress that a poundage control bill be enacted to control production of burley in 1971 and in subsequent crops.

Poundage control will in our opinion stabilize the market. And for the buyer of tobacco this is extremely important.

The methods of production, the processing, and the utilization, and so forth, are rapidly changing. The world market for burley is expanding, and our share is declining. Most burley allotments are quite small. And you have discussed here this morning the large and the small farmers' allotment and whatnot. The average allotment eight-tenths of an acre is not very large. We would only suggest that the committee consider a provision for the sale of allotments within counties and allow leasing up to 25,000 pounds. We think this would allow the small grower to reach an efficient size and to operate units of economic size so that mechanization would be feasible, and we could compete in the world market.

Last year foreign customers took 60 million pounds of burley out of the 1969 crop. And these customers are becoming increasingly concerned about what sort of a program is the United States going to have in 1971. If we wish to maintain this important source of foreign exchange the Congress should act promptly on this legislation before our customers begin to place orders in other supplying countries.

(The prepared statement of Mr. Hillenmeyer, Jr. follows:)

Mr. Chairman and members of the committee: I am Ernest B. Hillenmeyer Jr., president of the Burley Leaf Tobacco Dealers Association. This Association is composed of 26 independent leaf processing and storage companies which are situated in Kentucky, Tennessee, Virginia, North Carolina and Missouri, five of the Burley producing states. I probably will be the only spokesman for those in the industry who buy Burley Leaf Tobacco.

We respectfully recommend to this Committee and to the Congress that a poundage control bill be enacted to control production of Burley in the 1971 and subsequent crops. The present acreage control program is no longer effective. Poundage control will guarantee the maintenance of adequate supplies to meet market requirements without the accumulation of burdensome surpluses. It will also assure stable and orderly marketing conditions which are vitally important to our customers overseas.

Tobacco methods of production, processing and utilization are rapidly changing. The world market for Burley is expanding and the U.S. share of this market is declining. If we are to maintain or increase our share of this expanding market, then production costs and sale prices must be stabilized or lowered. Mechanical methods of handling seem to be the only logical way to achieve such a result. Since Burley allotments are quite small, we suggest that the Committee consider a provision for the sale of allotments within counties and set a limit on leasing within counties of 25,000 pounds. This we feel would allow the small grower to increase his acreage to efficient size, as well as allow any grower to operate units of such economic size that mechanization would become feasible.

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

Mr. HILLENMEYER. I would also like to say, Mr. Chairman, that the two other associations which represent exporters of American leaf tobacco, the Tobacco Association of the United States, and the Leaf Tobacco Exporters Association, in a recent meeting at Wilisburg, while they did not vote specifically to endorse this, I feel free to say that a majority concur with the provisions of the bill intro-

duced by Senator Cooper. And we would ask you that you consider the bill and act speedily upon it.

Thank you, sir.

Senator MILLER. Who are these other associations?

Mr. HILLENMEYER. The Leaf Tobacco Exporters Association is a group of exporters who primarily are in the Carolinas and the Virginias and deal in Flue-cured tobacco, and have traditionally been the larger export companies. The Tobacco Association of the United States include people that deal in all types of tobacco.

Senator MILLER. You say that our exports amounted to 60 million pounds of burley out of the 1969 crop?

Mr. HILLENMEYER. Yes, sir.

Senator MILLER. What was the total in 1968; of the 1968 crop, how much was exported?

Mr. HILLENMEYER. It had been going up gradually about 2 to 3 million pounds a year. I don't have the figures exactly.

Senator MILLER. In other words, our exports of burley tobacco have been going up. But you say that our share of the world market is going down.

Mr. HILLENMEYER. That is right.

Senator MILLER. Which means that the world market is going up faster on a rate basis than our exports have been going up?

Mr. HILLENMEYER. Yes.

Senator MILLER. Why is your share declining?

Mr. HILLENMEYER. This is mainly a function of price and quality. The present program in my opinion does not encourage the farmer to grow quality tobacco. And this is what the foreign trade looks to the United States for when they buy leaf, they can buy filler types of tobaccos in other countries where labor costs are low, but they want full value from the United States.

Senator MILLER. Do you think going on a poundage quota basis will encourage quality production, then?

Mr. HILLENMEYER. Yes, sir.

Senator MILLER. And that may hopefully increase our share of the world market?

Mr. HILLENMEYER. Yes, sir.

Senator MILLER. Thank you very much, Mr. Hillenmeyer.

Senator Cooper or Senator Cook?

Senator COOK. The only nominal exceptions you have then to the bill as introduced is that you do recommend the sale of allotments, and that you want to confine leases within the counties, but increase it to 25,000 pounds, is that correct?

Mr. HILLENMEYER. This is our recommendation, Senator Cook. We have really no quarrel with the bill as drawn, but we think that in the future this would stand us in good stead in the world market.

Senator MILLER. Thank you, Mr. Hillenmeyer.

Senator Cooper?

Senator COOPER. You represent the dealers, your group?

Mr. HILLENMEYER. Yes, sir.

Senator COOPER. Who export tobacco?

Mr. HILLENMEYER. Yes, sir.

Senator COOPER. Of course, exports amount to about 10 percent of the total use, do they not?

Mr. HILLENMEYER. Yes, sir.

Senator COOPER. One of the reasons that our proportion of the market is going down is because other countries are producing more tobacco, isn't that correct?

Mr. HILLENMEYER. That is correct.

Senator COOPER. Africa, India, and even Canada, Mexico.

Mr. HILLENMEYER. Mexico, Korea, India, Japan, and many countries have become important suppliers.

Senator COOPER. And if your percentages go down, that of course bears upon this whole question of surplus?

Mr. HILLENMEYER. Yes, sir.

Senator COOPER. But so that the record will be clear, you have an interest of your own, of course, which is a business interest, and properly so. Where does it coincide with the growers' interest?

Mr. HILLENMEYER. Where does it coincide?

Senator COOPER. Yes.

Mr. HILLENMEYER. It coincides in this way, Senator Cooper, that when we deal with foreign manufacturers they are quite concerned about what sort of prices they can expect to be paying for American tobaccos, in what quantities they would be buying, or be able to buy, projected 2 or 3 or 4 years ahead.

Senator COOPER. What you are saying, I assume, is that other countries can produce lower grade, lower quality, and the export market will take that because it is much lower in price?

Mr. HILLENMEYER. That is right.

Senator COOPER. But they will continue to take our quality tobacco because we have that capability of producing quality tobacco that their consumers like.

Mr. HILLENMEYER. We thus far have maintained our position. And the export market is a quality market.

Senator COOPER. And if the farmer had perhaps a lower production in pounds, if he had the incentive to produce more quality tobacco, his income per pound could go up?

Mr. HILLENMEYER. It could go up. I think it is reasonable to expect that exports might increase.

Senator COOPER. Thank you.

Senator MILLER. Thank you very much.

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

Mr. Goddard, you may proceed, sir.

Do you have a statement there? Do you wish to make some general comments and then have your statement put in the record in full?

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

Mr. GODDARD. Thank you, Mr. Chairman.

I am Paul Goddard, secretary-treasurer, Burley Stabilization Corp., Knoxville, Tenn.

Our organization is a farmers' cooperative that operates price support programs in the burley market in Tennessee and North Carolina under contract with the Commodity Credit Corporation. Our membership comprises farmers in this area who grow 58,319.99 acres of tobacco.

We are in agreement with the general principles of this bill. We realize that acreages have not controlled the supply of tobacco. It is most evident in our own operations. Last year there was a cut of 10 percent. The area which we represent sold within 3 percent as much tobacco in 1970 as they sold in 1969. So we know they cannot control it, particularly in view of these high yields, a 300-pound increase in the last few years. And that, coupled with a 55-million-pound decrease in disappearance of tobacco has got us in the shape we are in today. We feel like we are at the crossroads, and that something must be done.

We realize the plight of the small grower. In fact, we have almost half of the small growers in the whole 14-State area within the two States that we represent. So we are familiar with their plight.

We also know that if we cannot keep a sound program, there are a lot—Senator Jordan said that if this program goes nobody's allotment is going to be worth much. And we feel that it is fair to expect everybody to take the licks as they come and share in the rewards.

We are not convinced that tobacco is worn out. We think that there will be an upturn in the disappearance.

We concur with Senator Cooper that this reduction should be spread over a longer period of time. And I want to introduce a new point that has not been mentioned so far. In this regard if a drastic cut is made in the burley, that means there is just no burley to be had, and the companies that manufacture cigarettes and use burley tobacco will cut the amount of burley in their blends. Then they reduce their blends, that is less burley that is sold. The next year then we have to take a greater cut. And it is a chain reaction that is absolutely self-defeating. And we think that that should be considered in expressing this over a longer period of time. We realize that there are large stocks in hand in the burley pools, as well as the holdings of the manufacturers. But over a period of time we think they can be more economically distributed and with less impact to these areas.

