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HEARING

BEFORE THE

SUBCOMMITTEE ON TOBACCO

OF THE

COMMITTEE ON AGRICULTURE

HOUSE OF REPRESENTATIVES

NINETY-THIRD CONGRESS

FIRST SESSION

ON

H.R. 6485 and H.R. 6799

APRIL 12, 1973

Serial 93-M

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AMEND TOBACCO MARKETING QUOTA PROVISIONS

THURSDAY, APRIL 12, 1973

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

The subcommittee met, pursuant to call, at 2:10 p.m., in room 1301, Longworth House Office Building, the Honorable Frank A. Stubblefield (chairman) presiding.

Present: Representatives Stubblefield, Jones of North Carolina, Mathis, Rose, Wampler, and Mizell.

Also present: Representative Ed Jones of Tennessee.

Fowler C. West, staff director; Hyde H. Murray, associate counsel; John Rainbolt, assistant counsel; Steve Allen, staff consultant; and Martha Hannah, subcommittee clerk.

Mr. STUBBLEFIELD. The committee will please come to order. The subcommittee is meeting today to consider H.R. 6485, which relates to the impact of nonquota tobacco in traditional areas producing burley, Flue-cured, and dark tobacco.

For the benefit of new members—we have two more members coming—I would just like briefly to make a historical statement.

Public Law 92-10 was approved on April 14, 1971, to provide for a more effective production adjustment program for burley tobacco by establishing farm marketing quotas in pounds rather than in acres. This law was necessitated by the fact that the yield per acre for burley tobacco had increased from an average of 1,316 pounds in the 1949-53 period, to 2,590 pounds per acre in 1970.

This law provided for a referendum of burley tobacco growers to determine whether they favored or opposed the establishment of marketing quotas on a poundage basis. It is necessary for two-thirds or more of the farmers voting in the referendum to approve same, if marketing quotas and price supports are to be in effect. Burley farmers voting in a referendum held May 4, 1971, favored the establishment of marketing quotas on a poundage basis by 96.6 percent. Therefore, poundage quotas have been in effect for 1971, 1972, and 1973 crops of burley tobacco.

It was felt that with the enactment of the aforementioned statute that all production and marketing problems for burley tobacco had been eliminated. However, in 1972 there was produced in the burley area approximately 800,000 pounds of tobacco allegedly produced from Maryland-type tobacco seed. Maryland tobacco is not grown under production controls and the production of this nonquota tobacco in the traditional burley area is jeopardizing the burley program. The burley grower leadership feel that farmers may produce

burley tobacco in excess of their farm poundage quotas and attempt to market their excess production as Maryland tobacco. It is also contended that some tobacco that is represented as being Maryland tobacco is being purchased to displace both burley and Flue-cured tobacco as a neutral filler in the blend of cigarettes and other tobacco products. It has been observed that Maryland-type tobacco produced in the burley belt develops burley-like characteristics and is in direct competition with burley production, therefore, posing a serious threat to the burley production control and price support programs.

It is reported that certain buyers have contracted to purchase at prices considerably lower than the burley price support level and at a rate far below the average price paid for Maryland leaf, a substantial larger volume of Maryland-type tobacco to be produced in Kentucky, Tennessee, Virginia and North Carolina during the 1973 crop year. This accounts for the urgent need to enact legislation to restrict the production of nonquota tobacco in the traditional areas producing tobacco under quotas, in order to preserve the integrity of the production control program for tobacco. Attempts to remedy this situation by regulation have not been successful, and since the planting season is close at hand, it is imperative that favorable action be taken on the proposed legislation introduced in the House in H.R. 6485 and in the Senate in S. 1533.

Briefly, this proposed legislation would provide that in an area where producers are engaged in the production of a kind of tobacco traditionally produced under quotas any nonquota tobacco produced in that area would be subject to the same regulations that apply to the kind of tobacco that has been traditionally produced. Furthermore, if marketing quotas are in effect for more than one kind of tobacco in an area, the production of any nonquota tobacco in that area would be subject to the quota of the kind of tobacco having the highest price support under existing law.

The U.S. Department of Agriculture regulations require that all nonquota tobacco be inspected by Federal graders prior to removal of said tobacco from the area of production. At a recent inspection held in Lexington, Ky., approximately 40 percent of the tobacco represented as being Maryland-type leaf upon inspection was graded as burley and was therefore subject to the production controls applying to that kind of tobacco. It is anticipated that production of Maryland tobacco exceeding 2 million pounds can be expected in the traditional burley and Flue-cured belts for the 1973 crop. Therefore immediate action must be taken on this legislation.

[H.R. 6485, by Mr. Breckinridge, Mr. Carter, Mr. Stubblefield, Mr. Perkins, and Mr. Snyder, is identical to H.R. 6799 by Mr. Natcher. The text of H.R. 6485 and the departmental report follow:]

[H.R. 6485, 93d Cong., 1st sess.]

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Agricultural Adjustment Act of 1938 is amended by inserting after section 319 the following new section:

"Sec. 320. Notwithstanding any other provision of law, any kind of tobacco for which marketing quotas are not in effect that is produced in an area where it has not been traditionally produced and where producers who are engaged in the

production of a kind of tobacco traditionally produced in the area have approved marketing quotas under this Act shall be subject to the quota for the kind of tobacco traditionally produced in the area. If marketing quotas are in effect for more than one kind of tobacco in an area, any nonquota tobacco not traditionally produced in the area shall be subject to quotas for the kind of tobacco traditionally produced in the area having the highest price support under the Agricultural Act of 1949."

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., April 12, 1973.

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

DEAR MR. CHAIRMAN: This is in reply to your request for a report on H.R. 6485, a bill "To amend the tobacco marketing quota provisions of the Agricultural Adjustment Act of 1938."

This Department recommends that the bill be passed.

The bill provides that any kind of tobacco for which marketing quotas are not in effect that is produced in an area where it has not been traditionally produced and where producers who are engaged in the production of a kind of tobacco traditionally produced in the area have approved marketing quotas under this Act shall be subject to the quota for the kind of tobacco traditionally produced in the area. The bill provides further that if marketing quotas are in effect for more than one kind of tobacco in an area, any nonquota tobacco not traditionally produced in the area shall be subject to quotas for the kind of tobacco traditionally produced in the area having the highest price support under the Agricultural Act of 1949.

The Agricultural Adjustment Act of 1938, as amended, defines "Tobacco" as each one of the kinds of tobacco listed below comprising the types specified as classified in Service and Regulatory Announcement Numbered 118 of the Bureau of Agricultural Economics of the Department:

- Flue-cured tobacco, comprising types 11, 12, 13, and 14;
- Fire-cured, comprising types 21, 22, 23, and 24;
- Dark air-cured tobacco, comprising types 35 and 36;
- Virginia sun-cured tobacco, comprising type 37;
- Burley tobacco, comprising type 31;
- Maryland tobacco, comprising type 32;
- Cigar-filler and cigar-binder tobacco, comprising types 42, 43, 44, 45, 46, 51, 52, 53, 54, and 55; and
- Cigar-filler tobacco, comprising type 41.

The Act provides for the proclamation of marketing quotas and the holding of producer referendums, at three year intervals, for each of these eight kinds of tobacco. In the most recent referendums, producers of six kinds of tobacco—flue-cured, fire-cured, dark air-cured, Virginia sun-cured, burley, and cigar-filler and cigar-binder tobacco—approved marketing quotas. Maryland tobacco producers approved marketing quotas for the 1960-65 crops, but disapproved quotas for the 1966-73 crops. Cigar-filler tobacco producers have never approved quotas.

Maryland (type 32) tobacco is grown principally in southern Maryland, and the only recognized auction markets for Maryland tobacco are located there. Burley (type 31) tobacco is grown principally in Kentucky, Tennessee, western North Carolina, southwestern Virginia, West Virginia, Ohio, Indiana, and Missouri. Auction markets for the sale of burley tobacco are located in these eight states.

In 1972, approximately 850,000 pounds of tobacco reportedly produced from Maryland tobacco seed were produced in the burley areas of Kentucky, Tennessee and Virginia. Reports indicate that buyers have contracted to purchase a substantially larger production in 1973, at substantially lower prices than those prevailing on the auction markets for either burley of Maryland tobacco. The production and marketing of tobacco represented as being Maryland tobacco in the burley areas has caused much concern among burley producers, warehousemen and others. Maryland tobacco is similar to burley tobacco, especially when grown on the same type soil under the same cultural practices. Both are light air-cured and are used primarily in the manufacture of cigarettes. We under-

stand that the concern of the burley producers and others is due to the fact that they feel that some farmers may produce burley tobacco in excess of their farm poundage quotas and market the excess as Maryland tobacco, and they feel that the tobacco represented as being Maryland tobacco may displace burley tobacco in the manufacture of cigarettes or other tobacco products.

The quality of the environment will not be affected by the enactment of this bill.

This bill, if enacted into law, would not result in any significant changes in the incomes of tobacco producers or in expenditures by the Commodity Credit Corporation.

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

Sincerely,

J. PHIL CAMPBELL,
Acting Secretary.

Mr. STUBBLEFIELD. The first witness I would like to call this afternoon is our colleague, John Breckinridge of Lexington, Ky. I might say John has an appointment tonight in northern Kentucky and he has a plane waiting for him. I would like to explain that John would like to stay with us, but he cannot miss this appointment.

John, we would be glad to hear from you.

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

Mr. BRECKINRIDGE. Thank you very much, Mr. Chairman and members of the committee. I want to thank you for this opportunity to come before you to speak on behalf of H.R. 6485, a bill to amend the tobacco marketing quota provisions of the Agricultural Adjustment Act of 1938.

The purpose of this bill, which I introduced on April 3, with the co-sponsorship of Mr. Carter, Mr. Perkins, Mr. Snyder, and the distinguished Chairman of this subcommittee, Mr. Stubblefield, is to sustain the intent of the Agricultural Adjustment Act by protecting the burley tobacco poundage quota program. It provides that, in an area where growers are engaged in the production of a kind of tobacco which has been traditionally produced under acreage allotments and poundage quotas, nonquota tobacco would be subject to the same regulations as apply to the controlled tobacco in that area, and moreover, if there are more than one traditional quota tobaccos grown in the area in question, the regulations applying to nonquota tobacco would be those which apply to the tobacco having the highest price support.

Mr. Chairman, the need for this legislation arises because of the spread of production of Maryland-type tobacco into areas which traditionally have produced burley tobacco. The Maryland, as you know, is not under controls. I am advised that there is a considerable market for Maryland tobacco and this legislation will in no way, and is in no way intended to, inhibit production to meet that demand.

The problem arises when Maryland tobacco is grown in an area such as Kentucky's Bluegrass. There it takes on many of the characteristics of burley, and presumably would continue to so evolve over future generations of seed reproduction.

Earlier this year this problem evidenced itself on three markets, in parts of Tennessee and Virginia close to Kentucky: In Abingdon,

Greeneville, and Carthage, graders from the U.S. Department of Agriculture inspected tobacco which was purportedly Maryland-type and ordered that it be classified as burley. Subsequently officials from Washington overruled the original order, and changed the grading to "off-type."

I submit, Mr. Chairman, that not only do we have the prospect of significant production of Maryland tobacco in the burley belt underselling controlled burley; there also exists the possibility that excess burley poundage might be marketed under the pretext that it is Maryland-type.

So this legislation protects our burley program or the control program for any other tobacco from being undermined by Maryland production in the same area. It in no way restricts the production of Maryland tobacco in other areas.

Mr. Chairman, there are witnesses here from the Department of Agriculture and from the various elements of the tobacco industry who can speak to the merits and application of this bill. I would like, if the Chair will permit, to recognize several witnesses who are my constituents.

Mr. STUBBLEFIELD. I would be happy for you to make that introduction.

Mr. BRECKINRIDGE. Thank you, Mr. Chairman. I would like to introduce Mr. John Berry, the president of the Burley Tobacco Growers Cooperative Association of Lexington, Ky. Mr. Berry happens to be from New Castle, but his association happens to be in my town.

Mr. Louis Ison, who is president of the Kentucky Farm Bureau, from Mercer County; Mr. William Balden who is president of the Council for Burley Tobacco; and my friend and fellow practitioner, the Honorable William Gess, attorney, who is here representing various parties in connection with this bill.

Mr. STUBBLEFIELD. We are glad to have you gentlemen with us.

Mr. BRECKINRIDGE. Thank you, Mr. Chairman, for this opportunity to appear, and unless the committee has questions, I will respectfully be asked that I be excused as a witness in order not to miss my flight.

Mr. STUBBLEFIELD. We are glad to have had you.

Are there any questions?

Mr. MIZELL. I would not want to detain Mr. Breckinridge, but I notice you said in your statement that the purpose of this bill is to protect the burley areas that this tobacco is being grown in. Also, the legislation addresses itself to any area in which tobacco is grown, does it not?

Mr. BRECKINRIDGE. To any area in which there is a controlled program, a stabilization program.

Mr. MIZELL. I thank you. I will not detain you any longer.

Mr. MATHIS. Might I ask the gentleman a question?

Mr. STUBBLEFIELD. Yes.

Mr. MATHIS. This does not address itself primarily to the burley areas, but to where any type of tobacco is grown under quota?

Mr. BRECKINRIDGE. That is right.

Mr. MATHIS. It does not affect just the State of Kentucky, but it could very well affect any State or any area producing tobacco under quota?

Mr. BRECKINRIDGE. The gentleman is correct.

Mr. MATHIS. I thank you.

Mr. BRECKINRIDGE. Thank you.

Mr. STUBBLEFIELD. Thank you, Mr. Breckinridge.

Are there any other Members of the House here who would like to testify?

Our colleague, Don Fuqua, from the State of Florida.

Don, we are glad to have you with us.

STATEMENT OF HON. DON FUQUA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. FUQUA. Thank you, Mr. Chairman. Let me say I appreciate the opportunity to be here. We all in the tobacco areas appreciate the fine work that the chairman has done in behalf of tobacco throughout the years. Mr. Chairman, it has been brought up by some questions to our colleague, Mr. Breckinridge, about the ramifications of this and I think maybe further than what was intended.

We certainly appreciate the problems that might be occurring in the burley area, and I think you bring up some legitimate questions to which this legislation addresses itself. However, I am afraid that the legislation goes much further than anticipated. Those in the Flue-cured areas, my area and others—Georgia, North Carolina, South Carolina, and possibly in Virginia—are growing other types of tobacco and will be adversely affected. Now, there is a marked difference between Maryland-type tobacco and Flue-cured tobacco. In my congressional district people are beginning to grow Maryland-type tobacco and as a matter of fact, they already have the plants in the ground. So I am hopeful that we can amend the bill so that it does not include the Flue-cured area.

Now, what we are in effect saying is that because there is not a controlled program, if they want to grow it in California or Texas or some other State that does not have a Flue-cured program, they could do it. But we are penalizing the Flue-cured area and saying that they cannot have this additional cash crop. That is the way I read the bill.

I do not think this subcommittee would want to preclude another cash crop which farmers could take advantage of in the areas where we might happen to grow Flue-cured tobacco. So I would plead with the committee in your deliberations that you take this into consideration, because I think we would be inflicting a serious injustice on farmers in many areas of the South who would like to grow this type of tobacco. It would not interfere with the burley program, which we are not trying to jeopardize. So I would certainly appeal to you to consider this.

I appreciate the opportunity to be here, Mr. Chairman. I certainly respect you and the fine work that you have done in behalf of tobacco and I think that our differences are not such that we cannot work together in this program.

Mr. STUBBLEFIELD. Thank you, Don. We appreciate your presence here this afternoon.

Mr. FUQUA. I will be happy to answer any questions.

Mr. STUBBLEFIELD. Any questions?

Mr. MIZELL. Just one, Mr. Chairman, of our colleague.

What would you anticipate the poundage of Maryland-type tobacco which is to be grown in your area?

Mr. FUQUA. I do not have these figures and it is not easy to keep up because they are not under poundage control. I know they are just beginning to grow it and I know that in specifically one area of my district, we have what still is a major producer of cigar wrapper tobacco. This market has been on the decline for the last few years for two reasons, one because of labor and the other because of the demand for the product. These farmers are trying to find ways to utilize their land and their facilities, which necessitates the erection of large barns for the natural curing of their cigar wrapper tobacco. Now they can utilize this land and their barns with the growing of Maryland-type tobacco. I understand that they would be precluded from doing so in this bill because there are some allotments in that county for Flue-cured tobacco. These people have already planted their crop. This is a new crop that they are beginning to grow and certainly, we need it to provide jobs and also to keep these farmers in business.

Mr. MIZELL. Does the Maryland tobacco that is grown in your Flue-cured area, does it maintain the characteristics of the Maryland tobacco?

Mr. FUQUA. It is my understanding that it does.

Mr. MIZELL. I thank the gentleman.

Mr. FUQUA. And there is no way that it blends or can be confused with the Flue-cured tobacco, because the curing process is entirely different.

Mr. MIZELL. I think you have put a proper prospective on the situation that we are dealing with in regard to the legislation before us. We certainly appreciate all of the cooperation between the Flue-cured and the burley areas in the past that has maintained a good tobacco program for the both of them.

Mr. FUQUA. It is not my intention to disturb that relationship.

Mr. STUBBLEFIELD. Mr. Mathis?

Mr. MATHIS. No questions. I would just like to commend the gentleman from Florida for his statement and say our districts are joining and contiguous and I have a bit of the same problem the gentleman from Florida has. I appreciate his coming before this subcommittee to make that statement and point out that problem.

Mr. STUBBLEFIELD. Thank you, Mr. Fuqua.

Mr. FUQUA. Thank you, gentlemen.

Mr. STUBBLEFIELD. Gentlemen, the committee has requested the Department of Agriculture to furnish us a report on their views on the legislation, H.R. 6485. At this time, I am pleased to present Mr. Kenneth E. Frick, Administrator of ASCS, of the U.S. Department of Agriculture. He is accompanied by Mr. W. L. Lanier, Director of the Tobacco Division, ASCS; Mr. Joseph J. Todd, Deputy Director, Tobacco Division, ASCS; and Mr. Claude T. Coffman, Deputy General Counsel.

This committee has always enjoyed the finest working relationship with this Department and through this mutual respect and cooperation we have been of service to agriculture and tobacco in particular. Historically, the Department has not initiated any major changes in the tobacco program without having a full discussion with this com-

mittee of all ramifications involved. But early this year, the Department changed this procedure. In a statement presented by Secretary Butz before the House Committee on Agriculture, on March 7, 1972, he stated "Peanut, rice, and extra long staple cotton programs were not included in the 1970 act, but these three and possibly tobacco should be carefully examined at this time. These should be handled in such a way that these commodities can adjust readily to change and to look forward to expanding markets. It is not true of other major farm commodities. We are exploring all avenues to appraise the program and hope to work with the farmers and with this committee to work out an acceptable program change."

I trust the officials of the Department of Agriculture will consult with this committee in the future as in the past and that we may expect your cooperation in this matter.

Mr. Frick, I welcome you and your associates here.

**STATEMENT OF KENNETH E. FRICK, ADMINISTRATOR, ASCS, USDA,
ACCOMPANIED BY WILLIAM L. LANIER, DIRECTOR, TOBACCO
DIVISION, ASCS; JOSEPH J. TODD, DEPUTY DIRECTOR, TOBACCO
DIVISION, ASCS; AND CLAUDE T. COFFMAN, DEPUTY GENERAL
COUNSEL**

Mr. FRICK. Mr. Chairman, members of the committee. I appreciate the opportunity to appear here. You have introduced the men who have accompanied me here today.

We are pleased to present the Department's views on H.R. 6485, a bill "To amend the tobacco marketing quota provisions of the Agricultural Adjustment Act of 1938."

The bill provides that any kind of tobacco for which marketing quotas are not in effect that is produced in an area where it has not been traditionally produced and where producers who are engaged in the production of a kind of tobacco traditionally produced in the area have approved marketing quotas under this act shall be subject to the quota for the kind of tobacco traditionally produced in the area. The bill provides further that if marketing quotas are in effect for more than one kind of tobacco in an area, any nonquota tobacco not traditionally produced in the area shall be subject to quotas for the kind of tobacco traditionally produced in the area having the highest price support under the Agricultural Act of 1949.

The Agricultural Adjustment Act of 1938, as amended, defines "tobacco" as each one of the kinds of tobacco listed below comprising the types specified as classified in service and regulatory announcement No. 118 of the Bureau of Agricultural Economics of the Department.

- Flue-cured tobacco, comprising types 11, 12, 13, and 14;
- Fire-cured tobacco, comprising types 21, 22, 23, and 24;
- Dark air-cured tobacco, comprising types 35 and 36;
- Virginia sun-cured tobacco, comprising type 37;
- Burley tobacco, comprising type 31;
- Maryland tobacco, comprising type 32;
- Cigar-filling and cigar-binder tobacco, comprising types 42, 43, 44, 45, 46, 51, 52, 53, 54, and 55; and
- Cigar-filler tobacco, comprising type 41.

The act provides for the proclamation of marketing quotas and the holding of producer referendums, at 3-year intervals, for each of these eight kinds of tobacco. In the most recent referendums, producers of six kinds of tobacco—Flue-cured, Fire-cured, dark air-cured, Virginia sun-cured, burley, and cigar-filler and cigar-binder tobacco—approved marketing quotas. Maryland tobacco producers approved marketing quotas for the 1960–65 crops, but disapproved quotas for the 1966–73 crops. Cigar-filler (type 41) tobacco producers have never approved quotas.

The attached map shows the auction markets and the producing areas of the several kinds of tobacco. As indicated on the map, Maryland (type 32) tobacco is grown principally in southern Maryland, and the only recognized auction markets for Maryland tobacco are located there. Burley (type 31) tobacco is grown principally in Kentucky, Tennessee, western North Carolina, southwestern Virginia, West Virginia, Ohio, Indiana, and Missouri. Auction markets for the sale of burley tobacco are located in these eight States.

In 1972, approximately 850,000 pounds of tobacco reportedly produced from Maryland tobacco seed were produced in the burley areas of Kentucky, Tennessee, and Virginia. Reports indicate that buyers have contracted to purchase a substantially larger production in 1973, at substantially lower prices than those prevailing on the auction markets for either burley or Maryland tobacco. Burley tobacco auction prices averaged about 80 cents per pound during the past 2 years. Flue-cured tobacco prices averaged 85 cents per pound last year. Maryland tobacco averaged about 82 cents last year, and the auction market opened Tuesday at about 87 cents per pound. Thus, there is at least a 20 cents per pound differential between prices of Maryland tobacco produced and sold in southern Maryland and the tobacco produced from Maryland seed in the Flue-cured and burley areas.

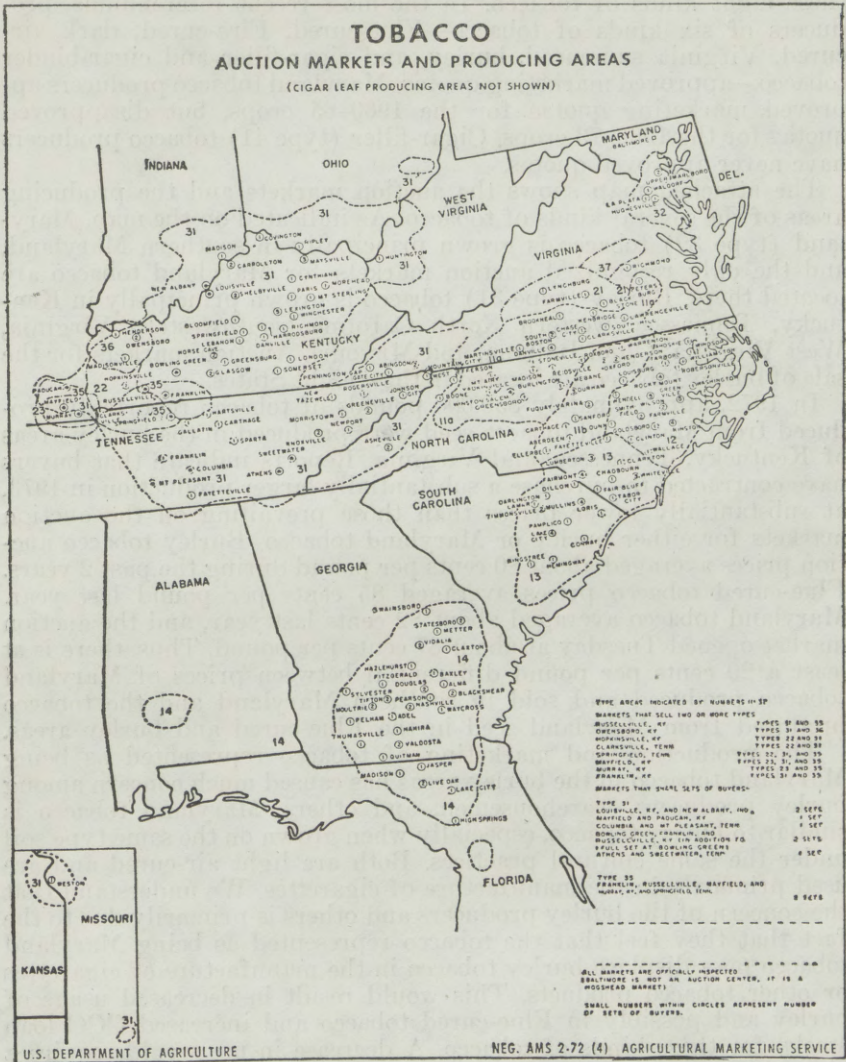
The production and marketing of tobacco represented as being Maryland tobacco in the burley areas has caused much concern among burley producers, warehousemen, and others. Maryland tobacco is similar to burley tobacco, especially when grown on the same type soil under the same cultural practices. Both are light air-cured and are used primarily in the manufacture of cigarettes. We understand that the concern of the burley producers and others is primarily due to the fact that they feel that the tobacco represented as being Maryland tobacco may displace burley tobacco in the manufacture of cigarettes or other tobacco products. This would result in decreased usage of burley and possibly in Flue-cured tobacco and increased CCC loan stocks for these kinds of tobacco. A decrease in use would require a reduction in farm marketing quotas and reduced farm income to growers.

Burley producers and others are concerned also over the possibility that some farmers may produce burley tobacco in excess of their farm poundage quotas, and market the excess as Maryland tobacco to avoid having it charged to their burley quotas.

Since Maryland tobacco grown in the same type soil and under the same cultural practices as burley tobacco closely resembles burley tobacco, we do not feel that these problems can be solved under present law.

The Department recommends that H.R. 6485 be passed.

[The above-referred-to map follows:]



Mr. FRICK. Mr. Chairman, that concludes my statement, and I did bring along the experts on tobacco to respond to questions.

Mr. STUBBLEFIELD. Any questions? Mr. Mizell?

Mr. MIZELL. Thank you, Mr. Chairman. How many pounds of Maryland tobacco were produced in the last crop year or anticipated? Mr. LANIER. Crop year 1972, almost 26 million pounds.

Mr. MIZELL. How does this compare with the production of Maryland tobacco 10 years ago?

Mr. LANIER. Well, 10 years ago, in 1962, there was 35 to 40 million pounds produced.

Mr. MIZELL. What is the major cause for this reduction in the production of Maryland tobacco?

Mr. LANIER. I would assume labor being one factor, and, of course, the urbanization of what was once rural areas.

Mr. MIZELL. Is most of this tobacco exported?

Mr. FRICK. It is about half.

Mr. LANIER. Fifty percent, yes.

Mr. MIZELL. We have 26 million pounds being grown this year. What is the maximum that the market would demand for Maryland type?

Mr. LANIER. About 25 million.

Mr. MIZELL. Then if I follow you correctly, you are saying that we are producing about a million pounds more Maryland tobacco now than is being consumed?

Mr. LANIER. Yes, sir.

Mr. MIZELL. What is the potential for the expanding of the export market on Maryland?

Mr. FRICK. Mr. Todd?

Mr. TODD. I really do not know. We have price problems and the particular grades—the normal exports are the best grades of Maryland tobacco, which are affected by weather conditions, so the supply available for export to Switzerland, for example, is limited by their grades produced on the market. But I think our best estimate would be that exports will hold at about the current level as long as the supply is there.

Mr. MIZELL. Then you think that the market demand is being adequately met with the Maryland tobacco now?

Mr. LANIER. Well, presently, you have an estimate of 26 million pounds and a production of 25 million sales—that is, domestic and export—and we have a carryover of about 55 million pounds.

Mr. MIZELL. Then if your figures are correct, why the sudden tremendous interest in being able to contract the growing of Maryland tobacco in burley areas?

Mr. LANIER. Well, the price differential.

Mr. MIZELL. You think that is basically the reason why they are seeking to grow it in the burley and Flue-cured areas?

Mr. LANIER. No, sir. We fear that this is an avenue for a person that sells 110 percent of his quota in the burley area to market it as a Maryland-type tobacco. That is one of our greatest concerns.

Mr. MIZELL. I notice this is mentioned in the statement. But I also note in the statement of Mr. Breckinridge, where it appears that the graders recognized the tobacco on the floor as burley and they graded it as burley tobacco, but then the Department overruled it and said it would be graded as Maryland tobacco. Is it possible to distinguish this tobacco when it is on the floor?

Mr. LANIER. Well, this exercise was not the most harmonious exercise in the history of marketing tobacco. The news media and people concerned in the industry—I understand the audience was there because of the confusion that this was causing on the market floor. So the last grading in Lexington, Ky., I believe it was 38 percent of this tobacco was displayed as Maryland-type tobacco, was graded as burley type. And some three piles of it were graded as Flue-cured.

Mr. MIZELL. Is this the fault of the grader?

Mr. LANIER. I would not make a statement—

Mr. MIZELL. That he could not distinguish between the burley and the Maryland?

Mr. LANIER. There are some problems, but let me make this crystal clear, Mr. Mizell. The statement I make is not a derogatory remark to our grading service, Agricultural Marketing Service. But when this tobacco is grown, this Maryland seed is planted in the Kentucky area, their land being different and they fertilize it different, it makes it very difficult.

Now, one other point that I think we should establish here. When you look at the yields per acre of Maryland-type tobacco, say from 900 to 1,100 pounds to the acre, this same seed, supposedly the same seed, that was planted in the State of Kentucky might have been making 2,000 to 2,500 pounds. So with using different cultural practices, then it would take on characteristics as burley tobacco, thereby replacing the use by the industry, replacing the burley tobacco in the manufacture of cigarettes. So the effect of that is that the excess plantings or additional plantings from Maryland in Kentucky places a successful burley operation into jeopardy.

Mr. MIZELL. Mr. Frick, I noticed in your testimony, you said that in your opinion, you do not think you have the mechanism to control the marketing of the Maryland tobacco as burley tobacco at this point.

Mr. FRICK. Congressman, we have a problem in being sure of the identification of the tobacco, and our graders can go back and redo their regulations, and do the very best they can. But we do have a problem with the identification of certain leaves, that are rather similar in certain positions on the plant.