We think that the reason transfer is desirable—we feel that it should be allowed in any county within a State. Our reasoning for that is, we have some 25 counties that grow very limited amounts of burley, and they are growing less and less. Some of them are adjoining counties where burley is a high agricultural commodity, I mean a high level of production, and it should be able to move, because they will not be able to lease, or there is a possibility that they cannot lease in that county. But just across the line a half a mile he may have a farmer that would like to stay in the business. And for that reason we think it would be desirable. And we think that the level of leasing should be put up to about 29,000 pounds.

I believe those are the principal things I have to say at this time. I will submit a full statement to the committee, Mr. Chairman.

(The statement referred to follows:)

Mr. Chairman, I am Paul D. Goddard of Dandridge, Tennessee, a burley tobacco farmer and general manager of Burley Stabilization Corporation, a farmer's cooperative that operates the price support program for burley tobacco on the markets in Tennessee and North Carolina, under contract with Commodity Credit Corporation. Our membership comprises 104,625 farmers of this area who grow 58,319.99 acres of burley tobacco.

First, I would like to express my appreciation to this committee for holding these hearings to try to help solve some of our problems in burley tobacco and for this opportunity to appear before it and express our views on the problems.

We all recognize that the burley tobacco program is in trouble today and that in order to provide for the needs of our growers and to maintain a sound program so as to entitle us to continued support of the Congress, some changes need to be made. Put simply our problem is that we are producing too much and selling too little. Per acre yields have increased in the past six years more than 500 pounds per acre, disappearance has decreased about 55 million pounds per year. Under present law the farms subject to reductions have decreased making cuts less and less effective.

We are at a critical cross roads for the burley industry and it seems that a different method of control must be adopted since increased yields per acre seem inevitable for the future and each acreage cut places more and more acres in the protected category leaving fewer and fewer acres to share in future cuts. The ineffectiveness of these cuts and the problems of increasing yields is shown by the fact that a ten per cent cut in the 1970 crop resulted, in our area, in less than a 3 per cent reduction in tobacco sold as compared to the previous year.

It is our understanding that a cut of 30 per cent may be expected for the 1971 crop if the present acreage program remains in effect, with prospects of further 10 per cent cuts in each of the succeeding years. Such a situation for the growers is self-defeating in itself. With production reduced so drastically the manufacturing companies, faced with the prospects of an uncertain future supply, will reduce the per cent of burley in their cigarette blends. This in turn will cut disappearance, again requiring further cuts in production and then further curtailment of usage ad infinitum. Such a chain reaction is inevitable and would bring only catastrophic results to our industry.

A comment attributed to a previous administration that, "the burley tobacco program with its minimum acreage provisions is only rationing poverty," came to mind yesterday when a member of the congress asked us if we were doing any service for the small acreage producer by holding out hope to him of the prospects for providing a living for himself and family from so small an allotment. In many of the areas where minimum growers are numerous they have already turned to industrial and other pursuits to provide a better and more certain income for themselves and their families. Thus they no longer depend on the half acre of tobacco for a livelihood. This in itself has removed much of the need for the minimum protection.

We are quite familiar with the problems of the minimum acreage producer for we have so many of them in our area—in fact almost half of all farmers in that category are members of our Association. In addition to our concern for the small grower we must keep in mind the impact further acreage cuts will have on the one and one-half acre growers and growers with even larger acreage. Many of them are trying to maintain two, three and more families on their acreages and cuts place them in a difficult economic position too.

The total economy needs consideration too. Using figures for last year's crop as a basis, the prospective 30% cut in acreage would, when applied to those that would be affected by it, result in reducing tobacco income almost 13 million dollars. For each dollar of tobacco income economists have deduced that eight dollars of related business is generated in the economy. Thus a \$13 million loss would result in \$104 million loss in business for these two states alone. If a 10% cut were applied across the board, and this is the worst that could be expected under the poundage control program now being considered, the loss in tobacco sales would be \$8.7 million or about \$70 million in generated income. Thus the poundage program would result in \$34 million less loss in generated income than the present acreage program. These figures are applied to our area only and would be greater in other areas. We are talking now of how to escape with the least amount of damage to the total economy. We must weigh the resulting effect on the individual against group effect and estimated whether we will all eventually be out of business unless changes are made.

We are in general agreement with the provisions of the bills under consideration. We certainly think that we have to have poundage controls. Increasing yields will continue to be the order of the day if we remain with an acreage program since no one really knows what the upper limits are for increasing per acre yields.

We favor lease and transfer but feel that there should not be an upper limit on the amount leased other than its relation to the total crop land of the farm or a maximum limit of 25,000 pounds if one is considered desirable. We also favor sales as well as leases and neither leases nor sales should be limited to county lines, nor should there be a limit for consumption of a sale or lease. In some counties in what we call "fringe areas" the number of growers is so small that there are not sufficient growers interested in continuing in tobacco to utilize

the amounts available for lease or sale. Adjacent or nearby counties would have numerous growers desiring to increase the size of their operation. By lease and sale growers who want to increase the size of their operations may do so. A small man with "know how" may get bigger and the person no longer interested in tobacco may obtain income from sale or lease of his allotment. In fringe areas burley cultivation is decreasing and the tendency will be for this tobacco to move into the more intensified areas if given the opportunity to do so. We think this would be good for it could provide an opportunity for growers to become large enough in their operations to become mechanized. This is necessary if we are to cut down on high cost hand labor and get production costs low enough to compete more adequately with foreign production and possibly in the future with tobacco substitutes that may be developed.

In order to protect growers from excessive cuts in any one year, spread the economic impact over a longer period of time during which we hope disappearance will increase rather than decrease, and to assure the users of our product with a relatively stable and continuing supply we would recommend that a provision be included in the bill which would prohibit a cut in any year in which production is 5 percent or more below disappearance levels and then if any cut is required it could be no more than 5 percent. This would give protection to all growers against severe economic loss in any one year. Such a provision would adequately relate cuts to production and disappearance and would definitely cushion the smaller grower against any adverse impact that might result from removal of his protected status. It would further assure the manufacturing companies of a relatively constant and continuing supply of burley tobacco. If this supply is not available we stand to gradually phase ourselves out of business. Any continuing total annual production of less than 500 million pounds would probably place us in that position.

Senator MILLER. Thank you very much, Mr. Goddard.

Do either of my colleagues have questions of Mr. Goddard at this time?

Senator COOPER. I am glad you introduced a new point.

Mr. GODDARD. That to me is the key to this whole thing.

Senator COOPER. What is the average percent of Flue-cured and burley in a cigarette?

Mr. GODDARD. Roughly about 30 or 35 percent is burley. And if we cut this crop down to 450 million pounds, that is, 120 million less than we grew this year, they are going to cut their blends, because they cannot be assured of a continuing supply. And that is what is most important to them, is a level of supply that is dependable from year to year.

Senator MILLER. Thank you very much.

Our next witness is Turner A. Gilmer, Jr., president, Virginia Burley Tobacco Growers Association, Abingdon, Va.

Good morning, Mr. Gilmer.

We shall be glad to hear from you at this time, sir. Go right ahead.

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

Mr. GILMER. Mr. Chairman and gentlemen, I am Turner Ashby Gilmer, president of the Virginia Burley Growers Association. And I would like to briefly state the position of our board of directors.

We support Senator Cooper's bill. We agree with the principles in it. And if it comes out of the committee intact as is, we will continue to support it.

We would like to see the lease provision more liberal.

And I have one personal comment that I would like to make about the amount of cut that is made during the first year of this program.

If his bill is changed in that regard, I think it would be wise to reduce the percentage requirement for approval of the program during the first 3 years' approval period to a simple majority, and then after the first 3 years I think it would be perfectly all right to go back to the 66% percent.

Our association has a record of supporting the interests of the minimum acreage producer. We are 70 percent minimum acreage. And our board of directors are confident that at this time now this bill is in the interest of the minimum acreage producers. We have favored anything that eliminated minimum provisions up until now. But we knew that unless the production of tobacco increased something eventually had to be done, and we know that the time is here.

This thing should be done now, it should be done this year. And we do not have much time to spare. And it might be difficult to get a man who does not understand the alternatives that the tobacco industry is faced with to believe that it is in his interest to discard his 0.5 minimum. And there might be some antagonism that would carry over into the vote and cause some growers to vote in a way that would not be for their interest, because they did not have the facts to base their vote.

That is all I have to say.

Thank you, Mr. Chairman.

Senator MILLER. Thank you very much.

May I say that in any legislation of this kind we have to rely upon people like you to get the word around to your members.

Mr. GILMER. We will do everything we can to that end. And half of our board of directors, I guess, are minimum growers, I guess, are minimum growers themselves. They have the facts, and they support this plan.

Senator MILLER. Thank you.

Senator Cooper?

Senator COOPER. Your idea is that if you had a period, say, of 3 years when the program could be tried out, then a more objective determination would be made later?