Second, we do have the concern that it could work counter to the quota system we have in the burley or the other areas, and there is a concern, and I express it as a concern, because we do not want to do anything to be harmful to the areas that are producing burley tobacco or flue, for that matter, in their voting for quotas. I know that we did have this problem this last year. I am told that it is very difficult to identify the tobaccos accurately, and I feel that it would be a problem if this thing increased dramatically in the future.

Mr. MIZELL. Perhaps I had better state before I proceed any further, Mr. Chairman, that I am, of course, interested in preserving the markets for burley and Flue-cured as I have a great deal of it grown in my area. My interest is in preserving the market for these growers who have disciplined themselves and controlled their program, and they do have a good program now. Certainly, this is complimentary to them. I am not interested in us permitting something that would be detrimental to those markets. But at the same time, I was told that one of the reasons that Maryland tobacco on the market today is selling for, I assume what has been the top price for it in the last number of years, is because it is in short supply and the demand for it has greatly increased.

Now, what problem would you run into with growing Maryland tobacco in the Flue-cured areas as far as the market? Do you have the same fear here that it will be bought and substituted for burley in the making of cigarettes?

Mr. LANIER. Well, the information that we have is that it can be. I do not think for the moment that it poses a problem as much in Flue-cured as it does in burley. But the potential is there.

Now, the gentleman from Florida, Mr. Fuqua—and I know the area that he is concerned with is around Quincy, Fla. If you look at the map that is attached to Mr. Frick's statement, in my opinion—

Mr. FRICK. I cannot say much for the map, by the way. It is pretty difficult to read. I am sorry.

Mr. LANIER. I think that the gentleman from Florida does not have a problem here, because if you follow this map, I think that you will find that Quincy is outside of that boundary in type 14. However, there are very few allotments of type 14 in that county. But I do not think that he has a concern—I mean I am not as acutely concerned with the problem as he thinks that he is, because I do not think the problem exists there.

Mr. MIZELL. Let me pose one other question in connection with what we are doing here. We are dealing with tobacco that does not have a quota. Yet there seems to be a tremendous demand for it at this time. What is to keep them from growing this tobacco in any area where you do not have any quotas on tobacco being grown at this time? They could enjoy it in Vinegar Bend, Ala., could they not?

Mr. FRICK. Yes, I do not think there is anything to keep that from happening. We do know that during these last few years since—was it 1966?—the growers have chosen not to have quotas. If too much is grown, I presume they are going to have to adjust their thinking and probably vote in quotas at some point in time. I do not know when that could be. If it is of a similar type, and goes to the same market at some point, I presume that their market is affected. This would be of some concern.

Mr. MIZELL. Well, would not the Maryland tobacco that would be grown in other States that are not even producing tobacco at this time, would it not pose the same problem for your burley, the tobacco that is being grown in the burley area?

Mr. FRICK. I presume this could be. If a person could set up a marketing system in another area for some State that is removed, if you could get the auction market and other things that need to go on.

Mr. MIZELL. He could not truck it to the Maryland area and sell it.

Mr. FRICK. We know that tobacco is being trucked—

Mr. MIZELL. Is moving from one area to another.

Mr. Chairman, I appreciate all this time, but I am interested as well in seeing that what could be a money crop for some of our farmers, and especially some of our small farmers, whether they be burley or whether they be Flue-cured, if somehow you can control it to where it is not detrimental to these markets, it might become an additional cash crop for some of the farmers. What we are doing here with this legislation is that we are excluding those that are growing tobacco now from participating in what might be a market for them and someone, as I said, in Vinegar Bend might be able to capitalize on this market. I just raise this as something that hopefully we can resolve in some way and not really restrict a potential cash crop for some of our farmers.

Mr. FRICK. Mr. Congressman, we could not agree with you more that farmers should have the choice to grow that which he does best and expand his income. That is our position on most every commodity. In this one, because it has a complicated history of how you allot quotas and what is the future market for the crop and so forth, why, we have

chosen not to look at it quite the same way as we have in other commodities where certainly, the opportunity for income, the opportunity to expand into those crops in which you do best, is certainly the very fine approach and the only way we can respond to the markets that are available.

But before this bill came to our attention, why, administratively, we had addressed ourselves to this question and found that we had no avenue to really get at a problem that might—and I still have to use the word “might”—develop into a problem that would be of a lot of concern. It could develop in the growing year 1973 into a problem from what we hear in the number of pounds of seed that might be planted in the normal burley areas.

Mr. MIZELL. I thank you, Mr. Chairman. I apologize for taking so much time from the other members, especially my friend from North Carolina.

Mr. STUBBLEFIELD. I might say to the members that the 5-minute rule has been lifted because this is of such a serious nature.

Mr. Jones?

Mr. JONES of North Carolina. Mr. Chairman, first I want to apologize to my colleague from North Carolina. I meant nothing by asking if the 5-minute rule is in effect.

Mr. FRICK, let me see if I can get this into perspective. This bill came all of a sudden and naturally, being from a Flue-cured area, I am not as familiar with burley.

The Maryland tobacco grown in the burley belt, does that not become a part of the individual farmer's poundage allotment?

Mr. FRICK. Mr. Todd?

Mr. TODD. No, sir. These are separate allotments for these kinds of tobacco, just like there are separate allotments for Flue-cured and burley. And there are separate allotments for Maryland, but Maryland has disapproved them, so we have no allotments for Maryland this year.

Mr. JONES of North Carolina. As an example I have an allotment for 2,000 pounds per acre for burley, maybe 10 acres, whatever it is. I can plant that, then plant 5 more acres of Maryland tobacco?

Mr. TODD. Yes. There is no limit on Maryland tobacco because the farmers have disapproved quotas.

Mr. JONES of North Carolina. Assuming I do that in the burley belt—I want to get this clear in my own mind—the Maryland tobacco I produce does not become a part of my poundage limitation because it is a given type.

Mr. TODD. That is right.

Mr. JONES of North Carolina. So if this is allowed to go unchecked or uncontrolled, I might well produce 50 percent more tobacco of the 100-percent burley type which is supported and controlled, and a 50-percent additional crop in Maryland, which could be sold in many cases, I understand, under the guise of the failure to recognize it as such, as burley tobacco. Is that right, sir?

Mr. TODD. Yes.

Mr. JONES of North Carolina. It is an extreme case.

Mr. STUBBLEFIELD. It has been done.

Mr. MIZELL. Would the gentleman yield?

I think he is on the right track here, but the burley farmers can only market 2,000 pounds of burley tobacco if that is what his poundage quota is.

Mr. JONES of North Carolina. What I am trying to understand is suppose he plants another 2,000 pounds of Maryland tobacco, which is uncontrolled, no quotas. He then goes to the market and within the realm of possibility sells that excess Maryland tobacco as burley tobacco.

Mr. FRICK. No—well, sir, I think he would sell it as tobacco without any restrictions. Where it ends up and what use it ends up in, I do not know. Whether it ends up in the use that normally goes to burley, I think is the question that is important.

Mr. JONES of North Carolina. Then if I understand this bill, Mr. Frick, what would happen if I were planting both burley and Maryland tobacco is that I would have to combine the two to come under my allotment. Is that it?

Mr. FRICK. The way the bill is?

Mr. JONES of North Carolina. If the bill is passed.

Mr. FRICK. Yes, sir.

Mr. JONES of North Carolina. The Maryland tobacco actually comes under quota in a region where quotas are in existence?

Mr. FRICK. Yes, sir.

Mr. JONES of North Carolina. On the other hand, it would not affect the farmers of Maryland?

Mr. FRICK. As long as they do not have quotas—

Mr. JONES of North Carolina. I mean at the present time, without the quota?

Mr. FRICK. Yes, sir.

Mr. STUBBLEFIELD. Will the gentleman yield?

Mr. JONES of North Carolina. Yes, sir.

Mr. STUBBLEFIELD. I think the point you are trying to make is if you had 2,000 pounds burley allotment and you underproduced by, say, 1,000 pounds, the loophole would be open for you to fit in 1,000 pounds of that Maryland tobacco, hoping that the grader could not distinguish the two.

Is that right, Joe? Has that happened? It could happen? I did not say it did. I say it could.

Mr. TODD. That is what the growers are afraid of, yes, sir.

Mr. JONES of North Carolina. That is not exactly what I meant, Mr. Chairman. What I meant was even going further, since the Maryland tobacco is under no quotas, I am afraid I can plant all the Maryland tobacco I want and I can take a chance on getting it in as burley or whatever I can at a later date, is that right?

Mr. STUBBLEFIELD. Yes.

Mr. JONES of North Carolina. And this bill will correct that possible loophole.

I guess that is the only question I have.

Mr. STUBBLEFIELD. The chairman recognizes Mr. Wampler for an introduction.

Mr. WAMPLER. Mr. Chairman, I have a question I want to ask.

Mr. STUBBLEFIELD. Excuse me.

Mr. WAMPLER. Mr. Frick, what percentage of the burley tobacco allotments crop here in 1972 were actually planted and marketed?

Mr. TODD. Of course, the burley allotments now are in pounds, not acres.

Mr. WAMPLER. I asked for percentage of crop. I believe that was my question. Was it 90 percent or give me just a—

Mr. TODD. Roughly 95 percent, yes.

Mr. WAMPLER. In the chairman's opening statement, Mr. Frick, he said at a recent inspection held in Lexington, Ky., approximately 40 percent of the tobacco represented as being Maryland type leaf upon inspection was graded as burley. It was therefore subject to production controls applying to that kind of tobacco.

Is the grading service under your jurisdiction?

Mr. FRICK. No, sir.

Mr. WAMPLER. Under whose jurisdiction?

Mr. FRICK. That is in Agricultural Marketing Service.

Mr. WAMPLER. If you were in charge of that Department, would you have been a little bit concerned about the competence of your graders if that came to your attention?

Mr. FRICK. I think there was concern on the issue in that Mr. Petersen, who is the Administrator of AMS, did go into that area, along with Mr. Lanier, to get acquainted with the situation.

Mr. WAMPLER. For the record, is it not a fact that Maryland-type tobacco is marketed as loose leaf, untied in sheets, rather than being tied and put on baskets, like burley type?

Mr. LANIER. Yes, sir, when sold in the burley area.

Mr. WAMPLER. Would that not make it easier to distinguish between burley and Maryland-type tobacco by being able to actually look at it and not a basket?

Mr. FRICK. Just the opposite.

Mr. LANIER. If it were tied, like it normally is in Maryland, it would be easier for the Marketing Service to determine whether it was Maryland or burley.

Mr. WAMPLER. Let me ask you then as head of the Tobacco Division, does this concern you that there was an error, apparently, in 40 percent of the grading in the Lexington area?

Mr. LANIER. Any time the welfare or well-being of tobacco growers is at stake, I am concerned.

Mr. WAMPLER. What about the competence of your graders?

Mr. LANIER. I do not know that I am in a position to pass judgment on the marketing service. I am not competent and qualified as a grader. But the thing that did bother me was that the tobacco that was placed on the market supposedly as Maryland-type tobacco and then almost 40 percent was graded by technicians that are qualified as burley; then I came to the conclusion that some people who had sold 110 percent of their quota of burley were using this as a scheming device to market their excess tobacco. And of course, from that I was concerned.

Mr. WAMPLER. Are you suggesting the possibility that a warehouseman would have to be in collusion with the grower in order to perpetrate this?

Mr. LANIER. No, sir.

Mr. WAMPLER. Do you think a prudent, competent warehouseman would recognize this practice if it were in his house? Do you think he would permit it or is there any way with reasonable inspection, a warehouseman could prevent this?

Mr. LANIER. A tobacco warehouseman is a businessman and he gets as much commission off one as off the other. I am not questioning his integrity.

Mr. WAMPLER. I do not mean to interrupt, but there is a difference in commission, is there not?

Mr. LANIER. There may be, but there is a profit for him in either case.

Mr. WAMPLER. You are not suggesting that he put the profit motive above the grading of tobacco, are you? Do you want to infer that in your answer?

Mr. LANIER. I do not care to respond to that one, sir.

Mr. WAMPLER. Does the Department still favor the enactment of legislation for the sale of burley tobacco allotments? At one time, I know they did.

Mr. FRICK. We have not changed our position on that, Mr. Wampler.

Mr. WAMPLER. All right. Can you answer this final question? What is Maryland-type tobacco now bringing on the Maryland markets? What is the price?

Mr. FRICK. I would say 87 cents. It opened this week. Two days of sale averaged 87 cents per pound.

Mr. WAMPLER. Is that not close to an all-time high?

Mr. FRICK. It is an all-time high.

Mr. WAMPLER. Then this one final facetious question. Did the Department or does the Department attach any significance to the fact that this bill, H.R. 6485, is sponsored solely by Members of the Congress from Kentucky?

Mr. FRICK. We attach no significance to that, sir.

Mr. WAMPLER. Thank you.

Mr. STUBBLEFIELD. Mr. Mathis?

Mr. MATHIS. Thank you, Mr. Chairman.

Following the line of questioning the gentleman from Virginia was just pursuing, why is it that the tobacco is selling at 87 cents a pound? Is there a demand for it? Why is the price going up if there are a million more pounds than we need?

Mr. FRICK. I understand that this is the quality part of the crop and they do have about half of it that does go for export, a specific use. Again, I think it signifies the quality part of the crop.

Mr. MATHIS. So you think the average is going to be somewhat less than that for the season, the average would be less than 87 cents?

Mr. FRICK. Again I would ask the others.

Mr. TODD. It depends on the quality of the crop. This is only the third day of sale. They only started this week. So it would depend on the quality of the crop remaining to be sold, I think, Congressman.

Mr. FRICK. And I would think one more thing on this, Mr. Congressman. That is that it is the price received this year that will determine how attractive it is to grow the next year. Certainly that price will determine the attractiveness of the number of pounds to be grown in this crop year.

Mr. MATHIS. If I might address a question to Mr. Lanier, whom I am happy to welcome to this subcommittee for the first time—we are glad to have you in the Department and glad to have you before this committee. You seemed to imply a minute ago that you thought the areas in north Florida, around Havana and Madison and that area, would not be affected by this bill.

Mr. LANIER. That is my personal opinion, sir.

Mr. MATHIS. What would be the opinion of the Department in administering this?

Mr. LANIER. If you look at the map, Mr. Mathis, that accompanied Mr. Fick's presentation, and if I know my geography correctly—which may be up for debate, too—I believe Quincy, Fla., is not within the boundaries of the type 14 on the map.

Mr. MATHIS. Is it your opinion, then, that Decatur County, Ga., would also be exempt under the provision?

Mr. LANIER. I say this would cover Decatur County, Ga., because of the number of Flue-cured allotments there.

Mr. MATHIS. So I have problems in Decatur County if some of my growers want to grow this Maryland-type tobacco?

Mr. LANIER. No, sir. At the outset, you might come to this conclusion, but I would say just the opposite, for this reason: If this bill does not pass and the people in Decatur County, around Whigham and Cairo and around there, make arrangements to grow this tobacco and there is already enough seed in the hands of two people to get Maryland-type tobacco in trouble, then we have a referendum. Of course, the referendum will pass then.

Then your grower area in Decatur County, Ga., will have such a limited amount, it is not an economical unit and I think an injustice would be given him rather than to favor him.

Mr. MATHIS. I think you had better run that by me again.

Mr. LANIER. All right. Say there is a market for x number of pounds of Maryland-type tobacco, say 40 million—I am just picking a figure out of the air now. The Maryland people are going to grow 26 million this year.

All right. We have reports in the Department that one man has 300 pounds of seed, another man has 60 pounds of seed.

Mr. MATHIS. Where are these men located?

Mr. LANIER. Joe, do you know?

Mr. TODD. No.

Mr. LANIER. I did not recognize the name of one of them, but one is in Florida. But that is 360 pounds of seed. So when you convert that amount of seed into acres, then you have trouble.

But, now, during this process, maybe you had several growers in Decatur County and one grower that I know of in Colquitt County, between Moultrie and Doerun, he has some. Now, when we produce this 45 million pounds of this seed on hand that will do now, then if we have a referendum and they vote in quotas—

Mr. MATHIS. Have a referendum where?

Mr. LANIER. We have a referendum on Maryland-type tobacco next February. So if they grow it at this time and went to the expense for barns, et cetera, and then the quotas were voted in because of a sur-

plus of it, then this would damage your growers that grew it for that 1 year in Colquitt and Decatur Counties.

One other thing I think we need to give consideration to here, and it has not been mentioned thus far, is what about our concern for these Maryland growers that built this industry? If I may, sir, then when this excess tobacco is grown and quotas come back in, then he is going to have less opportunity to produce than he now has.

Mr. MATHIS. I think it is the wish of this committee certainly to protect the Maryland growers in Maryland and to protect the burley industry, too. It is certainly not my intention to do damage to either of these areas producing tobacco. I think we all have generally been together. But I certainly do not want to do anything to penalize my growers in Decatur or the counties that you mentioned or Mr. Fuqua's growers in his district, who are no going out, to my knowledge, and building barns as you tend to think, but they are using existing facilities that they had that they no longer use because of the decline in production of shade-cured tobacco.

Let me ask you this: Is there any reasonable belief that Maryland-type tobacco produced in south Georgia and north Florida is going to be confused with Flue-cured?

Mr. LANIER. Not necessarily. I think a lot of that depends on the cultural practices used. The Maryland people have used a lot of self-discipline. If you will notice, the number of pounds that they have produced per acre over the years—let me call your attention to this. In 19—you do not have this, sir, but I will read it to you and be happy to give you my copy as soon as the meeting is over.

In 1963, the poundage per acre of Maryland-type tobacco was 1,000 pounds, the next year, 1,085, and so forth. In 1972, it is estimated to be 1,000.

Well, you know, down where we come from, they open up the guano rack a little more, maybe use a little more irrigation, so you make more pounds per acre. Then it loses some of its qualities as Maryland-type tobacco and could take on another type's characteristic. I do not think it is as acute from Flue-cured as it is with burley, no sir.

Mr. MATHIS. To get to one final thing—Mr. Chairman, I apologize, too, for taking so much time.

Mr. Frick said, I believe, that this created a problem that you could not get at administratively because of existing law. Perhaps this is a little facetious, but I would like to remind him that he found a way to get at the peanut program through administrative changes that we happen to think violates the present law. I happen to think as one member of this committee that I am more than a little concerned by the fact that we have graders who cannot distinguish between burley and Maryland-type tobacco.

We heard a little earlier in a different subcommittee that a 40-percent accuracy rate was to be expected in finding aflatoxin in graded peanuts. If we have a 40-percent accuracy rate in grading peanuts and you have a 40-percent accuracy rate in tobacco, I think an appropriate subcommittee ought to have the Agricultural Marketing Service up here and we ought to be doing some talking to them to see if we cannot get some better graders somewhere.

I thank the chairman.

Mr. FRICK. Just one comment on grading. I do not think we mean to do an injustice here to people who are caught with the responsibility of grading these tobaccos. All I think this does is that they are confronted with something they have not been confronted with before in the normal areas of growing burley tobacco and they will seek ways to try to separate them and to do the best they can to keep them separated if nothing is changed. I am sure that as they contend with the problem, they can do better than the 40 percent you suggest. And the same way in aflatoxin on peanuts. There is a way to do a better job on the aflatoxin problem, but it does delay the marketing of the peanuts by the farmers. Then they line up so far down the road because it takes time chemically to discern this. In the peanut case, there could be something done much more scientifically to get at that problem. But again, it causes marketing problems.

In the case of tobacco, I would think that there would have to be more sharpening up if something is not done about this at this point in time.

Mr. MATHIS. Mr. Chairman, do I still have the floor?

Mr. STUBBLEFIELD. Yes.

Mr. MATHIS. I would like to yield to the gentleman from North Carolina.

Mr. JONES of North Carolina. Mr. Lanier, why would anybody in the flue-cured belt want to plant Maryland tobacco? Do you have any reason why it is being done?

Mr. LANIER. Other than that he might want to have an additional source of income.

Mr. JONES of North Carolina. I have not got this clear yet in my mind, maybe. Does not the Maryland tobacco in the burley come under the gentleman's poundage allotment? Or is it outside his allotment?

Mr. LANIER. Outside. He could have $\frac{1}{2}$ acre of burley, he could plant 1,000 acres of Maryland.

Mr. MATHIS. If I could respond, Mr. Chairman, to the gentleman's question.

Mr. STUBBLEFIELD. Yes.

Mr. MATHIS. As to why someone in the Flue-cured belt would want to do this, I am sorry you missed Congressman Fuqua's statement earlier. He explained to the subcommittee that he and I have a small section involving very few farmers down in our area where they have been growing Cigar-wrappers for tobacco and the production of this, because of a number of factors, has been declining. As a supplement, for something to come back in and take up this slack, they have been shifting to planting Maryland-type tobacco. Mr. Fuqua is concerned and I am concerned that they would be prohibited from doing that under the terms of this legislation.

Mr. MIZELL. Would the gentleman yield?

Mr. MATHIS. I will be happy to.

Mr. MIZELL. I thank the gentleman for yielding.

The Maryland tobacco that is grown in Maryland poses no threat to the burley tobacco, is that correct, as far as markets?

Mr. FRICK. Yes, sir, that is correct.

Mr. MIZELL. Maryland that would be grown in the Flue-cured area, would it pose any threat to the burley markets?

Mr. FRICK. The answer would be no—temporarily.

Mr. MIZELL. Because it would still maintain the characteristics of the Maryland tobacco that is grown here?

Mr. FRICK. I have to stop there, Mr. Congressman. Technically, again, there are some problems that could develop.

Mr. MIZELL. Because as I understand it, not only are the burley growers concerned about the Maryland tobacco being marketed as burley tobacco, but the concern is also that your companies will buy it and use it in the manufacturing of their products as they would burley. Is that correct? Is this also a fear?

Mr. FRICK. Yes, sir.

Mr. MIZELL. Because it does take on those characteristics.

Mr. FRICK. Yes, sir.

Mr. MIZELL. I thank the gentleman.

Mr. MATHIS. Mr. Chairman, what would the Department's position be on an amendment that would take out the Flue-cured areas of North Carolina, Florida, Georgia, and Virginia—Mr. Wampler, do you have it?

Mr. WAMPLER. We have Flue-cured tobacco in Virginia but not in my district.

Mr. MATHIS. To remove those States from the provisions of this legislation, H.R. 6485?

Mr. FRICK. Mr. Congressman, I think to respond to you fully, I would have to go back and re-look at the question since you have addressed it that way. We would be happy to supply information on that.

Mr. MATHIS. Thank you very much.

[The above-referred-to information follows:]

The Department later reported that it does not favor an amendment to exempt Flue-cured tobacco from the provisions of H.R. 6485. In our view, such an amendment would transfer the problems inherent in the production of non-quota tobacco in an area where quotas are in effect from the burley producing area to the Flue-cured producing area.

Mr. STUBBLEFIELD. We have with us Mr. Ed Jones of Tennessee.

Do you have any questions, Ed?

Mr. JONES of Tennessee. Thank you, Mr. Chairman. I am just here to be educated.

Mr. STUBBLEFIELD. If you have any questions, you may feel free to ask them.

Mr. JONES of Tennessee. Thank you, Mr. Chairman. I am learning a lot.

Mr. STUBBLEFIELD. Mr. Frick, in your statement, you refer to the definition of tobacco now contained in the AAA Act. This incorporates by reference the Department's service and regulatory announcement No. 118. I understand that publication covers the classification of leaf tobacco under The Tobacco Stocks and Standards Act, enacted by the Congress in 1929. Will you insert in the record—at this point—for the committee's use—your definition of burley tobacco—and anything else contained in the quota regulations for burley tobacco relating to identification of "kinds of tobacco"?

Mr. FRICK. Yes, we will insert that in the record, sir.

[The above-referred-to information follows:]

CLASSIFICATION OF LEAF TOBACCO COVERING CLASSES, TYPES, AND GROUPS OF GRADES

This classification of leaf tobacco has been developed to enable the Secretary of Agriculture to carry out the provisions of an act of Congress approved January 14, 1920 (Public No. 661, 70th Cong.). For convenience in administration this act is referred to as the tobacco stocks and standards act. Section 2 of the act states: "The Secretary of Agriculture shall establish standards for the classification of tobacco. He shall specify the types and groups of grades which shall be included in the returns required by this act."

In March, 1929, the Secretary of Agriculture officially promulgated, under authority of the said act, a classification of leaf tobacco. This classification covered only the principal classes and types of American-grown tobacco, and provided a number by which each of the different classes and types could be identified. These type numbers are used for the quarterly reports of tobacco stocks required by the act, and are used as the basis for statistical information on tobacco acreage, production, and prices by types gathered and published by the United States Department of Agriculture.

All types of domestic-grown tobacco that have an annual production of less than 1,000,000 pounds are treated as "miscellaneous domestic," and tobacco produced in foreign countries is classified as "foreign." To the classes and types promulgated in March, 1929, there are now added class and type designations for "miscellaneous domestic" and "foreign." As in the original classification, no attempt has been made to give all of the various names by which a type may be locally known or all of the sections in which it is produced.

The act also requires the division of each type of tobacco into a limited number of broad divisions known as "groups" or "groups of grades." The principal purpose of this revision of the classification of leaf tobacco, therefore, is to establish definite group divisions for the several types. Within the past eight years tentative standard grades have been prepared for 21 of the 26 important types; and for each of these types, group divisions were tentatively established as the basis of the grades. These groups have been used extensively, as they form the first factor of the standard tobacco grades that are used under the United States warehouse act, by State and commercial agencies, and for the purposes of the Federal-State tobacco-grading service.

Two public hearings were held in Washington on the proposed classification of leaf tobacco at which the several type and group divisions were discussed with leading members of the tobacco trade. Interviews have been held with a large number of tobacco farmers, dealers, manufacturers, and others in order to have the benefit of their criticisms and suggestions. As a result of these hearings and interviews, two of the lower groups of grades, X and Y, as shown in the proposed Classification of Leaf Tobacco issued in February, 1929, have been combined into what will hereafter be known as Group X, the definition of which will be found under each type described herein.

A copy of the tobacco stocks and standards act of January 14, 1920, under which authority this classification is issued, appears on page 17.

DEFINITIONS OF TERMS USED IN CLASSIFICATION OF LEAF TOBACCO

For the purpose of this classification of leaf tobacco, the following terms shall be construed, respectively, to mean:

Leaf tobacco.—Tobacco in the forms in which it appears between the time it is cured and stripped from the stalk, or primed and cured, and the time it enters into the different manufacturing processes. The acts of stemming, sweating or fermenting, and conditioning are not regarded as manufacturing processes. Leaf tobacco does not include any manufactured or semimanufactured tobacco, stems which have been removed from leaves, cuttings, clippings, trimmings, shorts, or dust.

Unstemmed.—A form of leaf tobacco consisting of a collection of leaves from which the stems or midribs have not been removed, including leaf scrap.

Stemmed.—A form of leaf tobacco consisting of a collection of leaves from which the stems or midribs have been removed, including strip scrap.

Class.—One of the major divisions of leaf tobacco based on the distinct characteristics of the tobacco caused by differences in varieties, soil, and climatic conditions, and the methods of cultivation, harvesting, and curing.

Type.—A subdivision of a class of leaf tobacco, having certain common characteristics which permit of its being divided into a number of related grades. Any tobacco that has the same characteristics and corresponding qualities, colors, and lengths, shall be treated as one type, regardless of any factors of historical or geographical nature which can not be determined by an examination of the tobacco.

Group.—A group of grades, or a division of a type covering several closely related grades, based on the general quality of the tobacco, including the percentage of injury, and other factors. The factors that determine the group divisions also largely determine the usage or suitability of tobacco for certain purposes.

Scrap.—A by-product from handling leaf tobacco in both the unstemmed and stemmed forms, consisting of loose and tangled portions of tobacco leaves, floor sweepings, and all other tobacco materials (except stems) which accumulate in auction and storage warehouses, packing and conditioning plants, and stemmeries. Scrap which accumulates from handling unstemmed leaf tobacco is known as leaf scrap and scrap which accumulates from handling stemmed leaf tobacco is known as strip scrap. The scrap group, covering both leaf scrap and strip scrap, is designated by the letter S.

Nondescript.—Any tobacco of a certain type which can not be placed in other groups of the type, or any nested tobacco, or any muddy or extremely dirty tobacco, or any tobacco containing an unusual quantity of foreign matter, or any crude tobacco, or any tobacco which is damaged to the extent of 20 per cent or more, or any tobacco infested with live tobacco beetles or other injurious insects, or any wet tobacco, or any tobacco that contains fat stems or wet butts. The nondescript group is designated by the letter N.

Cure.—To dry the sap from newly harvested tobacco by either natural or artificial process. Proper curing is done under such conditions as will permit of the chemical and physiological changes necessary to develop the desired quality and color in tobacco.

Flue cure.—To cure tobacco under artificial atmospheric conditions by a process of regulating the heat and ventilation without allowing smoke or fumes from the fuel to come in contact with the tobacco.

Fire cure.—To cure tobacco under artificial atmospheric conditions by the use of open fires, the smoke and fumes of which are allowed to come in contact with the tobacco.

Air cure.—To cure tobacco under natural atmospheric conditions without the use of fire, except for the purpose of preventing pole burn (house burn) in damp weather.

Cigar filler.—The tobacco that forms the core or inner part of a cigar. Cigar-filler tobacco is tobacco of the kind and quality commonly used for cigar fillers. Cigar-filler types are those which produce chiefly tobacco suitable for cigar-filler purposes.

Cigar binder.—A portion of a tobacco leaf rolled around the filler of a cigar to bind or hold it together and form the first covering. Cigar-binder tobacco is tobacco of the kind and quality commonly used for cigar binders. Cigar-binder types are those which produce chiefly tobacco suitable for cigar-binder purposes.

Cigar wrapper.—A portion of a tobacco leaf forming the outer covering of a cigar. Cigar-wrapper tobacco is tobacco of the kind and quality commonly used for cigar wrappers. Cigar-wrapper types are those which produce chiefly tobacco suitable for cigar-wrapper purposes.

Damage.—The effect of mold, must, rot, black rot, or other fungous or bacterial diseases which attack tobacco in its cured state. Any tobacco having the odor of mold, must, or rot shall be included in damaged tobacco. (Note distinction between "damage" and "injury.")

Injury.—Hurt or impairment from any cause except the fungous or bacterial diseases which attack tobacco in its cured state. Injured tobacco shall include any dead, burnt, or ragged tobacco; or tobacco that has been torn or broken, frozen or frosted, sunburned or scalded, scorched or fire killed, bulk burnt or steam burnt, pole burnt or house burnt, bleached or bruised; or tobacco containing discolored or deformed leaves; or tobacco hurt by insects; or tobacco affected by wildfire, black fire, rust, frog-eye, mosaic, frenching, sand drown, or other field diseases.

Nested.—Any lot of tobacco which has been so handled or packed as to conceal damaged, injured, tangled, or inferior tobacco, or foreign matter.