Mr. GILMER. That is right. If it were tried out I am very confident that 97 to 99 percent of our voters will approve it. Now, we are conservative people. Changes scare us. And to have something thrown at us so fast, we might make a blunder if we had to have a 66%-percent majority.

Senator COOPER. I have been very conscious of this, and wanted the farmers to know everything about it good or bad, and their viewpoint. We were constricted in time because we could not get some consensus of agreement until the latter part of last year on a bill.

Mr. GILMER. I am confident that 90 percent of our growers would approve it now if they have the facts that you have here. But it is a short time. And I do not know whether all these facts can be disseminated fast enough.

Senator COOK. Then Mr. Gilmer, you are really concerned about the vote in Virginia because of the time factor?

Mr. GILMER. Yes, sir. I believe that we will get our 66%. But I think it is something to be concerned about. It is a little bit dangerous. It is hard to predict how people will vote.

Senator COOPER. It is getting more so.

Senator COOK. You are in the right room to make a remark like that.

Senator MILLER. Yes, that is the most astute statement we have had before this committee for a long time.

All right, Mr. Gilmer, thank you very much.

Mr. GILMER. Thank you, Mr. Chairman.

Senator MILLER. Our next witness is Dr. Milton Shuffett, College of Agriculture, University of Kentucky, Lexington, Ky.

Good morning, Dr. Shuffett.

Do you have a prepared statement?

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

Mr. SHUFFETT. Yes, sir; I have previously filed a prepared statement.

I would prefer not to read it, Senator Miller. May I make some very brief comments?

Senator MILLER. The statement will be placed in the record, and you may proceed.

Mr. SHUFFETT. The statement has been filed.

I think I have no real addition to make to my statement, except to say that it is possibly a bit unusual for a member of a land-grant institution to testify before a congressional committee with regard to proposed legislation. However, I would say in the State of Kentucky that we have felt that this is the most important issue to face burley growers, the burley industry, and the economy of our State, for many years with regard to tobacco, and as a result have worked throughout the years with the Council for Burley Tobacco in attempting to develop some ideas and analyses on various kinds of programs.

And I might add in addition that since Senator Cooper's proposal on December 31 last year, that the College of Agriculture has held meetings with county extension personnel from all counties in Kentucky. We have held many meetings with farmers. And it is my impression from these meetings that the farm people of Kentucky, the burley producers, do in fact understand the critical situation of burley tobacco, and they were quite ready to accept the changes that have been proposed.

(The prepared statement of Dr. Shuffett follows:)

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

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

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

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

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

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

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

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

There are certain objectives that appear basic to any successful production control-price support program for burley tobacco. These objectives are: (1) improved supply control in order to achieve and maintain balance between supply and demand, (2) improved quality of production to encourage utilization of burley, (3) equitable sharing by all producers who have contributed to the present supply problems in making the adjustments that are needed, (4) reasonable program costs and (5) improved economic efficiency in production. I have advised the Burley Tobacco Council that the provisions of the legislation proposed in Senate Bill (S. 789) appear to meet the above objectives and in my opinion provide changes that are in the best interests of all segments of the burley tobacco industry. The policy changes provided for in S. 789 are in my considered judgement changes that are urgently needed in the burley tobacco production control and price support program.

Senator MILLER. Do you have any computerization techniques down there at your college like we have up at Iowa State which enable you to project forward incomes and production of various crops? And if you do, have you made any kind of a study or analysis of the Cooper bill?

Mr. SHUFFETT. Sir, I would say this. In looking, not directly at the Cooper bill, but in looking at burley yields over the most recent 10 years—and this is a continuation that has been going on for much longer than 10 years—but over the most recent years the yield of burley tobacco has been increasing at the rate of 95 pounds per acre per year. At the same time we have had some declines in the utilization of burley. And of course this has generated the surplus problem we now have.

By the same token, every time we get a cut in acreage allotment it becomes much less efficient from the standpoint of, more people do not share in the adjustment. And I have done, not necessarily with a computer, but I have done some analyses with respect to this thing, and will say that when yields get to 3,500 pounds per acre, when I

predict in 5 or 6 years, and when total utilization gets to 500-million pounds, which I think it will in a few years, then all burley producers at five-tenths of an acre can produce the amount of burley tobacco needed and used.

Senator MILLER. You mention this average production per acre. How much of a spread is there in arriving at that average between the lowest producing acre and the highest producing acre? Is there a large spread?

Mr. SHUFFETT. There is considerable variation. I know many producers—not many, but certainly several producers will produce more than 4,000 pounds per acre. I have heard of yields that have been more than 5,500 pounds per acre. Certainly there are some low yields of less than a thousand pounds per acre, due to weather, poor production practices, and that sort of thing.

Senator MILLER. Does the Cooper bill provide adequate assurance to those low producers who are stuck with the low poundage that they are going to come out all right? I can understand how the high producers are going to be delighted with the poundage approach. But how about the low producer?

Mr. SHUFFETT. To the extent, I think, that crop failures are involved in the Cooper bill, it would seem to throw out these years in the calculation. They are in the process of handling this. And as I understand the bill, then from there on it would be strictly an average. Certainly each producer would be allowed to eliminate this worst year during the 5-year period to take into account some of this variation due to weather that also occurred throughout any production area.

Senator MILLER. I am not so much concerned about the weather, because I think the Cooper bill does that. But it seems to me that, just as we have in other crops; there are some who use more advanced techniques than others. It may take the others a while to get caught up, and those who have been on top of this will end up with a high poundage quota compared to those who might have looked behind on it—granted there is no weather problem.

Mr. SHUFFETT. I think inevitably the provisions of the bill as poundage quotas are computed will reflect these differences in efficiencies and production efficiencies that have come along, which result in some producers having higher yields than others.

Senator MILLER. And so my question is, what is going to be the reaction of those who are on the low side of this production? Are they going to feel that they have been discriminated against?

Mr. SHUFFETT. I think really it would be my opinion, sir, that their fair share of national production will not be different under the Cooper bill than it is in reality in today's production picture. So I think they will be relatively not any worse off under the present bill than they are now.

Senator MILLER. Thank you, Doctor.

Senator Cooper and Senator Cook, do you have any questions at this time?

Senator Cook. Under the terms of this bill he still has an opportunity to build himself up. He is not going to do it all in 1 year, but he can build himself up, because he is taking the average of his production and he throws out his low year. So that he will have the opportunity. It will be slow, there is no question about it, but at least it is there.

Senator MILLER. Thank you very much.

Our next witness is Frank B. Snodgrass, vice president and managing director, Burley and Dark Leaf Tobacco Export Association.

Good morning, Mr. Snodgrass.

Do you have a prepared statement? Do you wish to read it, or would you like to put it in the record and then make comments?

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

Mr. SNODGRASS. Thank you Mr. Chairman and members of the committee.

Just put my statement in the record, Mr. Chairman, and I will make comments in the conservation of time, if that is agreeable to the committee.

Senator MILLER. I will say this. I do not like to squeeze anybody, but if we limit these to about 4 minutes apiece I think we can wind this up and not have to come back at 2:30.

Mr. SNODGRASS. Good. So I will dispense with the preliminaries as to who I am and the organizations I represent.

Senator MILLER. Where are you from?

Mr. SNODGRASS. I am from Bowling Green, Ky., sir.

Senator MILLER. Very well.

Mr. SNODGRASS. I wish to commend Senator Cooper, the Senator from Kentucky for the outstanding statement placed in the Congressional Record by him at the time of the introduction of this legislative proposal. His statement vividly set forth the dire need for a change of production controls for burley tobacco.

Senator Cooper has long been recognized as the champion of the burley farmer and the father of constructive legislation on behalf of the tobacco producers.

We have already gone into a discussion of what has gotten us into the problem, that of increasing yields per acre, and the pointed question as to why we are having less domestic consumption. That has been brought about by the advent of the filter-tip cigarette, and new technological changes in domestic manufacturing. And permitting fuller utilization of the leaf, and the increased usage of imported leaf in the manufacture of domestic cigarettes have been responsible for the decreased usage of our burley in recent years. Although we have more than doubled our export sales of burley tobacco during the past decade, we have been unable to absorb the mounting surplus of burley due to the increased deductions under the acreage control system.

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

The tobacco grower has an obligation to maintain a balance between supply and demand in return for the privilege of price supports. It has been proven that we are unable to control acres and sell pounds.

In addition to the change to quantitative controls, this legislation will also provide for the lease and transfer of burley tobacco acreage allotments or quotas. Such an arrangement has worked well for other

types of tobacco, particularly Flue-cured tobacco, where quantitative controls are in effect, and there is not a burdensome surplus of tobacco.

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

On behalf of my membership I urge you to favorably approve this legislation.

I thank you.

(The prepared statement of Mr. Snodgrass follows:)

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

I appreciate this opportunity of appearing before your committee and giving the views of our organization concerning S. 789, a bill "to amend the tobacco marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended."