Crude.—Very unripe, and having the general appearance of being very immature. Crude tobacco ordinarily has a characteristic green color.

Foreign matter.—Any substance or material extraneous to tobacco leaves, such as dirt, sand, stalks, suckers, straw, and strings.

OFFICIAL PROMULGATION BY THE SECRETARY OF AGRICULTURE

By virtue of the authority vested in the Secretary of Agriculture by an act of Congress approved January 14, 1929 (Public, No. 661, 70th Cong.), I, Arthur M. Hyde, Secretary of Agriculture, do hereby establish and promulgate the following classes, types, and groups of grade of leaf tobacco to be known as the Classification of Leaf Tobacco, amending and superseding the Classification of Leaf Tobacco issued March 14, 1929, and to be in force and effect until amended or superseded by a classification hereafter established and promulgated by the Secretary of Agriculture under said act.

In testimony whereof I have hereunto set my hand and the official seal of the Department of Agriculture in the city of Washington this 14th day of October, 1929.

[SEAL.]

ARTHUR M. HYDE,
Secretary of Agriculture.

CLASSIFICATION OF LEAF TOBACCO

For the purpose of this classification, leaf tobacco shall be divided into the following classes:

Classes of leaf tobacco

- Class 1. Flue-cured types.
- Class 2. Fire-cured types.
- Class 3.¹ Air-cured types.
- Class 4. Cigar-filler types.
- Class 5. Cigar-binder types.
- Class 6. Cigar-wrapper types.
- Class 7. Miscellaneous domestic types.
- Class 8. Foreign-grown cigar-leaf types.
- Class 9. Foreign-grown types, other than cigar leaf.

For the purpose of this classification the classes shown on this page shall be divided into the following types and groups:

CLASS 1—FLUE-CURED TYPES AND GROUPS

Type 11.—That type of flue-cured tobacco commonly known as old belt flue-cured, western district bright, middle belt flue-cured, or semiold belt flue-cured; and produced principally in the piedmont sections of Virginia and North Carolina.

Type 12.—That type of flue-cured tobacco commonly known as eastern flue-cured, new belt of North Carolina flue-cured, eastern district bright, or eastern Carolina bright; and produced principally in the coastal plains section of North Carolina, north of the South River.

Type 13.—That type of flue-cured tobacco commonly known as southeastern flue-cured, southeastern bright, South Carolina flue-cured, or new belt of South Carolina and southeastern North Carolina; and produced principally in the coastal plains section of South Carolina and the southeastern counties of North Carolina south of South River.

Type 14.—That type of flue-cured tobacco commonly known as southern flue-cured, southern bright, southern district bright, new belt of Georgia and Florida, Florida bright, Alabama bright, or Georgia flue-cured; and produced principally in the southern sections of Georgia and to some extent in Florida, Alabama, and Mississippi.

¹ Class 3 covers air-cured tobacco other than cigar leaf. This class may be subdivided as follows: Class 8a, light air-cured tobacco, including types 81 and 82, and class 8b, dark air-cured tobacco, including types 85, 86, and 87.

Groups applicable to types 11, 12, 13, and 14 :

- A. Wrappers.
- B. Heavy leaf, cutting leaf, and fillers.
- C. Thin leaf or cutters.
- X. Lugs and ground leaves.
- S. Scrap, as defined.
- N. Nondescript, as defined.

CLASS 2—FIRE-CURED TYPES AND GROUPS

Type 21.—That type of fire-cured tobacco commonly known as eastern fire-cured, Virginia fire-cured, smoked or dark-fired, or dark Virginia; and produced principally in the piedmont and mountain sections of Virginia.

Type 22.—That type of flue-cured tobacco commonly known as southern fire-cured, Clarksville, Hopkinsville, and Springfield fire-cured or dark-fired, or Kentucky-Tennessee broadleaf; and produced principally in a section east of the Tennessee River, in southern Kentucky and northern Tennessee.

Type 23.—That type of fire-cured tobacco commonly known as western fire-cured, Mayfield and Paducah dark-fired or western district dark; and produced principally in a section between the Tennessee, Ohio, and Mississippi Rivers in western Kentucky and northwestern Tennessee.

Type 24.—That type of fire-cured tobacco commonly known as northern fire-cured, Henderson dark-fired or smoked, the stemming district, or Madisonville dark or dark-fired, including the fire-cured of the Owensboro district; and produced principally in the Henderson district of Kentucky.

Group applicable to types 21, 22, 23, and 24 :

- A. Wrappers.
- B. Heavy leaf.
- C. Thin leaf.
- X. Lugs.
- S. Scrap, as defined.
- N. Nondescript, as defined.

CLASS 3—AIR-CURED TYPES AND GROUPS

Type 31.—That type of air-cured tobacco commonly known as Burley, Burley air-cured, Red Burley, White Burley, or light air-cured of Kentucky; and produced principally in central and northeastern Kentucky, southern Ohio and Indiana, western West Virginia, central and eastern Tennessee, and sections of Virginia, North Carolina, Missouri, and Arkansas.

Groups applicable to type 31 :

- A. Wrappers.
- B. Leaf or fillers and tips.
- C. Lugs or cutters.
- X. Trash, flyings and spods.
- S. Scrap, as defined.
- N. Nondescript, as defined.

Type 32.—That type of air-cured tobacco commonly known as southern Maryland tobacco, Maryland air-cured, or Maryland export; and produced principally in southern Maryland. (Upper country Maryland is classed as "miscellaneous domestic.")

Groups applicable to type 32 :

- B. Heavy leaf, locally known as dull crop.
- C. Thin leaf, locally known as bright crop.
- X. Seconds and ground leaves.
- S. Scrap, as defined.
- N. Nondescript, as defined.

Type 35.—That type of air-cured tobacco commonly known as One-Sucker, One-Sucker air-cured, Kentucky-Tennessee One-Sucker, Indiana One-Sucker, or dark air-cured One-Sucker, including the upper Cumberland district One-Sucker; and produced principally in northern Tennessee, south central Kentucky, and southern Indiana.

Type 36.—That type of air-cured tobacco commonly known as Green River, Green River air-cured, Henderson district air-cured, or Owensboro district air-cured; and produced principally in the Green River section of Kentucky in both the Owensboro and Henderson districts.

Type 37.—That type of air-cured or sun-cured tobacco commonly known as Virginia sun-cured, Virginia sun and air-cured, or dark Virginia air-cured; and produced principally in the central section of Virginia north of the James River.

Groups applicable to types 35, 36, and 37:

- A. Wrappers.
- B. Heavy leaf.
- C. Thin leaf.
- X. Lugs.
- S. Scrap, as defined.
- N. Nondescript, as defined.

CLASS 4—CIGAR-FILLER TYPES AND GROUPS

Type 41.—That type of cigar-leaf tobacco commonly known as Pennsylvania Seedleaf, Pennsylvania Broadleaf, Pennsylvania filler type, or Lancaster and York County filler type; and produced principally in Lancaster County, Pa. and the adjoining counties.

Groups applicable to type 41:

- B. Binders or tops.
- C. Fillers, locally known as wrappers or B's.
- X. Stemming, farm fillers, ground leaves, and crops unsuitable for sorting.
- S. Scrap, as defined.
- N. Nondescript, as defined.

Type 42.—That type of cigar-leaf tobacco commonly known as Gebhardt, Ohio Seedleaf, or Ohio Broadleaf; and produced principally in the Miami Valley section of Ohio and extending into Indiana.

Type 43.—That type of cigar-leaf tobacco commonly known as Zimmer, Ohio Zimmer, or Zimmer Spanish; and produced principally in the Miami Valley section of Ohio and extending into Indiana.

Type 44.—That type of cigar-leaf tobacco commonly known as Dutch, Shoe-string Dutch, or Little Dutch; and produced principally in the Miami Valley section of Ohio.

Groups applicable to types 42, 43, and 44:

- C. Fillers, locally known as wrappers.
- X. Stemming, farm fillers, ground leaves, and crops unsuitable for sorting.
- S. Scrap, as defined.
- N. Nondescript, as defined.

Type 45.—That type of cigar-leaf tobacco commonly known as Georgia and Florida sun-grown cigar leaf, or the Georgia and Florida filler type; and produced principally in southwestern Georgia and the central part of northern Florida.

Groups applicable to type 45:

- C. Fillers.
- X. Stemming, ground leaves, and crops unsuitable for sorting.
- S. Scrap, as defined.
- N. Nondescript, as defined.

Type 46.—That type of cigar-leaf tobacco commonly known as Puerto Rican sun-grown or the Puerto Rican filler type, including primed (deshojado) and stalk-cut (manejo); and produced in Puerto Rico.

Groups applicable to type 46:

- C. Tripas or fillers.
- X. Resagos, terceros, boliches, and crops unsuitable for sorting.
- S. Scrap (picadura), as defined.
- N. Nondescript, as defined.

CLASS 5—CIGAR-BINDER TYPES AND GROUPS

Type 51.—That type of cigar-leaf tobacco commonly known as Connecticut Broadleaf or Connecticut Valley Broadleaf; and produced principally in the Connecticut Valley section of Connecticut and Massachusetts.

Type 52.—That type of cigar-leaf tobacco commonly known as Connecticut Valley Havana Seed, Connecticut Havana Seed, primed Havana, or stalk-cut Havana; and produced principally in the Connecticut Valley section of Connecticut and Massachusetts.

Type 53.—That type of cigar-leaf tobacco commonly known as York State Tobacco, Havana Seed of New York, or the binder type of New York and

Pennsylvania; and produced principally in the Big Flats and Onondago sections of New York State, and extending into Pennsylvania.

Groups applicable to types 51, 52, 53:

A. Wrappers.

B. Binders, locally known as seconds.

C. Fillers, locally known as tips or B's.

X. Stemming, sand-leaf fillers, ground leaves, and crops unsuitable for sorting.

S. Scrap, as defined.

N. Nondescript, as defined.

Type 54.—That type of cigar-leaf tobacco commonly known as southern Wisconsin cigar leaf and southern Wisconsin binder type; and produced principally south and east of the Wisconsin River, and extending into Illinois.

Type 55.—That type of cigar-leaf tobacco commonly known as northern Wisconsin cigar leaf, or northern Wisconsin binder type: and produced principally north and west of the Wisconsin River, and to some extent in Minnesota.

Groups applicable to types 54 and 55:

B. Binders.

C. Fillers, locally known as tips or B's.

X. Stemming, sand-leaf fillers, bottom leaves, and crops unsuitable for sorting.

S. Scrap, as defined.

N. Nondescript, as defined.

CLASS 6—CIGAR-WRAPPER TYPES AND GROUPS

Type 61.—That type of cigar-leaf tobacco commonly known as northern shade, Connecticut Valley shade-grown, or shade of Connecticut; and produced principally in the Connecticut Valley section of Connecticut and Massachusetts.

Type 62.—That type of cigar-leaf tobacco commonly known as southern shade, Georgia and Florida shade-grown, or shade of Georgia and Florida; and produced principally in southwestern Georgia and in the central part of northern Florida.

Groups applicable to types 61 and 62:

A. Wrappers.

B. Binders.

C. Fillers, or tips.

X. Trashy fillers or loose leaves.

S. Scrap, as defined.

N. Nondescript, as defined.

CLASS 7—MISCELLANEOUS TYPES OF DOMESTIC TOBACCO

No type or group divisions have been worked out for class 7. For the purposes of the tobacco-stocks reports all miscellaneous domestic tobacco shall be designated as follows:

Type 70.—All domestic-grown tobacco which has not been otherwise classified. Included in the miscellaneous types are such types as Ohio flue-cured and fire-cured (known as Eastern Ohio). Upper country Maryland, Louisiana perique, California Turkish, and Virginia One-Sucker, and the production of the insular possessions of the United States not otherwise classified.

CLASS 8—FOREIGN-GROWN CIGAR-LEAF TYPES

No type or group divisions have been worked out for class 8. For the purposes of the tobacco-stocks reports all foreign-grown cigar-leaf tobacco shall be designated as follows:

Type 80.—All imported Sumatra, Java, Cuba (Havana) and other foreign-grown cigar-leaf tobacco in the continental United States, including that in customs bonded warehouses and factories and that withdrawn from bond.

CLASS 9—FOREIGN-GROWN TYPES OTHER THAN CIGAR LEAF

No type or group divisions have been worked out for class 9. For the purposes of the tobacco stocks reports all foreign-grown types other than cigar-leaf tobacco shall be designated as follows:

Type 90.—All leaf tobaccos imported from Turkey, Greece, Bulgaria, Russia, China, or other countries which are used principally for cigarettes, pipe smoking, or chewing purposes.

TOBACCO STOCKS AND STANDARDS ACT

(Public—No. 616—70th Congress) (H.R. 53)

An Act To provide for the collection and publication of statistics of tobacco by the Department of Agriculture

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture be, and he is hereby, authorized and directed to collect and publish statistics of the quantity of leaf tobacco in all forms in the United States, in the possession of dealers, manufacturers, growers' cooperative associations, warehousemen, brokers, holders, or owners, other than the original growers of tobacco. The statistics shall show the quantity of tobacco in such detail as to types and groups of grades as the Secretary of Agriculture shall deem to be practical and necessary for the purposes of this Act, and said statistics shall show the stocks of tobacco of the last four crop years, including therein the production of the year of the report, which shall be known as new crops, separately from the stocks of previous years, which shall be known as old crops, and shall be summarized as of January 1, April 1, July 1, and October 1 of each year: *Provided*, That the Secretary of Agriculture shall not be required to collect statistics of leaf tobacco from any manufacturer of tobacco who in the preceding calendar year, according to the returns of the Commissioner of Internal Revenue, manufactured less than fifty thousand pounds of tobacco, or from any manufacturer of cigars who during the preceding calendar year manufactured less than two hundred and fifty thousand cigars, or from any manufacturer of cigarettes who, during the preceding calendar year, manufactured less than one million cigarettes, or from any dealer in leaf tobacco who, on the average, had less than fifty thousand pounds in stock at the ends of the four quarters of the preceding calendar year.

Sec. 2. The Secretary of Agriculture shall establish standards for the classification of tobacco. He shall specify the types and groups of grades which shall be included in the returns required by this Act. Such returns shall show the quantity of tobacco by such types and groups of grades for new and old crops separately. The Secretary of Agriculture shall prepare appropriate blanks upon which the returns shall be made, and shall, upon request, furnish copies to persons who are required by this Act to make returns.

Sec. 3. It shall be the duty of every dealer, manufacturer, growers' cooperative association, warehouseman, broker, holder, or owner, other than the original grower, except such persons as are excluded by the proviso to Section 1 of this Act, to furnish within ten days after January 1, April 1, July 1, and October 1 of each year, completely and correctly, to the best of his knowledge, a report of the quantity of leaf tobacco on hand, segregated in accordance with the blanks furnished by the Secretary of Agriculture. Any person, firm, association, or corporation required by this Act to furnish a report, and any officer, agent, or employee thereof who shall refuse or willfully neglect to furnish any of the information required by this Act, or shall willfully give answers that are false or misleading, shall be guilty of a misdemeanor, and upon conviction thereof shall be fined not less than \$300 or more than \$1,000 or imprisoned not more than one year, or both.

Sec. 4. The word "person" as used in this Act shall be held to embrace also any partnership, corporation, association, or other legal entity.

Sec. 5. The Secretary of Agriculture shall have access to the tobacco records of the Commissioner of Internal Revenue and of the several collectors of internal revenue for the purpose of obtaining lists of the persons subject to this Act and for the purpose of aiding the collection of the information herein required, and the Commissioner of Internal Revenue and the several collectors of internal revenue shall cooperate with the Secretary of Agriculture in effectuating the provisions of this Act.

Sec. 6. The returns herein provided for shall be made under oath before a collector or deputy collector of internal revenue, a postmaster, assistant postmaster, or anyone authorized to administer oaths by State or Federal law.

Sec. 7. That the information furnished under the provisions of this Act shall be used only for the statistical purposes for which it is supplied. No publication shall be made by the Secretary of Agriculture whereby the data furnished by any particular establishment can be identified, nor shall the Secretary of Agriculture permit anyone other than the sworn employees of the Department of Agriculture to examine the individual reports.

Sec. 8. The Act approved April 30, 1912, providing for the collection of tobacco statistics by the Bureau of the Census is hereby repealed.

Sec. 9. If any provision of this Act is declared unconstitutional or the applicability thereof to any person or circumstance is held invalid, the validity of the remainder of the Act and the applicability of such provisions to other persons and circumstances shall not be affected thereby.

Approved, January 14, 1929.

The Burley Tobacco Marketing Quota Regulations (36 F.R. 20651) define "Tobacco" as "Burley tobacco, type 31 as classified in Service and Regulatory Announcement No. 118 (Part 30 of this title) of the former Bureau of Agricultural Economics of the U.S. Department of Agriculture."

These regulations (37 F.R. 23244) provide as follows:

"§ 726.80 Identification of kinds of tobacco.

"Any tobacco that has the same characteristics and corresponding qualities, colors, and lengths of burley tobacco shall be considered burley tobacco without regard to any factors of historical or geographical nature which cannot be determined by examination of the tobacco. The term 'Tobacco' with respect to any farm located in an area in which burley tobacco as classified in Service and Regulatory Announcement No. 118 (Part 30 of this title) of the former Bureau of Agricultural Economics of the U.S. Department of Agriculture, is normally produced shall include all tobacco, excluding other kinds subject to marketing quotas, produced on a farm unless the county committee with the approval of the State committee determines from satisfactory proof furnished by the operator of the farm that a part or all of such tobacco is certified by the Agricultural Marketing Service, U.S. Department of Agriculture, under the Tobacco Inspection Act (7 U.S.C. 511), and regulations issued pursuant thereto, as a kind of tobacco not subject to marketing quotas."

Mr. STUBBLEFIELD. Mr. Frick, H.R. 6485 uses the words "kind of tobacco traditionally produced in an area." I assume from the fact that you have attached to your statement a map showing the auction markets and producing areas, for the several kinds of tobacco that the Department would use this map in its interpretation of the "traditional areas"?

Mr. FRICK. Yes, sir.

Mr. STUBBLEFIELD. In your statement, you refer to "substantial" differences in the market price between the tobacco represented as being Maryland tobacco produced in the burley area in comparison with prices paid on the Maryland auction markets and burley prices.

Would you repeat those relative prices for the benefit of the subcommittee?

Mr. FRICK. The burley prices received—

Mr. STUBBLEFIELD. Yes, the burley prices Maryland and that Maryland burley in the burley area.

Mr. FRICK. The burley tobacco prices for the last 2 years have averaged 80 cents. The Maryland tobacco opened at 87 cents, or for 2 days has averaged 87 cents. The differential between the Maryland tobacco produced in Maryland and that that is sold in the burley area has been 20 cents less.

Mr. STUBBLEFIELD. Any other questions?

Mr. MATHIS. Mr. Chairman.

You mean that Maryland-type tobacco grown in Kentucky has been selling for 62 cents a pound, averaging 62 cents a pound, is that right?

Mr. TODD. As I understand it, Mr. Congressman, and others in the room can respond more intelligently, I think it ranged from 57 cents a pound to maybe 73. I understand the contract price for Maryland tobacco in the burley area for 1973 is 60 cents a pound.

Mr. STUBBLEFIELD. I do not know whether the gentleman from Georgia understood this or not but most of the tobacco grown in the burley area is on contract.

Is that right?

Mr. TODD. It is my understanding. Some others in the room are better informed than I am.

Mr. STUBBLEFIELD. Thank you, sir.

Any other questions?

Mr. WAMPLER. Just for the record, is it not true that even in the burley areas, this Maryland-type tobacco was marketed after the closing of the traditional burley markets?

Mr. LANIER. Yes.

Mr. WAMPLER. Which would tend to reduce the possibility of confusing the types of tobacco; the burley had already been sold and the Maryland brought in. Should that not reduce the possibility of confusion?

Mr. LANIER. Well, one other thing, Mr. Congressman, it would also do, that after that burley market had closed and that farmer had sold his 110 percent quota, it was an invitation to come in and see if he could get by with selling it as Maryland-type tobacco.

Mr. WAMPLER. That is the other side of the coin, but the point is in orderly marketing processes, you are not marketing one row of Maryland type and another row of burley?

Mr. LANIER. No, sir; this is after the burley market has closed.

Mr. MIZELL. Mr. Chairman, is it not true that in the Flue-cured areas, cigarette leaf tobacco has become so scarce that some of our domestic companies actually had to import cigarette leaf last year and the year before?

Mr. FRICK. They did import some cigarette leaf in greater quantities this last year.

Mr. MIZELL. And since half of the Maryland-grown tobacco is bought by the domestic companies to be used in their products here, if the Maryland tobacco is not produced, then you will have to assume that they are going to have to buy this tobacco somewhere else. Is that not correct?

Mr. FRICK. I think that has to be an assumption, yes, sir. I agree with you, if it is not going to be produced and they need it in the manufacture, it has to come from somewhere, yes, sir.

Mr. WAMPLER. I hope that we can take all of this into consideration while we are considering this legislation.

Thank you.

Mr. JONES of North Carolina. Maryland tobacco is not under any support price?

Mr. FRICK. No, no support price.

Mr. WAMPLER. They have been in and out of the program three or four times that I am aware of. I remember in 1954, we tried to get them back under in special legislation.

Mr. JONES of North Carolina. I remind the gentleman, the same thing happens to political parties.

Mr. STUBBLEFIELD. We appreciate you gentlemen appearing.

Mr. WAMPLER. Mr. Chairman, I have the distinct pleasure of presenting to this committee Mr. James Edward Cozart of Abingdon, Va., who is a tobacco warehouseman and to my knowledge, he is a second

generation warehouseman. He is extremely knowledgeable of burley tobacco and has been instrumental in promoting the growing and marketing of Maryland-type tobacco in southwestern Virginia. I think he is particularly knowledgeable on the subject that is before us at this time.

Mr. STUBBLEFIELD. Thank you.

We are glad to have you before us this afternoon, Mr. Cozart.

**STATEMENT OF JAMES EDWARD COZART, TOBACCO WAREHOUSE-
MAN, ABINGDON, VA.**

Mr. COZART. Thank you. I appreciate the opportunity of being able to address you. I have a stack of papers here. Most of these papers are opposition papers, but I have one on top and I will give this to you as quick as I can.

I did promise my lawyer before I left home that I would not use any cuss words, so I am really going to stay on good behavior.

Mr. STUBBLEFIELD. You may proceed in any manner you see fit, sir.

Mr. COZART. Sometimes in a sale, I kind of get carried away with it, and I kind of broaden out the King's English a little bit.

I am opposed to bill H.R. 6485 for these reasons: Last year approximately 325 growers over an area of 10 counties in Virginia, 7 counties in east Tennessee and 2 counties in North Carolina grew Maryland-type tobacco under contract to Cozart Warehouse and Banner Star Warehouse in Abingdon. It was grown in half acre tracts, grown on an experimental basis. We did not know exactly how it was going to be received. We had an idea of it, but it was grown under a contract. The contract was that we would sell it at auction and earlier in the day, it has been pointed out that there was a 20-cent difference. In our sale, we averaged, most crops that were well handled averaged above 70 cents, so there is only a 10-cent difference between the burley types that were raised and the Maryland type. This year, I hope we can close up the gap even more.

We learned one thing about it, that you cannot stake Maryland tobacco out like you can burley. The cultural practices are similar, but that is one difference. Burley seems to have more tolerance for the weather than Maryland does.

The sale we had was conducted by Cozart Warehouse and Banner Star in Abingdon. The other points of production were Hartsville and Carthage, Tenn., and Springfield, Lexington, and Moorhead, Ky. Two acres was the largest amount we had produced in our area. About 15 percent of our growers were tenant farmers and 85 percent were small farms, people that owned their own farm.

This sale was held in January, and it was held after the regular burley tobacco.

Now, when we approved this thing, I have talked, I ran up a pretty good phone bill between Washington and Richmond and Abingdon and Lexington in the process of getting it produced. But we tried to cooperate. If it was recommended to have the sale after the burley, we agreed to go along with it. If it was recommended to start the sale at 10 o'clock, we went along with it. Any recommendation that was encouraged by the Department of Agriculture or the grading service, we

met it and met it fully. All their list of people that grew the tobacco, we furnished it to the ASC people to try to make their job as easy as possible.

We had six buying organizations on the market and we had a brisk, smooth, good sale. We gave out a good many seed on the day of the sale.

However, in the days that followed, the demand for the seed has slackened off and I have run out of seed three times. Each time I kept thinking, if I had more seed, I could really get more tobacco raised. But then it began to dawn on me that if I had a \$10 bill—we were giving the seed away free—we could not get any more tobacco produced. With the scarcity of the labor and the lack of barn room, your production is limited.

We feel that this coming year, we hope to get around 600,000 pounds. We may be able to do that. We think a target of 2 to 3 million pounds in that area is what we hope for. We hope to get more growers, 500 in Virginia and we have about 30 growers over in North Carolina this year in Congressman Mizell's district.

To alleviate the fears of anyone fearing that by producing Maryland tobacco, they would be contributing to overproduction in the United States, I have only to point out that in every county in which there is a burley allotment and in which the ASC people operate, there are burley allotments that are not being produced. It is true in our county, it is true in counties surrounding Abingdon. In my statement, it implies that I know about every county in the United States, but that is a misprint. But in all the areas I am familiar with, there is lack of production of burley tobacco.

Fifteen years ago, every allotment was planted that could possibly be rented, which is not the truth today. Ten years ago, there was a good demand, but as time goes along each year, with the availability of jobs in industry, there is less and less demand from people living on the farm to grow burley.

Another point is the fact that burley tobacco will bring higher prices—that has been pointed out—than Maryland grown. Therefore, a farmer is going to raise his burley tobacco first. So I see it as absolutely no threat to burley tobacco.

With the decline in production of Maryland tobacco in the last several years due to urbanization of the five counties that have been producing it—being here in Washington, you are all familiar with it—Prince Georges, Calvert, Anne Arundel, St. Marys, and Charles—there is an unsatisfied demand for the Maryland tobacco. It is all due to the price of tobacco. Eighty-seven cents a pound is a record price for tobacco. This tobacco is used in a blended American-type cigarette. The English produce a cigarette that is 100 percent Flue-cured. In an American blended cigarette, we use 60 to 65 percent of Flue-cured tobacco and 30 to 35 percent burley, with 2 percent or less of Maryland.

Maryland tobacco does not have the casing ability that burley has and will not absorb flavor used in the American cigarette that burley will. It is a neutral mild type of tobacco and has very low nicotine. Outside the State of Maryland it grows best on thin sandy soils as found along the river bottoms and streams and on some of the thinnest

soils in southwest Virginia and east Tennessee, and similar areas of Kentucky.

Its principal producers are people who are willing to work and do not want handouts from their government. It is a family-produced crop and will certainly help the small farmer to be able to continue farming. With the cuts in acreage over the last several years, and the impossibility of sustaining a family on a small acreage of burley the present situation has driven the small farmer from the farm. This Maryland tobacco produced in our area will give him an additional income in January which is the time of the year when there is very little farm income.

Although a small percentage of the amount produced in our area has entered the export trade, with our monetary difficulties it looks like it is to our Government's interest to encourage anything that will help the balance of payments abroad. With the production of Maryland tobacco dropping from the normal production just a few years ago of 40 to 45 million down to 25 to 27 million with prediction in the future of even less produced, this type of tobacco would be imported from abroad to fulfill the requirement of a blended American cigarette. An American-blended cigarette is a blend of approximately 60-65 percent Flue-cured, 30-35 percent burley and a small, 2 percent or less of Maryland.

One large domestic tobacco manufacturing company has already dropped the use of Maryland tobacco in its blend because there was not sufficient volume of it produced.

This bill is unfair, unjust, and unrealistic in prohibiting the production of a type of tobacco that is not controlled. The logic of this bill is like saying that if oranges were controlled in a given area then any apples produced in that area would be considered oranges. That is what your bill amounts to. If there is any doubt to the identity of this tobacco for its selling purpose it can be identified in the field, by any child that is not color blind can distinguish this from types of tobacco without any question whatever. If there is anybody in this room who cannot identify what color this chair is right here—dark green—anybody who cannot distinguish between this color and this color over here—that is what your difference is in the field. I think anybody is capable of identifying that unless they are color-blind. If there is any question about the identification of tobacco, all they have to do is go out in the field and identify it while it is being grown at that time.

The bill would put a straightjacket on any economic development of any new types of tobacco and would lock the present producer into a ridged and inflexible mold in which the tobacco companies would have to seek other sources such as the purchase of Maryland tobacco abroad to fulfill their needs.

We must maintain an open mind and we must be flexible. This bill H.R. 6485 is not in the interest of the burley growers, the burley dealers, or the burley manufacturers nor is it in the interest of the general public.

Forty years ago America produced 90 percent of the world's burley production; today we produce 55 percent of the world production. Twenty years ago we were producing 75 percent of the world production. After World War II when many American GI's were all over

the world there was the greatest demand for American tobacco in our history, but we were not flexible enough to fulfill those needs and other foreign countries stepped in and produced tobacco which was wanted by the manufacturers. We must not let Maryland tobacco production move abroad when there are farmers here in this country that know how to produce Maryland tobacco both in the State of Maryland and out of Maryland.

Controls are not needed for Maryland tobacco; however, this bill is not a control bill, it is an outright prohibition of Maryland production other than in the State of Maryland. In effect you would be saying you can grow a product in one State but not in another State.

What you are saying is you could also produce this tobacco in any area that is not growing burley tobacco or not growing Flue-cured tobacco. Here we have people with the technological know-how to produce a proper tobacco and we tell them, no, you cannot grow this crop, it might bring you in extra cash income, we are going to push it out and grow it in areas that have never produced any tobacco. This is a violation of interstate commerce and the idea of one State being able to do something in another, but most violations of interstate commerce have come from States. In this case, this would be a case of the Federal Government telling one State it can produce a product and another State it cannot produce a product.

Another thing, the law does not define what areas are. Would one county comprise an area or would it be a whole State? It would be impossible to set any criteria in the existing bill at the present time.

Why hide our talents under a bushel basket when we are able to produce a crop, a product, and make us some extra money for a small grower? It is sort of trying to turn back the clock and set ourselves in a mold that we cannot get out of.

In having our sales on it, we scheduled our sales after the burley tobacco was over with. It cost us extra by staying open that period of time, but we did it while weighing the seed, but we did it in order to avoid any conflict.

I do not think there is any question of conflict of identification. Maryland tobacco has practically no odor. When you walk into the burley warehouse when we are having a sale, the only odor you could detect was burley, because we sold it in an untied form. Normally, when you walk in a burley warehouse, you have a very strong odor.

To me, there is no problem whatever of identification. If there is a problem to it, when I think it should be inspected while the crop is grown in order to identify it without any question to it.

I appreciate the opportunity of being able to address you. I will be glad to answer any questions.

Mr. STUBBLEFIELD. Thank you, Mr. Cozart.