I wish to commend the Senior Senator from Kentucky (Mr. Cooper) for the outstanding statement placed in the Congressional Record by him at the time of the introduction of this legislative proposal. His statement vividly sets forth the dire need for a change in production controls for Burley tobacco. Senator Cooper has long been recognized as the champion of the Burley farmer and father of constructive legislation on behalf of the tobacco producers.

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

I am sure that you are aware that we have moved from an average yield per acre for our Burley production of 1,316 pounds in the post-war period (1949-53) to an average yield per acre in the amount of 2,488 pounds for the 1969 crop and the latest estimate for the 1970 crop is 2,585 pounds per acre. The increase in the yields per acre for our Burley tobacco production has come as a result of improved varieties, cultural practices, increased fertilization and the use of new chemicals.

The advent of the filter-tip cigarette, new technological changes in domestic manufacturing permitting fuller utilization of the leaf and the increased usage of imported leaf in the manufacture of domestic cigarettes have been responsible for decreased usage of our Burley in recent years. Although we have more than doubled our export sales of Burley tobacco during the past decade, we have been unable to absorb the mounting surplus of Burley, due to increased production under an acreage control system.

Representatives of several of our member organizations have appeared here today and I join them in their endorsement of the enactment of this legislation. It is long over-due and a dire necessity, if we hope to retain the price support program for tobacco. The tobacco grower has an obligation to maintain a balance between supply and demand in return for the privilege of price supports. It has been proven that we are unable to control acres and sell pounds.

In addition to the change to quantitative controls, this legislation will also provide for the lease and transfer of Burley tobacco acreage allotments or quotas. Such an arrangement has worked well for other types of tobacco, particularly flue-cured tobacco, where quantitative controls are in effect and there is not a burdensome surplus of tobacco.

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

On behalf of the membership of my organization I urge you to favorably approve this legislation. I thank you.

Senator MILLER. Thank you, Mr. Snodgrass.

You heard previous testimony that the pending legislation would tend to improve the quality of the overall production of burley tobacco. If you agree with that, do you agree further that this would have a tendency to improve our share of the world market for burley tobacco?

Mr. SNODGRASS. I am hopeful that it will improve our quality. Senator Miller, our burley tobacco is the hallmark of quality throughout the world at the present time. But we are caught in a cost squeeze on the cost of production when we are competing with countries that pay 19 cents a day for labor. So we are going to be up against it purely from an economic standpoint in increasing our exports of burley tobacco. I thought at one time we might attain a hundred million pounds, but I do not think it is in the cards right now.

Senator MILLER. The testimony has been that our exports are increasing.

Mr. SNODGRASS. They have been.

Senator MILLER. And that is fine. But we are going down in our overall share. I received the impression from a previous witness that by improving the quality of our production, which would be a fall-out effect of the Cooper bill, that this would be helpful in acquiring a fair share of the world market. Granted that you have low cost production to compete with, we can meet them on quality.

Now, do you agree with that?

Mr. SNODGRASS. I agree with that, that that is the only area that we can compete on, is quality in the world market, because we cannot compete pricewise.

Senator MILLER. Do you have any questions, Senator Cooper or Senator Cook?

Senator COOPER. No. I know we have had this problem continuously since the formation of the Common Market. Senator Jordan and I went to Brussels twice to talk to our Ambassadors there. And we have also talked with representatives of the Common Market countries. And they are our greatest purchasers, are they not?

Mr. SNODGRASS. yes.

Senator COOPER. England does not purchase, does it?

Mr. SNODGRASS. No, not at the present time.

Senator COOPER. And that is our market.

Mr. SNODGRASS. Oh, yes. The countries of the Common Market represent about 60 percent of our market.

Senator COOPER. They have their barriers for wheat and grain and everything else.

Senator MILLER. And chickens.

Thank you, Mr. Snodgrass.

Mr. SNODGRASS. Thank you, sir.

Senator MILLER. Our next witness is John Sledge, North Carolina Farm Bureau, Raleigh, N.C.

Good morning, Mr. Sledge.

Would you like to have your statement placed in the record and make general comments, or would you want to read your statement?

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

Mr. SLEDGE. Permit me to read it with your permission, Mr. Chairman.

Senator MILLER. Please do.

Mr. SLEDGE. Mr. Chairman and members of the committee, I am John Sledge, assistant to president B. C. Mangum, and I am appearing in behalf of the North Carolina Farm Bureau to present our position on burley tobacco as it relates to the legislation under consideration, being a Flue-cured tobacco grower myself.

The situation as concerns burley tobacco growers is similar in many ways to the Flue-cured situation prior to the present acreage-poundage program. There was an all-out effort on the part of Flue-cured growers to produce every pound possible per acre. Flue-cured growers have made great strides in supply adjustment with their present quantitative-type program. The support of the acreage-poundage program for Flue-cured tobacco is evidenced by the overwhelming support in each referendum since the inception of the program.

North Carolina burley producers are fully aware of the situation as concerns the overproduction of their commodity and the surplus stocks in relationship to disappearance. These burley growers realize the importance of a tobacco program that will permit them to produce as near as possible for a reasonable carryover. They know that excessive surpluses must be avoided and that large financial losses should not be tolerated. This has been attested to by their support in former years.

Burley growers know that to have a successful program it must be on a sound basis. Out of approximately 18,000 growers in North Carolina, over 80 percent had allotments in 1970 of .5 acres or less. However, when we look at the total burley situation with the view that if under the present program the remaining growers with allotments over .5 acre will have to sustain all future reductions in acreage quotas, then the only reasonable alternative, if supply is to be kept more in line with demand, is to adopt a quantitative poundage program where in the future all growers would share proportionately in increases and decreases.

The policy of the North Carolina Farm Bureau on burley tobacco is for lease and transfer of allotments within the county, the lease not to exceed 5 years. Farm Bureau's policy states that we favor the sale of burley tobacco allotments whereby one-half of any acreage sold could be sold to the producers in the county and one-half would be bought by the Government and be permanently taken out of production.

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

When figures for North Carolina are compared, we see that 8,400 acres are shared by 17,400 growers with each having an average allotment of .48 acre and in these figures are 14,500 growers with .37 acre as an average. The size of allotments has caused many to go unplanted, thereby denying our mountain counties over \$1.5 million income per year. This they can ill afford.

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

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

Thank you, Mr. Chairman.

Senator MILLER. Thank you very much.

Additionally to that last sentence that you read, I take it your Farm Bureau policy is that you favor a program under which the Government could buy one-half of an acreage allotment that is being sold, is that correct?

Mr. SLEDGE. That is correct, sir. That is the policy. But this does not stand in the stead of our support of this particular piece of legislation.

Senator MILLER. I understand. But you would like to see something like that in the bill, is that correct?

Mr. SLEDGE. Yes, sir, that is our policy.

Senator MILLER. Why would you have the Government purchase one-half of each allotment; why not let the Government buy the whole thing, especially if it is a very small allotment?

Mr. SLEDGE. It was the opinion of the voting delegates in convention that this would be a way to gradually reduce the oversupply of this particular type tobacco.

Senator MILLER. I am not too familiar with burley tobacco growing, but I could see where someone with a very small allotment might find it difficult to find a customer or a purchaser if he were told he could only sell half of it to that purchaser and the other half would have to be sold to the Federal Government. Do you agree with that?

Mr. SLEDGE. It is my opinion and interpretation of this policy that when an allotment was up for sale, that it would be automatically one-half of it sold to the Government and the other half sold to another producer.

Senator MILLER. Do you think the market would be there for one-half of a very small allotment? What I am getting at is that perhaps you might use the one-half approach until you get down to a very small allotment, and then make it go either way or allow the government to buy the whole allotment.

Mr. SLEDGE. That would be possible, sir; yes, sir.

Senator MILLER. Do either Senator Cooper or Senator Cook have a comment?

Senator COOPER. No.

Senator COOK. The only thing I want to do at this time, Mr. Chairman, is put in the record the summary of lease and transfer of allotment in the Flue-cured and the Air-cured fields.

Senator MILLER. That will be fine. We will have that material placed in the record at this point.