Mr. COZART. I have one more point I would like to bring up on the geography of the areas in which the cigar tobacco is grown in Quincy, Fla., and Madison, Fla., areas. The matter came up a while ago in regard to Congressman Dawson Mathis' questions.

Madison is a Flue-cured market and it is located in Madison, Fla. Madison, Fla., would be affected by that. Now, from what Mr. Lanier's statement said, he was concerned at the fact that it would not be affected, but they very well would be, absolutely; no question about it,

because you have a scattering of tobacco allotments of Flue-cured on down almost to the companies. They are very small and neat now.

Mr. STUBBLEFIELD. Any questions?

Mr. Mizell.

Mr. MIZELL. You said when you had your burley sale that you had six buying organizations at the sale?

Mr. COZART. Yes.

Mr. MIZELL. I assume that was domestic buyers as well as foreign?

Mr. COZART. We had six buying organizations. We had Piedmont Tobacco Co., The Austin Co., Abingdon, Oldnow and Moore, Lexington Warehouse, and two others. Only one was speculative.

Mr. MIZELL. This is Maryland sales.

Mr. COZART. Maryland sales, yes.

Mr. MIZELL. At this point, do you think there is any reason to be alarmed about the Maryland tobacco that is grown in the burley area adversely affecting the burley market?

Mr. COZART. Absolutely not. I have some interest in burley tobacco warehouses and I certainly would not be promoting it if I thought it was a detriment to my burley trade. I feel it is a supplemental income that comes in at a very good time of the year when it is needed—Christmas bills in January.

Mr. MIZELL. I thank you.

Thank you, Mr. Chairman.

Mr. STUBBLEFIELD. Mr. Jones?

Mr. JONES of North Carolina. Mr. Cozart, the farmers in Madison, Fla., could sell their tobacco allotment in Flue-cured allotment, could they not?

Mr. COZART. If they had a Flue-cured allotment. But what the bill says is if it is an area that has traditionally been growing a type of tobacco, they could sell Flue-cured tobacco. If they did not have a Flue-cured allotment, they could not sell it. Or if they did, it would be called a Flue-cured tobacco, which is ridiculous.

Mr. JONES of North Carolina. If he is probably selling his Maryland tobacco under the Flue-cured allotment, then the support program would come into effect, would it not, to support the Maryland tobacco?

Mr. COZART. If it was voted in.

Mr. JONES of North Carolina. It would be graded as Flue-cured?

Mr. COZART. Would you phrase that question again?

Mr. JONES of North Carolina. The fact is if the Madison, Fla., farmer intended to grow Maryland tobacco under his Flue-cured allotment, he would then have to sell it under his Flue-cured allotment—right?

Mr. COZART. Right.

Mr. JONES of North Carolina. If this bill is enacted?

Mr. COZART. Yes.

Mr. JONES of North Carolina. Then of course, he would then secure or receive the Flue-cured price support for his Maryland tobacco?

Mr. COZART. I suppose so, if the logic of that is carried through. Yes, they would be saying, this is Flue-cured tobacco and it does not make sense. You cannot change something from one to another just by definition.

Mr. JONES of North Carolina. Thank you.

Mr. STUBBLEFIELD. Mr. Wampler?

Mr. WAMPLER. I have just one brief question, Mr. Chairman.

Mr. Cozart, this bill was introduced, H.R. 6485, on the third day of April. Now, as a practical matter, what have growers of Maryland-type tobacco done in southwestern Virginia and east Tennessee? Have they already planted their beds for this year's crop?

Mr. COZART. About 800 of them have already sown their beds, yes, sir.

Mr. WAMPLER. So as far as economic damage, if we enacted the bill now to apply to the crop year 1973, it would cause economic damage to growers that have had every reason to anticipate that they would have the advantage of the existing law, that they could plant Maryland-type tobacco in the marketing year 1973 without any doubt?

Mr. COZART. It would be changing the rules in the middle of the game.

Mr. WAMPLER. That is my point.

Mr. STUBBLEFIELD. Mr. Mathis, any questions?

Mr. MATHIS. Just one question, Mr. Chairman.

What were the average prices of this sale that you are talking about that you had down there in Abingdon, is it?

Mr. COZART. Abingdon.

Mr. MATHIS. What were the average prices of this Maryland tobacco?

Mr. COZART. It comes out at warehouse average at .6503. But that included the crops that had been stuck out in the weather, which pulled our average down. Any crop that was well handled brought 70 cents or better after paying charges.

Mr. MATHIS. Then there is pretty good demand for this tobacco?

Mr. COZART. Yes, sir, very good demand.

Mr. MATHIS. Thank you, Mr. Chairman.

Mr. STUBBLEFIELD. Thank you so much, sir.

Next witness is Mr. Joe Williams. Joe is president of Tobacco Associates, Inc.

We changed the schedule around a little, because Joe has to catch a plane.

Joe, you are no stranger to this committee. We are glad to have you.

STATEMENT OF JOSEPH R. WILLIAMS, PRESIDENT, TOBACCO ASSOCIATES, INC., WASHINGTON, D.C.

Mr. WILLIAMS. Thank you very much.

Mr. Chairman, I do appreciate this. I do have to leave and I want to apologize to my friends for getting ahead of them.

Maryland tobacco is unique in the world by virtue of the fact that it lies over there by the Chesapeake Bay and has unusual humidity conditions. You have a small area in the United States that can produce 32-type Maryland tobacco. Let me say that there have been millions of dollars spent all over the world trying to duplicate Maryland tobacco in the various countries of the world and up until this point, they have never been able to do it.

Now, the problem that you have here is that you can take the Maryland seed, you can take them into the flue-cured area and apply the cultural practices that we apply to the production of Flue-cured tobacco and you wind up with neither Flue-cured nor Maryland

tobacco, as has been pointed out here. The yield on top quality Maryland tobacco is approximately 1,200 pounds maximum. And when you exceed that yield, you blackjack the quality.

Now, the strength of the Maryland market is the Swiss market. Historically, they have bought the major portion of it and they have been the backbone of the market. Ten years ago, when we were producing 40 million pounds of tobacco over there, you could go over on the auction floor. If they bid the price up to 19 or 20 or 21 cents, the Swiss would bid 70 cents. They have always been willing to pay whatever it takes to get that production. But they insist on No. 1 quality 32 tobacco.

Now, when it comes to lower quality even in Maryland, and when it comes to the qualities that we attempt to produce in the flue-cured and burley area on this Maryland type of tobacco, the import market is not interested in it at any price.

Now, we are experimenting, all of our experiment stations in the various States, in Flue-cured and burley and other types. We have been trying to adjust the Maryland seed to the point where we could produce a respectable type of 32 tobacco.

I would like to enter into the record here an article by Ken Keller. He is chairman of the overall Variety Committee of the five flue-cured producing States. That came out in February in the Southern Tobacco Journals: "Growers urged to proceed with caution in cultivating Maryland leaf tobacco."

Now, the experiments that they had in the North Carolina experiment station in Oxford were very unsatisfactory. Down in the White Plains Experiment Station there, the quality was better but the yield was very poor, due to the fact that they lost about 40 percent of it due to black shank. Now, the Maryland seed was not resistant to the type of infestation that we have in that State.

Now, we have in Flue-cured an overall Variety Committee that some of you older people on the committee know that came out of the 1939 problem due to undesirable leaf. Due to the work of that committee, we have not released an undesirable variety of tobacco in the past 10 years. What you are presenting here is a bastard type of tobacco. If you grow Maryland tobacco in Kentucky, you are going to come up with a cross between Maryland tobacco and burley tobacco. There was pointed out here in the grading of tobacco and some criticism toward the graders. Those people are expert technicians. They grade tobacco on the texture and the other qualities that enter into tobacco. It is not the graders fault. The result is that when you produce Maryland tobacco in Kentucky, all the visible characteristics and textures of that tobacco, 40 percent of it, turned out to be burley tobacco, or certainly to the extent that they could not distinguish between them.

Now, you have an administrative problem here that the Department, Ken Frick, has to administer, a price support program on Flue-cured, burley, and other types. I submit to you gentlemen, and it has been due largely to the help of this committee and the larger committee, that that has been the most successful program in the world.

Now, to turn the Flue-cured or burley producers loose where they can grow—and I realize the problem hit first in burley—we will be

faced with the same situation in Flue-cured this year if we produce 3, 4, or 5 million pounds, which could pyramid up to 30 million pounds. It is neither Maryland, it is neither Flue-cured, it is neither burley, but you have a total domestic disappearance in this country of 1,100 million pounds. This tobacco has been sold and when it is bought by the Government, it is going to supplant some other type of tobacco.

Gentlemen, I have not been able to contact all the leaders in the Flue-cured area. The hearings were called earlier than we expected. But my honest opinion is that the main consideration that you have here is your well established burley and Flue-cured program, farmers that have stuck to this program through the years, and it has been an economic salvation to these farmers. Now, we are letting enter into the picture here some tobacco that can destroy the fundamental parts of that program. I am hoping that this committee will report out this bill favorably and stop this situation before it gains momentum to the extent that it will destroy our overall program.

Thank you.

Mr. STUBBLEFIELD. Joe, the statement you mentioned will be included in the record without objection.

[The above-referred-to article follows:]

[From Southern Tobacco Journal, February 1973]

GROWERS URGED TO PROCEED WITH CAUTION IN CULTIVATING MARYLAND LEAF

North Carolina State University has issued a word of caution to farmers interested in growing Maryland-type leaf in the Tar Heel State.

"At present," said Dr. Kenneth R. Keller, head of tobacco research at NCSU, "we do not have sufficient information or experience on the cultural management of Maryland tobacco in North Carolina to advise potential growers regarding the production of this crop."

Keller said additional variety evaluation studies are needed, especially from the standpoint of determining their levels of resistance to major tobacco diseases prevalent in North Carolina.

Limited numbers of Tar Heel farmers have tried growing Maryland-type leaf in the past year or so. No production allotments or marketing quotas have been in effect on the crop for the past eight years.

Dozens of farmers in the burley tobacco areas of Kentucky and Tennessee have grown some of the Maryland leaf in recent years.

Officially known as Type 32 tobacco, the crop traditionally has been grown only in several counties in southern Maryland. However, this area is now so urbanized, and labor is so scarce, that production has been declining, even with no controls on the crop.

If rapid expansion occurs in production of Type 32 leaf outside Maryland, it's possible that some kind of control program will be put into effect again. No one can predict what action might be taken along this line, or what its effect might be.

Dr. Keller's conclusion:

"Limited knowledge regarding cultural practices, varietal performance and production control programs on Maryland tobacco in North Carolina suggest that growers weigh these factors before launching a new enterprise with Type 32 tobacco.

"It would seem advisable that farmers interested in growing Maryland tobacco do so on a small scale until such time as sufficient information is available with regard to (1) management of the crop, (2) responses of varieties, (3) net return per pound, and (4) demand for the crop whether or not it is subjected to a production control program."

Traditionally, the desirable grades of Maryland leaf are thin, light in body, low in alkaloids and possess, as a rule, good burning qualities.

Dr. Keller said these characteristics play a key role in acceptance of the cured leaf.

Preliminary studies on Maryland leaf were conducted last year at tobacco research stations at Oxford and Whiteville, N.C.

The results obtained at Oxford were not encouraging, since the cured leaf did not resemble typical Maryland tobacco. On the other hand, the Maryland tobacco grown at Whiteville, in the southeastern part of North Carolina, resembled Type 32 and the cured leaf was judged to be useable.

Yield per acre for the Maryland variety was approximately 400 pounds below the average of flue-cured tobacco varieties grown at Oxford. Black shank disease caused such severe losses in the Type 32 variety at the Border Belt station at Whiteville that yield comparisons were impossible.

Samples of cured leaf from these tests have been forwarded to a cooperating tobacco company for chemical and smoke panel evaluation.

Keller said preliminary studies with Maryland tobacco grown on the Mountain Research Station near Waynesville, N.C., indicate that yields per acre are lower than for burley tobacco varieties.

A recent sale for Type 32 tobacco was held in Abingdon, Va., involving about 200,000 pounds of cured leaf. This was a "special" sale.

Prices received per pound varied from about 73 cents to 31 cents.

"It is my understanding," Keller said, "that growers were satisfied with the sale and that a number of them expressed an interest in growing the crop this year."

He said he also understood that about 10,000 pounds of cured leaf of Maryland tobacco grown in Tennessee was sold recently at a special sale and the average price per pound was around 60 cents. This tobacco was not judged as typical Maryland leaf.

During 1973, Dr. Keller said, Furney A. Todd, N.C. State University extension professor of plant pathology, will evaluate a disease resistant variety of Type 32 known as Maryland 609, in disease problem fields in both the flue-cured and burley areas. Multipurpose chemical soil treatments will be tried.

Other NCSU staffers also will conduct tests.

Harold Ross plans a variety and management trial at the Mountain Research Station. Dr. James F. Chaplin will evaluate Maryland 609 further at the Border Belt station at Whiteville. Dr. Charles W. Suggs plans to grow some Type 32 leaf at the Central Crops Research Station at Clayton, near Raleigh, to observe its suitability for mechanical harvesting.

"This, in general, will constitute our research efforts on Maryland tobacco during 1973," Dr. Keller said. "Studies in subsequent years will be based on results obtained during this year and particularly as Type 32 shows promise in North Carolina."

Mr. STUBBLEFIELD. Any questions?

Mr. MIZELL. I know of no one I hold in higher regard when it comes to tobacco than Mr. Joe Williams. He comes from the Fifth Congressional District of North Carolina and he is well loved by everyone.

Joe, if we are producing a tobacco that is neither burley nor flue-cured, why does it sell?

Mr. WILLIAMS. Well, it sells at a low price.

Mr. MIZELL. Then can they use this for the same purposes for which they used burley or which they use Maryland?

Mr. WILLIAMS. Sure. They will use it in a cigarette blend, of course. Sure, they will use it.

Mr. MIZELL. Do you think they could substitute it for flue-cured or substitute it for burley, just according to which area it is grown in? Is that what you are saying?

Mr. WILLIAMS. That is right. Sure, they could substitute. They have to use it. If they buy it, you know they are going to use it.

Mr. MIZELL. I appreciate that.

Mr. WAMPLER. Will you yield?

Mr. MIZELL. Yes.

Mr. WAMPLER. Mr. Williams, if it is a bastard type of tobacco and domestic companies are buying it simply because they can buy it

cheaper than either burley or Flue-cured, depending on the characteristics of the leaf, what is to prevent a domestic company from importing that type of tobacco if it can be bought at a price?

Mr. WILLIAMS. They do import it. We are the third largest importers in the world.

Mr. WAMPLER. What you are saying is you would rather yield that to the import market rather than let the farmers produce it?

Mr. WILLIAMS. No, what I am saying is this. What they need to do is let our research people go ahead and continue their research and get it to a point where North and South Carolina, Kentucky, and southern Florida can produce Maryland 32 tobacco. Once the overall variety people—this committee constitutes industry people, farm people, all the way across the board. Once they certify that you can produce Maryland-type tobacco in southwest Virginia or Kentucky or Tennessee or North Carolina, then I think we can afford to do it. But when we produce a type of tobacco there that has no controls in the areas where you got it, where you can substitute it and it gives an opportunity there for farmers to feed it into his regular quota program, I think we are entering an element there that gives us a chance to destroy these programs. I think that is the thing the Department is worried about here, the mechanism of trying to maintain the price support program on Flue-cured and burley tobacco when you have this out of quota tobacco that is being produced and entered into the markets.