(The material referred to follows:)

TOBACCO: SUMMARY OF LEASE AND TRANSFER OF ALLOTMENTS

FLUE-CURED

Year and direction of transfer	Farms leasing (number)	Allotment (acres)	Quota (pounds)	Allotment transferred as percent of acreage allotted (percent)
1962:				
From	16,328	23,698.93 }	NA	3.2
To	13,584	21,512.35 }		
1963:				
From	22,066	33,117.29 }	NA	4.7
To	17,945	29,950.92 }		
1964:				
From	28,703	41,757.12 }	NA	6.5
To	22,754	37,873.00 }		
1965:				
From	37,780	54,662.74 }	NA	9.0
To	27,797	50,240.35 }		
1966:				
From	47,047	80,055.70 }	138,029,877 }	13.2
To	36,548	73,209.10 }		
1967:				
From	54,107	97,225.77 }	167,560,341 }	15.4
To	42,019	89,686.84 }		
1968:				
From	65,782	122,890.76 }	214,585,578 }	20.9
To	43,471	115,088.95 }		
1969:				
From	66,842	131,818.89 }	230,257,854 }	20.6
To	43,726	122,025.76 }		
1970:				
From	71,213	146,302.00 }	255,088,129 }	22.9
To	45,915	137,322.79 }		

TOBACCO: SUMMARY OF LEASE AND TRANSFER OF ALLOTMENTS

FIRE-CURED (TYPE 21)

Year and direction of transfer	Farms leasing (Number)	Allotment (acres)	Allotment transferred as percent of acreage allotted (percent)
1962:			
From	561	536.60 }	5.9
To	492	469.08 }	
1963:			
From	717	733.89 }	8.6
To	607	652.93 }	
1964:			
From	919	935.35 }	10.2
To	723	828.87 }	
1965:			
From	1,077	1,117.25 }	12.1
To	850	996.88 }	
1966:			
From	817	801.59 }	8.6
To	611	707.97 }	
1967:			
From	689	724.45 }	7.7
To	532	648.96 }	
1968:			
From	787	865.55 }	9.2
To	596	802.16 }	
1969:			
From	779	948.79 }	9.2
To	603	886.31 }	
1970:			
From	738	1,075.84 }	9.2
To	619	1,013.33 }	

TOBACCO: SUMMARY OF LEASE AND TRANSFER OF ALLOTMENTS
FIRE-CURED (TYPES 22-24)

Year and direction of transfer	Farms leasing (Number)	Allotment (acres)	Allotment transferred as percent of acreage allotted (percent)
1962:			
From	1,622	1,827.02 }	5.5
To	1,350	1,658.94 }	
1963:			
From	2,191	2,565.69 }	7.8
To	1,739	2,334.73 }	
1964:			
From	2,848	3,238.94 }	11.0
To	2,259	2,986.58 }	
1965:			
From	3,793	4,073.26 }	15.4
To	2,802	3,739.00 }	
1966:			
From	3,276	3,545.65 }	13.4
To	2,377	3,248.33 }	
1967:			
From	2,935	3,183.13 }	11.9
To	2,193	2,981.08 }	
1968: ¹			
From	3,287	3,748.04 }	14.0
To	2,519	2,558.54 }	
1969: ¹			
From	3,452	4,243.46 }	15.7
To	2,631	4,078.25 }	
1970: ¹			
From	3,048	4,011.82 }	14.8
To	2,369	3,849.12 }	

DARK AIR-CURED

1962:			
From	895	420.88 }	2.7
To	692	377.39 }	
1963:			
From	1,257	631.90 }	4.0
To	941	555.74 }	
1964:			
From	1,722	779.06 }	5.5
To	1,919	712.32 }	
1965:			
From	2,231	943.21 }	7.4
To	1,422	832.67 }	
1966:			
From	2,121	923.75 }	7.3
To	1,344	826.59 }	
1967:			
From	2,037	966.65 }	7.6
To	1,310	878.56 }	
1968: ¹			
From	2,544	1,220.40 }	9.7
To	1,792	1,140.05 }	
1969: ¹			
From	2,753	1,372.76 }	10.9
To	1,987	1,307.98 }	
1970: ¹			
From	2,280	1,131.71 }	10.0
To	1,682	1,086.53 }	

TOBACCO: SUMMARY OF LEASE AND TRANSFER OF ALLOTMENTS
VIRGINIA SUN-CURED

Year and direction of transfer	Farms leasing (Number)	Allotment (acres)	Allotment transferred as percent of acreage allotted (percent)
1962:			
From	49	64.85 }	1.5
To	54	62.53 }	
1963:			
From	46	54.82 }	1.5
To	44	52.11 }	
1964:			
From	46	62.58 }	1.8
To	41	54.49 }	
1965:			
From	51	66.96 }	2.1
To	46	62.81 }	
1966:			
From	21	24.59 }	.8
To	20	22.22 }	
1967:			
From	57	65.29 }	2.3
To	44	57.39 }	
1968 ¹ :			
From	89	102.66 }	3.9
To	77	98.73 }	
1969 ¹ :			
From	73	94.21 }	3.7
To	77	90.76 }	
1970 ¹ :			
From	75	110.71 }	4.4
To	80	107.68 }	

CIGAR-BINDER (TYPES 51 AND 52)

1962:			
From	71	192.01 }	2.2
To	75	187.04 }	
1963:			
From	100	293.27 }	3.7
To	120	285.22 }	
1964:			
From	106	291.41 }	4.4
To	115	284.62 }	
1965:			
From	71	194.49 }	3.5
To	78	189.29 }	
1966:			
From	37	110.71 }	2.5
To	42	110.71 }	
1967:			
From	26	87.57 }	2.0
To	32	87.57 }	
1968:			
From	33	90.23 }	2.1
To	36	90.23 }	
1969:			
From	16	70.55 }	1.2
To	20	70.55 }	
1970 :			
From	3	7.62 }	(2)
To	3	7.62 }	
1962:			
From	24	65.35 }	.1
To	23	65.35 }	
1963:			
From	50	129.22 }	.3
To	57	129.22 }	
1964:			
From	49	158.19 }	.3
To	63	158.19 }	
1965:			
From	141	560.59 }	1.4
To	204	560.59 }	
1966-70		No quotas	

CIGAR-FILLER AND BINDER (TYPES 42-44 AND 53-55)

1962:			
From	805	1,363.45 }	6.5
To	884	1,240.03 }	
1963-70		No leases authorized by law	

¹ Includes sale and owner transfers.

² Marketing quotas were terminated prior to planting.

Senator COOPER. From your visits and meetings throughout North Carolina, do you consider that you have reached a major proportion of the burley growers?

Mr. SLEDGE. No, sir; we do not reach a major portion of them, but we feel that we have reached a good cross section of all the producers, large and small.

Senator COOPER. They talk to each other, don't they?

Mr. SLEDGE. Yes, sir; they sure do.

Senator COOPER. Thank you.

Senator MILLER. Zeno H. Ponder, Asheville Agricultural Development Council, Asheville, N.C.

Good morning, Mr. Ponder.

I see you have a fairly lengthy statement here. Would you care to put that in the record and then make some general comments?

STATEMENT OF ZENO H. PONDER, REPRESENTING THE ASHEVILLE AGRICULTURAL DEVELOPMENT COUNCIL, MARSHALL, N.C.

Mr. PONDER, I would be happy to put it in the record, and point out two or three instances that I would like to read if I may.

Senator MILLER. That will be fine. And the statement will be placed in the record in full.

Proceed, sir.

Mr. PONDER. Burley tobacco is important to the rural people of our mountain area. In 1970 there were 17,400 burley growers in this section, the Asheville area. And that is the group we are speaking for. They received \$14 million for their product.

Eighty percent of these 17,400 growers have allotments under a half acre.

I can fully appreciate what the gentleman from Virginia is suggesting. It is easier to get 50 percent than it is 66%.

I think our small growers understand at this point that something has to give, something has to be done. And they have not come up with suggestions that I think would work better than Senator Cooper's bill, but they would kind of like to have their cake and eat it too. So if we could vote with the simple majority on a 1-year basis, with a second referendum being held the second year, which will go back to the two-thirds, it might avoid a catastrophe. And if there was no program, I think all of us are aware of what we would be against.

So if that provision would be made, I think that is one of the wisest thoughts that may be brought out here this morning.

We also feel that in North Carolina that the arbitrary 5,000 pound limitation is rather small, and it would harmfully affect—it would be harmful to the small allotment holder who would like to lease his allotment and limit his market so that he could have bidding on his allotment. It would limit the large landowner who would like to bid in these allotments, and perhaps sharecrop them with an experienced person supervising them.

So we think 125,000 pounds there would be more meaningful to the program, and would strengthen the program.

Senator MILLER. Thank you, Mr. Ponder.

We will place your prepared statement in the record at this point.

(The prepared statement of Mr. Ponder follows:)

Mr. Chairman, as a burley tobacco grower in Madison County, North Carolina, the state's leading burley producing county, I am pleased to have this opportunity to appear before this Subcommittee representing the Asheville Agricultural Development Council, an area development organization composed of 18 mountain counties of North Carolina.

Burley tobacco is important to the rural people of our mountain area. In 1970, there were 17,400 burley growers in the section and receipts to the growers from burley sales amounted to \$14 million.

Naturally we are interested in seeing that the burley control program is kept on a sound basis. We are greatly concerned with the seriousness of the situation presently confronting the burley growers. We are forced to conclude that the present system of acreage allotment controls is no longer able to effectively keep burley supplies at a desirable level with demand.

We therefore endorse the provisions for poundage controls as provided in S. 789.

We recognize that this bill, if put into operation, will remove the minimum protection feature which the present program provides and which we have always regarded as essential for Western North Carolina, an area of small growers. Last year 80 percent of our growers averaged 0.37 acre allotment. However, we know that strong action must be taken to save the burley program.

We do urge however that the lease and transfer provision of S. 789 be changed to provide that a maximum of 25,000 pounds of allotment could be transferred to any one farm, instead of 5,000 pounds.

The burley Tobacco Committee of the Asheville Agricultural Development Council is composed of growers in all the burley counties of North Carolina, plus others involved in this industry. The following resolution was adopted by this committee.

A RESOLUTION

Whereas, the Burley Tobacco Committee of the Asheville Agricultural Development Council, composed of burley growers and others in the burley producing counties of North Carolina, held a call meeting on January 27, 1971, to study the burley situation; and

Whereas, after careful study and consideration of all the facts, we are extremely concerned with the serious difficulties now confronting the burley tobacco program and have come to the conclusion that this program now faces a crisis; and

Whereas, we are grateful for the continuing efforts being made by the Senators and Congressmen from the burley producing states to strengthen the burley program; and

Whereas careful consideration of the proposed legislation, which would change burley quotas from an acreage basis to a straight poundage basis and also provide for lease and transfer of allotments within counties, causes us to conclude that such an approach would deal with the burley surplus problem in a fair and honest manner to all growers, regardless of size, except, we strongly urge that consideration be given to the following changes in S. 4613 as introduced in the 91st Congress:

1. We recommend that the arbitrary limit of 5,000 pounds of allotment that could be transferred to any one farm, which will severely limit the effectiveness of the lease and transfer provision, be increased to the arbitrary figure of 25,000 pounds limitation.

2. We support restricting leases within counties but urge that the Agricultural Stabilization and Conservation Service be given the administrative power to make certain exceptions involving growers who are operating farms that are bisected by county and/or state lines and which farms are operated with the same management and equipment;

Now, Therefore, we resolve that if this legislation is enacted and a referendum of growers is called, we could and would energetically sponsor and work for a favorable vote in North Carolina.

Adopted in meeting in Asheville, N.C. on January 27, 1971.

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

The Board of Directors of the 18 county organization unanimously adopted the following on February 1, 1971:

A RESOLUTION

Whereas, the Burley Tobacco Committee of the Asheville Agricultural Development Council is composed of tobacco growers and others in the burley counties of North Carolina; and

Whereas said committee has given careful study to the burley tobacco situation and has recognized that the present burley program will be jeopardized unless action is taken to more effectively bring the supply of burley into balance with demand; and

Whereas the committee has endorsed proposed legislation which would change burley quotas from an acreage to a straight poundage basis and also provide for lease and transfer of allotments; and

Whereas we recognize the urgency of keeping the burley program on as sound and equitable a basis as possible and conclude that poundage controls would seem to offer to means of doing this;

Now, therefore, be it resolved: That the Board of Directors of the Asheville Agricultural Development Council does on this first day of February, 1971 support the action of its Burley Tobacco Committee in endorsing proposed legislation to change the burley program.

KARLE LEHMAN,
President,

Asheville Agricultural Development Council, Inc.

Mr. Chairman, we appreciate your hospitality and urge immediate favorable action on S. 789.

Senator MILLER. I have no questions.

Senator Cooper?

Senator COOPER. No.

Senator MILLER. Senator Cook?

Senator COOK. The only thing, Mr. Ponder, Mr. Gilmer said, let's have a simple majority for 1 year and then go to 2 years. You are saying a year at a simple majority, is that correct?

Mr. PONDER. Just for 1971 I would be happy. I think for 1 year the people would vote it overwhelmingly. We realize that we have go to do something.

Senator COOPER. I might say that I think we have received some very good suggestions, Mr. Chairman.

Senator MILLER. I have a couple more witnesses.

Senator COOPER. There may be witnesses here in the audience who are burly tobacco growers, and some of them may be against this bill. If they are I think it would be a good time to hear everybody.

Senator MILLER. Lynn O'Brien, Indiana Farm Bureau. I understand he had to leave.

Morris Allton, Ohio Farm Bureau.

Please proceed, sir. When you conclude the meeting of the committee will be adjourned, but the record will be kept open for those who wish to file additional statements through Friday noon of this week.

Please proceed, Mr. Allton.

STATEMENT OF MORRIS E. ALLTON, VICE PRESIDENT—PUBLIC AFFAIRS, OHIO FARM BUREAU FEDERATION, COLUMBUS, OHIO

Mr. ALLTON. Mr. Chairman, Senator Cooper, and Senator Cook, I have no prepared statement.

We have about nine counties in southern Ohio opposite the State of Kentucky which produce a very fine grade of burley tobacco. One of our State board members of the Ohio Farm Bureau Federation, who is a tobacco grower, and is an almost constant contact with other

producers in those nine counties, works very closely with the tobacco councils, the Farm Bureau, the warehouse people, and the marketing programs, in the State of Kentucky, where most of our tobacco is marketed.

Mr. Cannaday, who is our board member in conducting meetings with farmers throughout these nine counties who are tobacco growers, concurs with the position of the Kentucky Farm Bureau and the others who have testified from that State that this program is needed, is respected by producers, and is, as I get it from him, to be insisted upon, sir, as a means of saving the tobacco program for tobacco growers.

This is as far as I will go, Mr. Chairman, unless there are some questions.

Senator MILLER. You have made a very strong statement of endorsement, Mr. Allton.

Mr. ALLTON. I intend it to be so.

Senator MILLER. Senator Coopers and Cook, do you have any questions?

Senator COOPER. No.

Senator COOK. No.

Senator MILLER. Thank you very much.

May I say I deeply appreciate Senator Cooper and Senator Cook taking their time to be here to add their expertise to that of the subcommittee so that we can get a full development of the facts about this very important question. And I think we have had some excellent witnesses here, people who certainly know the problems and the business. It has been a very successful hearing.

As I said, the record will be kept open until Friday noon—

Senator COOPER. Mr. Chairman, may I ask that it be kept open until next Monday? That is a very short time.

Senator MILLER. That can be done. All right, the record will be kept open until next Monday noon.

Senator COOPER. May I also ask if we may have comment from the Department of Agriculture on the issues that have been raised?

Senator MILLER. Senator Cooper, that is customary in the committee, and the staff will contact the Department on some of the key problems that have been raised here this morning.

Well, gentlemen, that concludes our hearing.

Thank you very much.

The committee is now adjourned, and will reconvene subject to the call of the Chair.

(Whereupon, at 12:50 p.m. the subcommittee adjourned to reconvene subject to the call of the Chair.)

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

AMERICAN FARM BUREAU FEDERATION,
Washington, D.C., February 26, 1971.

HON. B. EVERETT JORDAN,
Chairman, Subcommittee on Agricultural Production, Marketing, and Stabilization of
Prices, Committee on Agriculture and Forestry, U.S. Senate, Washington, D.C.

DEAR SENATOR JORDAN: The delegates to the most recent annual meeting of the American Farm Bureau Federation gave careful consideration to the tobacco program. The following policy position was taken:

"We support a tobacco program providing that growers shall keep supply in line with demand in return for price support.

"We do not favor the lease of burley tobacco allotments as long as the minimum allotment provision is in effect."

As we understand the provisions of S. 789 by Senator Cooper, acreage allotments are to be converted to poundage quotas and all poundage quotas are to be treated the same in the future.

We, therefore, believe that S. 789 is consistent with the policy position taken by our members. We urge favorable consideration of the bill by this committee and the Congress.

We respectfully ask that this letter be made a part of the hearing record on S. 789.

Sincerely yours,

MARVIN L. McLAIN,
Legislative Director.

STATEMENT OF REUBEN L. JOHNSON, DIRECTOR, LEGISLATIVE SERVICES,
NATIONAL FARMERS UNION

I am Reuben L. Johnson, Director of Legislative Services, National Farmers Union, 1012 14th Street, N.W., Washington, D.C. 20005.

At the convention of National Farmers Union last week here in Washington, D.C., delegates adopted policy as follows concerning production bases, allotments, and quotas:

"Production bases, allotments, and quotas for individual commodities should be allocated to states, counties and farm families, including new producers, by farmer-elected committees of farmers so that each state, county and farm or ranch will receive its fair share.

"Adjustments of bases, quotas or allotments should be consistent with the objective of strengthening the family farm structure of agriculture with adequate minimums for individual farms below which there should be no further reduction.

"Priority should be given to families entering farming and hardship cases where additional quotas or allotments are needed to make a fully sufficient family farm unit.

"Protection should be afforded individual farm units from encroachment by larger factory-type operations. Adjustments of quotas and allotments should be managed in such a way as to assure that they are not subject to becoming a part of vertically-integrated production, processing and marketing units.

"Released acreage and/or quotas should not be moved over county and state lines if there is need for additional acreage and/or quotas on family-type farms in the county or state affected.

"Marketing quotas should be expressed in terms of commodity units such as bushels and pounds where approved by producers.

"Acreage allotments based on crop history, soil classification, conservation practices, tillable acres and other factors should be used either singly or in combination with bushelage and poundage quotas where preferred by producers.

"Sale and lease of marketing quotas and acreage allotments can destroy rural communities through further loss of farm families. We oppose, therefore, legislation or administrative action to expand sale and lease of production rights and to weaken the traditional role of Agricultural Stabilization and Conservation Service committees in administering such transfers."

The bill before the Committee would extend to burley tobacco authority for farm marketing quota based on poundage rather than acreage. Producers are afforded the opportunity to determine in a referendum whether they favor poundage quota. If $\frac{2}{3}$ or more farmers approve poundage quotas they will be in effect for the next three years.

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

If marketings from a farm are less than the farm's poundage quota, the difference (up to 100%) is added to that farm's quota for the following year. Marketings from a farm may exceed the farm's quota by ten percent without penalty and with price support, but any marketings in excess of a farm's quota would be deducted from that farm's quota for the following year. The bill provides for the lease of burley tobacco farm marketing quotas and transfers to other farms in the same county. The bill limits the amount that can be transferred to any farm to 5,000 pounds.

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

As indicated in the heading of this statement, Mr. Chairman, National Farmers Union supports S. 789. We want to commend the efforts of Senators John Sherman Cooper and Marlow W. Cook of Kentucky, who appeared in support of this legislation earlier in the day. It was of special interest to us that Senator Cooper reviewed his personal efforts to retain a 90 percent of parity price support for tobacco in the drafting of farm legislation during the late '40s. We recognize as do other agricultural producers that tobacco through the years has had a program acceptable to the growers and which could be operated at a minimum of cost to the Federal Government.

Farmers Union would like to be identified with those who have opposed sale and lease of marketing quotas or acreage allotments. In tobacco as well as in other crops the human factor must be considered in determining the program. There are many growers who produce only the minimum allotment in the burley program— $\frac{1}{2}$ acre. One-half acre on these small farms is essential to maintenance of these families in agriculture. The burley program policies should be such as to encourage as many families as possible to grow tobacco. We are convinced that an overwhelming number of burley producers will vote in the referendum to overcome the present surplus situation.

Mr. Chairman, we thank you for the opportunity to present this statement to the Committee.

RALEIGH, N.C., February 24, 1971.

Hon. B. EVERETT JORDAN,
*Chairman, Subcommittee on Agricultural Production, Marketing and Stabilization
of Prices, U.S. Congress, Washington, D.C.*

DEAR SENATOR JORDAN: Notice of a hearing March 2 on Senate Bill 789 has been received from Cotys M. Mouser, Chief Clerk of the Senate Agriculture and Forestry Committee.

It had been our intention to testify at the hearing on behalf of this bill, and make a recommendation for a slight amendment. However, due to previous commitments, it will be impossible for me or John Cyrus who heads our Tobacco Marketing Section to come to Washington, D.C. on March 2. Therefore, we convey our views regarding S-789 herewith.

We would like for the record to show that the North Carolina Department of Agriculture strongly supports Senate Bill 789. It is apparent from a careful study of this legislation that it does offer a sound program for all burley tobacco growers whether they be large growers or the smallest growers.

Even though this legislation does remove the minimum quotas from small growers, these small growers who make up 60 percent of the burley growers stand to gain more than they will lose because of the flexibility built into the proposed poundage program. For instance, S-789 offers a small grower the options of renting more quota within his county and transferring it to his farm to increase his production, or he can lease his quota to another grower who can transfer it to his farm, or he can just not plant his quota this year and carry up to 100 percent forward to the next year. This would double his quota if planted on alternate years. If he overproduces, he can sell 110 percent without penalty, except it will be deducted from the next year's quota. He also has an insurance factor built in, whereas, if he fails to sell his allotted pounds in any year, it will be carried forward and added to the following year's quota.

We have found strong support for this bill in North Carolina among leaders and growers who understand the advantages and flexibility of the program.

However, there is much concern about the small maximum volume of 5,000 pounds provided in paragraph (g) under the lease and transfer of quota provisions. Most growers and leaders in North Carolina feel that 5,000 pounds, which would equal to only about two acres, is too small. The consensus of the burley tobacco growers and leaders in North Carolina is that this paragraph should be amended to provide for lease and transfer up to a maximum of possibly 25,000 pounds.

Therefore, as Commissioner of Agriculture in North Carolina, I recommend that paragraph (g) of S-789 be amended to increase the maximum poundage that can be leased and transferred to another farm.

With this amendment, there is no doubt but that growers will give a favorable vote of approval in North Carolina.

Cordially,

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

FRANKFORT, KY., February 26, 1971.

Hon. B. EVERETT JORDAN,
New Senate Office Building, Washington, D.C.

DEAR SENATOR JORDAN: I am enclosing a copy of a resolution that was passed in the House of Representatives and in the Senate of Kentucky today, February 26.

We have not attempted in any way to deal with the fine points that will be involved in the poundage bill but to simply express our deep interest in the poundage control support program for burley tobacco.

We would appreciate your help in the passage of poundage for the tobacco raisers of Kentucky.

Sincerely,

TOM HARRIS,
Chairman, Committee on Agriculture and Natural Resources.

A RESOLUTION Declaring the support of the Senate for the proposal to put burley tobacco allotments on a poundage basis

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

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

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

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

Resolved by the Senate of the General Assembly of the Commonwealth of Kentucky:

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

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

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

Introduced and adopted by the Senate of Kentucky General Assembly, Friday, February 26, 1971.

Attest:

EMERSON BEAUCHAMP,
Clerk of the Senate.

FRANKFORT, KY., February 26, 1971.

Hon. B. EVERETT JORDAN,
U.S. Senate, Senate Office Building,
Washington, D.C.

DEAR SENATOR JORDAN: We are enclosing a copy of House Resolution No. 1 which was unanimously adopted by the Kentucky House of Representatives on February 26, 1971, during its special session.

Sincerely,

(Mrs.) ADDIE D. STOKLEY,
Assistant Clerk of the House.

A RESOLUTION Declaring the support of the House for the proposal to put burley tobacco allotments on a poundage basis

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

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

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

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

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

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

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

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

Attested:

ADDIE D. STOKLEY, Asst. Clerk of the House.

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

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

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

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

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

By transferring the production adjustment principal to a quantitative market basis, as proposed by this legislation, we believe progress can be made in time to bring surplus to more reasonable levels. We recognize that this proposal will

place responsibility for adjustment on each farm, but we feel that this proposal protects each farm from loss of marketing opportunities due to wind, hail, fire, crop disease, and crop loss from other causes, and the flexibility it gives each farm through lease and transfer of the quota more than offsets any reduction that will be needed if use can be maintained at, or near, present levels.

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

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

GREENSBORO, N.C., March 3, 1971.

Hon. B. EVERETT JORDAN,
U.S. Senate,
Senate Office Building,
Washington, D.C.

DEAR SENATOR JORDAN: Members of the Farmers Cooperative Council at their meeting in Raleigh on January 28, 1971, in a statement unanimously adopted, said that "The Farmers Cooperative Council supports legislation currently pending to restructuring burley quota program and provide for lease and transfer of burley tobacco quotas in order to protect the price support program."

While it is recognized that support for the pending bill is not unanimous among burley growers, it is our conclusion that it does have strong support and merits favorable action by the Congress.

Unless burley growers have a program that will prevent the accumulation of excessive supplies which become expensive to manage and the lease and transfer within counties of burley allotments, there is some real trouble ahead.

Our organizations are very much concerned about the welfare of small growers, but at the same time we recognize that minimum acreage allotments are creating problems which threaten the very future of the program itself. It is our opinion that the legislation to restructure the burley quota program and to provide for the lease and transfer of burley tobacco quotas within counties is a step in the right direction and should receive prompt approval by the Congress.

With kindest regards and best wishes, I am,

Cordially,

HARRY B. CALDWELL,
Executive Vice President,
Farmers Cooperative Council of N.C.

COLUMBIA, TENN., March 1, 1971.

Hon. B. EVERETT JORDAN,
Chairman, Subcommittee on Tobacco, Committee on Agriculture and Forestry,
Senate Office Building, Washington, D.C.

The Tennessee Farm Bureau supports with certain modifications Senate bill 789 as an alternative to the sharp acreage cuts which we understand are contemplated if the present acreage allotment program for burley tobacco is continued.

Modifications desired include increase in the maximum leasing authorized to at least 25,000 pounds and authorization for sale of allotments. Such provisions will do much to lessen any impact of eliminating minimum allotments. An essential figure of any legislation continuation of acreage cuts applicable to only a small portion of growers is creating an intolerable situation.

CLYDE M. YORK,
President, Tennessee Farm Bureau.

STATEMENT OF MRS. HARRY B. CALDWELL, MASTER, NORTH CAROLINA STATE
GRANGE, GREENSBORO, N.C.

The North Carolina State Grange favors the lease and transfer of burley tobacco acreage allotments within counties. This program will be very beneficial in North Carolina where so many of our allotments are so small that it is often impractical and costly for some allotment holders to grow tobacco. By leasing burley tobacco allotments, and by consolidations, many growers could produce enough burley to make a better economic operation.

We recommend that the proposed limit of 5,000 pounds that could be transferred to any one farm be increased. There are some growers who have the land, labor and equipment to farm a larger, more economic unit.

The acreage-poundage program for flue-cured tobacco has been very successful. Experience has shown that the enactment of this change has been beneficial. We feel that the proposal to change burley quotas from an acreage basis to a poundage basis will be a satisfactory solution to the problems and therefore we are supporting this proposal contained in S. 789.

ASHEVILLE, N.C., February 17, 1971.

Hon. SAM J. ERVIN, Jr.,
Senate Office Building, Washington, D.C.

DEAR SENATOR ERVIN: As you are well aware, burley tobacco is one of our major farm commodities in Western North Carolina and involves far more families than any other agricultural enterprise. In fact, there are approximately 13,000 burley allotment holders in the 18 county area included in this organization.

We have been much concerned with the serious difficulties now confronting the burley tobacco program and realize that major changes must be made if supplies are to be kept in line with the demand for burley.

Both the Burley Tobacco Committee of the Agricultural Development Council and the Board of Directors of this organization have recently passed resolutions endorsing a change to poundage quotas for burley. As you know, Senator Cooper reintroduced a bill for this purpose last week.

We would like to emphasize the importance of the lease and transfer provision and the need to increase the limit on this beyond the 5,000 pound figure specified in Senator Cooper's bill.

We will appreciate your efforts and interest in behalf of the burley growers.

Sincerely,

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

A RESOLUTION

Whereas the Burley Tobacco Committee of the Asheville Agricultural Development Council is composed of tobacco growers and others in the burley counties of North Carolina; and

Whereas said committee has given careful study to the burley tobacco situation and has recognized that the present burley program will be jeopardized unless action is taken to more effectively bring the supply of burley into balance with demand; and

Whereas the committee has endorsed proposed legislation which would change burley quotas from an acreage to a straight poundage basis and also provide for lease and transfer of allotments; and

Whereas we recognize the urgency of keeping the burley program on as sound and equitable a basis as possible and conclude that poundage controls would seem to offer the means of doing this: Now therefore, be it

Resolved That the Board of Directors of the Asheville Agricultural Development Council does on this first day of February, 1971 support the action of its Burley Tobacco Committee in endorsing proposed legislation to change the burley program.

Unanimously adopted and approved at meeting of the Board of Directors of the Asheville Agricultural Development Council, February 1, 1971 at Asheville, North Carolina.

KARLE LEHMAN,
President, Asheville Agricultural Development Council, Inc.

A RESOLUTION

Whereas the Burley Tobacco Committee of the Asheville Agricultural Development Council, composed of burley growers and others in the burley producing counties of North Carolina, held a call meeting on January 27, 1971 to study the burley tobacco situation; and

Whereas after careful study and consideration of all the facts, we are extremely concerned with the serious difficulties now confronting the burley tobacco program and have come to the conclusion that this program now faces a crisis; and

Whereas, we are grateful for the continuing efforts being made by the Senators and Congressmen from the burley producing states to strengthen the burley program; and

Whereas careful consideration of the proposed legislation, which would change burley quotas from an acreage basis to a straight poundage basis and also provide for lease and transfer of allotments within counties, causes us to conclude that such an approach would deal with the burley surplus problem in a fair and honest manner to all growers, regardless of size; Except, we strongly urge that consideration be given to the following changes in S 4613 as introduced in the 91st Congress:

1. We recommend that the arbitrary limit of 5,000 pounds of allotment that could be transferred to any one farm, which will severely limit the effectiveness of the lease and transfer provision, be increased to the arbitrary figure of 25,000 pounds limitation.

2. We support restricting leases within counties but urge that the Agricultural Stabilization and Conservation Service be given the administrative power to make certain exceptions involving growers who are operating farms that are bisected by county and/or state lines and which farms are operated with the same management and equipment: Now, therefore,

We resolve that if this legislation is enacted and a referendum of growers is called, we could and would energetically sponsor and work for a favorable vote in North Carolina;

Adopted in meeting in Asheville, N.C. on January 27, 1971.

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

WILSON, N.C., March 3, 1971.

HON. B. EVERETT JORDAN,
U.S. Senate, Washington, D.C.:

The board of directors of Tobacco Associates unanimously support and urge the enactment of S. 789 relating to Burley tobacco.

JOHN D. PALMER,
President, Tobacco Associates.

HENDERSON, N.C., February 28, 1971.

Senator B. EVERETT JORDAN,
Chairman, Subcommittee on Price Supports, Senate Agriculture and Forestry Committee, Senate Office Building, Washington, D.C.:

I strongly endorse S. 789 and urge favorable action on same.

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

STATEMENT OF PAUL McCAULEY, DIRECTOR AND YOUNG FARMER CHAIRMAN.
HARRISON COUNTY FARM BUREAU, CYNTHIANA, KY.

I am Paul McCauley, director and Young Farmer Chairman of the Harrison County Farm Bureau, Cynthiana, Kentucky.

For the record I would like to say that the Harrison County Farm Bureau is in favor of an acreage poundage program for burley tobacco. We support Senator Cooper's proposal on burley tobacco.

MONTICELLO, KY., February 18, 1971.

U.S. SECRETARY OF AGRICULTURE,
Senate Agriculture Committee,
Washington, D.C.

GENTLEMEN: Reporting in the Courier Journal, Louisville, Kentucky, I-16-1971, by James R. Russell, quoting Mr. William Balden, Danville, Kentucky, Chairman of a new group, Council for Burley Tobacco" and Vice-President of Farm Bureau, claims to have all the organizations supporting this poundage program which is not true. According to information, this group represents part of the growers in Lexington, Danville, Paris and Mt. Sterling. This does not appear to cover all the state of Kentucky and certainly not the small grower.

According to Mr. Balden's statement a 60% or .5 acre or less grower has never had a larger base. The majority of these small growers have taken their share of the cut until they are now very small growers and by law can not be cut further. These small growers have been able to keep off the welfare roll so far so let us give them their right to work instead of a dole from the taxpayers!

Mr. Balden said the Council represented the University of Kentucky and Kentucky Department of Agriculture. A part of the staff from the University of Kentucky traveled the state of Kentucky about three years ago misleading the small growers and trying to sell their program. Since the University of Kentucky is supported by all the taxpayers all over the state, we feel that the staff should stay at their place of employment as every other worker does.

According to the United States Department of Agriculture, University of Kentucky College of Agriculture, for 1965 through 1970, there was more tobacco consumed than raised:

Million pounds raised:		Million pounds consumed:	
1965-66-----	586.3	1965-66-----	606.7
1966-67-----	586.7	1966-67-----	600.5
1967-68-----	540.6	1967-68-----	598.0
1968-69-----	563.4	1968-69-----	571.0
1969-70-----	591.4	1969-70-----	565.2
Total-----	2868.4	Total-----	2941.4

When poundage was voted on before, part of the University of Kentucky staff and this same organization came up with the figure of 625 million pounds per year. We were told if one year failed to produce 625 million pounds there would be an increase in acreage the following year to make up the difference. Three years at this figure would be 1875 million pounds, however, only 1695.4 million pounds were produced, a difference of 179.6 million pounds.

The large growers would try to make people believe that the small grower can not produce tobacco as cheap as a large grower; however, this is not true. The small growers usually have large families to help grow the tobacco and do not have to pay outsiders.

According to figures, we have on hand 9 months supply over what is allowed. We have had four good growing seasons. We feel that one or a part of one bad growing season would wipe out all the surplus.

This support price in the past, the money borrowed from the Government has been refunded so why all this noise about support price?

If there is such an over supply where is it?

Why did tobacco sell so well in 1970?

Why is cigarette manufacturing up 3.2 billion, smoking tobacco up 10.6?

Sincerely yours,

OZRO. L. MARSH.

MACKVILLE, KY., February 2, 1971.

DEAR SIR: I see that the big shot burley growers have got together and decided that they want poundage this year. Under poundage these big shots can sell up to 3500 pounds per acre. While some farmers raise 4000 pounds per acre honestly, some get it with hidden patches, stealing tobacco and picking it up off of warehouse floors. To allow these people to sell 3500 pounds per acre, while the honest farmers sell only 2500 to 3000 pounds per acre, would only be rewarding them for being crooks. If we go on poundage the maximum should be 3000 pounds per acre or less. My base is 2.42 acres and I'll vote for poundage with a 3000 pound maximum, with 3500 pound maximum, I'll vote against it. Let's hear what the little burley growers think.

VIVION SUTTON.