Mr. WAMPLER. I do not disagree with what you say about the research aspect, but still I have difficulty following your reasoning. If the domestic companies are importing tobacco now and we can produce that quality tobacco in this country with domestic producers to give our farmers additional income, I just do not follow your reasoning as to why you object to its being grown in this country.

Mr. WILLIAMS. Well, they do not have to import it. We have plenty of tobacco. We have 350 million pounds of Flue-cured in stabilization, you have 250 to 300 million pounds of burley.

Mr. WAMPLER. Why do you suggest, then, that we are importing tobacco?

Mr. WILLIAMS. They are importing it for a price.

Mr. WAMPLER. But if we could compete with that import on price, do you not think it would be better to have it produced domestically in this country rather than import it?

Mr. WILLIAMS. If we could produce a standard-type Maryland tobacco. The thing that I am saying is this thing could pyramid into where it is 800,000 pounds this year, it could pyramid into 15, 20, 25 million pounds. I know one warehouseman predicted it could be in 3 years 25 million pounds of production. That is the problem.

And of course, farmers in this area go and build curing barns, which are very, very expensive there and it does become a serious competition with Maryland tobacco. They will vote it back in and leave our outside growers with this additional expense with either no allotment or a very, very small percent.

Mr. WAMPLER. I do not want to belabor the point.

Mr. STUBBLEFIELD. Mr. Jones?

Mr. JONES of North Carolina. No questions, Mr. Chairman.

Mr. STUBBLEFIELD. Mr. Mathis?

Mr. MATHIS. I am confused in my mind about the texture and the odor. Mr. Cozart, the witness preceding you, said the Maryland-type tobacco produced in his area did not have the odor, I believe was the word he used, that burley tobacco does. Does it have the same burning characteristics or the same flavor characteristics of burley when it gets to the tobacco company so that it could completely supplant burley if it is allowed to go unchecked?

Mr. WILLIAMS. When you have Government graders that have spent their entire lives grading tobacco, technicians, and on the physical characteristics of tobacco, they can even split a stalk and put part of it in Maryland and put the other in burley. Now, there is no reflection on the grader, because they do not stick to a small amount of fertilizer. You have not that high humidity. They do not hold that yield down to 1,100 pounds or 1,200 pounds. In burley, they produce a ton an acre. We will in Flue-cured. And when you take Maryland seed and produce that kind of yield, then you do not have true Maryland tobacco.

Mr. MATHIS. Well, this Maryland tobacco is a pretty adaptable kind of tobacco plant and it takes on the characteristics of whatever region it is grown in, is that right?

Mr. WILLIAMS. I have seen it tried all over the world. I have seen them take the Maryland seed and experiment in Brazil, Argentina, Thailand, everywhere. You can grow it two counties away over here and it is not the same tobacco. It is just a freak of nature where you have a combination of humidity and climate that if there is a place in the world, it certainly has not been found up to this point.

Mr. MATHIS. Is it your considered opinion, sir, that if we were to grow this Maryland-type tobacco in those few counties in south Georgia and north Florida, it would take on the characteristics of the type 14 Flue-cured tobacco?

Mr. WILLIAMS. I think it would. I think what you will find is you will get 1,600 and 1,700 pounds of tobacco there that will be neither Maryland nor Flue-cured; perhaps go more to the burley or sun-cured side. But you would just have a freak type tobacco.

Mr. MATHIS. Thank you very much.

Mr. STUBBLEFIELD. Thank you so much, Joe. We appreciate having your testimony.

The next witness is Mr. John Berry, president of Burley Tobacco Growers Cooperative Association of Lexington.

Mr. Berry is not a stranger to this subcommittee, either.

Mr. Berry, we are glad to have you with us.

STATEMENT OF JOHN M. BERRY, PRESIDENT, BURLEY, TOBACCO GROWERS COOPERATIVE ASSOCIATION, LEXINGTON, KY.

Mr. BERRY. Mr. Chairman, gentlemen of the committee, I am John M. Berry of New Castle, Ky. I am president of Burley Tobacco Growers Cooperative Association of 620 South Broadway, Lexington, Ky.

This association under contract with Commodity Credit Corporation has operated the price support program for burley tobacco since January 1941. It serves a membership of 400,000 burley tobacco farmers residing in the States of Kentucky, West Virginia, Ohio, Indiana, and Missouri.

Use of the tobacco production control and price support programs for more than 30 years has demonstrated convincingly that plans can be practically devised by legislation to insure American farmers fair minimum prices for their products. These programs for tobacco farmers limit supply and insure reasonable prices without a resulting scarcity.

Perfection of the production control program was more than 30 years in the making. Not until the Congress gave us poundage control in the spring of 1971 was the program really efficient. From the standpoint of its workability and soundness its continuity is highly desirable and justified.

Production control and price support taken together are a counterpart to an 8-hour day, a 40-hour week and a guaranteed hourly minimum wage. Burley tobacco growers are entitled to no less. They hope for the continuation of as much.

The unlimited production of Maryland tobacco, which simulates burley, constitutes a threat to the programs of production control and price support which provide a fair wage or income to the producers of burley. But no attempt can or should be made to forbid the production of Maryland tobacco. However, not being under quotas, its careful identification and safe separation from burley is imperative if the programs—production control and price supports for burley and their proven benefits to farmers, are to be preserved without injury.

This organization for which I speak celebrated its 50th anniversary last year. The occasion of its beginning was surplus burley tobacco and consequent severely depressed prices.

Control of burley tobacco by poundage quotas insures a manageable adequate supply and protects farmers from price depressing surpluses. Without quotas for Maryland tobacco and without its careful identification and separation, burley tobacco in excess of quotas, due to some physical similarities of the two types, can find its ways as surplus into the channels of trade under the label of Maryland tobacco.

Under the production control and price support programs burley tobacco production has come to be an industry that provides employment and a livelihood for about 400,000 farm families of more than 1 million people on 285,700 farms in the eight States of Kentucky, Tennessee, North Carolina, Virginia, West Virginia, Ohio, Indiana, and Missouri for a total gross annual income of \$410 million. By comparison on all points the Maryland tobacco industry is negligible. In 1972, according to the U.S. Department of Agriculture (Tobacco Situation of March, 1973),

About a million pounds of type 32 (Maryland tobacco) were produced and sold in the burley area. About half of this tobacco was grown under contract for 55 cents a pound. The other half sold at auction sales averaging 64 cents per pound.

While "the survey of farmers intentions to plant type 32 tobacco was limited to Maryland and did not cover the burley area," reports from market points in that area indicate that the production of this type will be increased several times over in 1973, making the problem of identification and separation of utmost concern to burley farmers and this association. Opportunity to commingle excess burley

with Maryland will be correspondingly increased and production control of burley effectively nullified.

This association's inventory of 212 million pounds consists of receipts from the 1964 through the 1972 crops, upon the security of which Commodity Credit Corporation has loaned \$172 million. It is the purpose of this association to market this inventory at prices that will enable it to repay the loan, with interest, in full. That purpose will be defeated, however, if the supply of burley tobacco (presently excessive by more than 230 million pounds) including that marketed under the Maryland label, becomes any larger.

Surely the Congress has the right to expect this association to fulfill its promise to repay the loans on the tobaccos it holds. Its ability to do so depends upon prices at which they will sell, and those prices will be dictated by surpluses accruing by the addition of excess quota-quota burley.

H.R. 6485 and H.R. 6799 safeguard both the growers' and Commodity Credit Corporation's interests in the two programs. These bills should, and we respectfully urge that one of them be enacted.

Thank you, Mr. Chairman.

Mr. STUBBLEFIELD. Thank you, Mr. Berry.

Any questions?

Mr. MATHIS. Mr. Chairman, I hate to keep at these questions, but on the second page of your statement, you say that there is a great danger that this burley tobacco can be confused with Maryland tobacco and marketed that way.

Mr. BERRY. Yes, sir.

Mr. MATHIS. The characteristics are that similar, again? It can go either way?

Mr. BERRY. It can go either way.

Mr. MATHIS. Would you have any objection or would your association have any objection to an amendment to this bill that would exempt the other States?

Mr. BERRY. Well, Mr. Mathis, my opinion is that if you exempt Georgia and Florida and other States of the Flue-cured area now, it will not be long until you will be wanting to come in under its protection and its provisions. As Mr. Williams pointed out here, Maryland tobacco, under Flue-cured cultural practices and conditions, will simulate Flue-cured.

Or take it the other way around. Suppose Flue-cured tobacco were air-cured. I understand that it takes on the characteristics and has the appearance of Maryland, especially this Maryland type that is growing in Kentucky. Or perhaps Maryland tobacco that would be grown in the Flue-cured area. There would be a confusion of the genuine types with this highly questionable type and the excesses, the excess production of Flue-cured and burley could be pawned off on the trade as burley or Flue-cured or as Maryland, when indeed, they would be burley or Flue-cured. That is the point I am making.

Mr. MATHIS. But do you think it is really equitable to penalize these other States and these growers in other States in this way and leaving it open to any other area in the country where they do not have the possibility that they might?

Mr. BERRY. We only have left to us the option of using such measures as we can to protect production control and price support programs that have been utterly priceless to the growers of tobacco in this country.

Mr. MATHIS. But to answer my question—

Mr. BERRY. We cannot forbid or prohibit the production of Maryland tobacco in nonquota areas. We could not do so legally. But when it is grown in a quota area, in an area where there has been produced traditionally a type of tobacco, we surely must have some protection against the confusion of the genuine for the simulated type of tobacco.

Mr. MATHIS. Again, let me say that I certainly concur with your aims and desires. I think our difference of opinion arises about penalizing my farmers and those of some of the other members of this subcommittee while allowing tobacco to be grown in California if they wanted to do it. But we say that our farmers cannot. So there is not a great difference in the end result we seek.

Mr. BERRY. We are not saying that your farmers cannot do it. We are saying that if your farmers grow it, then it will be presumed to be and will be treated as Flue-cured tobacco and will be chargeable against Flue-cured quotas. If the aggregate production of Flue-cured and Maryland exceeds the quota, it will become excess tobacco subject to the penalty.

Mr. MATHIS. Which is the same as saying they cannot grow it.

Mr. BERRY. There is red card tobacco grown and has been grown ever since the program was inaugurated and people have paid the price of growing it. We have thus preserved a program that is utterly priceless.

Mr. MATHIS. I certainly concur with you on it but I do hope we can find some way to write the legislation without penalizing my farmers and these other farmers and letting people in other areas of the country go scot-free.

Mr. BERRY. I think it is a matter of preserving a program that you have profited from in Georgia and Florida or running the risk of losing it. If in your Flue-Cured Stabilization Corp., excess supplies of Flue-cured tobacco build up because of the marketing of nonquota or excess Flue-cured under the pretext of Maryland, or if Maryland as a competitive type displaces it, your losses in stabilization will be staggering and you will not be able to defend your program in the estimate of the American taxpayer.

Mr. MATHIS. Well, I think we may be doing just about that now.

Mr. BERRY. I am afraid we will have a far harder charge than we will be able to take care of.

Mr. MATHIS. I thank you.

Mr. STUBBLEFIELD. Thank you so much.

Mr. BERRY. Thank you very much.

Mr. STUBBLEFIELD. Next witness is Mr. Louis Ison, who is president of the Kentucky Farm Bureau Federation, Louisville, Ky.

Mr. ISON. Mr. Chairman, I would like to ask your permission and the permission of the committee, in order to accommodate the Hon. Y. D. Hance, who is operating on a tight time schedule, to take my place on the program.

Mr. STUBBLEFIELD. We will be glad to hear from you, Mr. Hance.

Mr. Y. D. Hance, secretary of agriculture of the State of Maryland.

**STATEMENT OF HON. Y. D. HANCE, SECRETARY OF AGRICULTURE,
STATE OF MARYLAND**

Mr. HANCE. Mr. Chairman, members of the committee, I would like to thank Mr. Ison. I accepted a speaking engagement several weeks ago and I just would be embarrassed to indicate to them that I could not be there.

Mr. STUBBLEFIELD. We will be glad to hear from you, Mr. Secretary.

Mr. HANCE. Thank you.

Mr. Chairman, members of the committee, I am Y. D. Hance, secretary of agriculture for the State of Maryland, and I appreciate the opportunity of appearing before you gentlemen in support of H.R. 6485.

Mr. Chairman, I was a Maryland tobacco producer before taking this assignment and hope to continue my farm operation while serving in this capacity.

We learned this past fall of the large production—over 1 million pounds—of so-called Maryland-type tobacco that had been produced in other Southern tobacco producing States. I say “so-called” Maryland tobacco because the USDA did not grade it as type 32, Maryland tobacco, but rather as “off type.”

The Maryland tobacco farmer is very concerned because we are now in an excellent position as far as the supply and demand situation. In the fifties or sixties we were plagued with an oversupply and our market prices reflected this unfavorable situation. There were many factors that influenced this change, but the leadership in southern Maryland also worked hard to achieve the present healthy sales atmosphere. We do not want to find ourselves in the same predicament again. Maryland has never been able to obtain more than approximately 1,000 to 1,500 pounds to the acre without affecting quality, yet we learn that our type of tobacco produced in other States yielded from 2,500 to 3,000 pounds to the acre. We in Maryland depend on export trade and receive our highest bids from these buyers so quality must be maintained.

We also learned that during the sale of Maryland-type tobacco at the Southern sales, there was other tobacco mixed in with Maryland tobacco. This gave the producers there, who are under poundage controls, an opportunity to dispose of excess poundage from the controlled tobacco acreage. I also wonder if this might not create problems for that program.

As you gentlemen can see, this situation, if it continues, can place Maryland back in an oversupply situation as well as jeopardizing other programs in the Southern States. Further, there may be an effort to bring some of this tobacco into Maryland for sale and this would complicate an orderly market system.

The Maryland tobacco farmer, in cooperation with the State experimental station, is producing a quality of tobacco that is used in cigarettes for its burning quality and I am told that tests indicate Maryland-type 32 tobacco is very low in tar and nicotine. We have worked for many years to develop the quality and kind of tobacco we are now producing and would hate to see our goals jeopardized by new pro-

ducers, on different soils, attempting to accomplish what has taken us quite a few years to develop.

I respectfully urge your favorable consideration of the proposed legislation.

I would like to add, Mr. Chairman, that we are—perhaps it sounds a little selfish on the part of the Maryland tobacco farmer. I do not think there is any farmer in this country that does not want to see its neighboring farmer make more money, increase their income, for goodness knows, we need it. But is this assisting the farmer, that perhaps even next year, we could find ourselves in the same situation we were 10 to 12 years ago, with oversupply, where the manufacturers could come to us in Maryland and say, well, we have got plenty of tobacco, so we will give you 55-cent average, because we have no way of demanding a price for our tobacco? So we then would be in a situation where we are not making money; the individuals outside of the State of Maryland would be in a situation where they are not making any money; and we would all be in a complete mess, as we were 25 years ago, when I sold a Maryland crop on an average for 35 cents a pound.

Thank you, gentlemen. I will be glad to answer any questions.

Mr. STUBBLEFIELD. Thank you, Mr. Hance.

Mr. Mizell?

Mr. MIZELL. Mr. Hance, it has not been too many years ago that you were producing something like 40 million pounds a year.

Mr. HANCE. About 10, sir.

Mr. MIZELL. Maryland tobacco. In your opinion, why the decline in production to some 26 million pounds?

Mr. HANCE. There are many factors involved. One was, of course, the urban spread, the moving of people. Another is that unfortunately, the farms in southern Maryland are small in acreage. There is no possibility of switching to some other crop than tobacco; there are a few exceptions, but generally speaking.

These farmers are growing old. The young people, unfortunately, are not interested in producing tobacco. It makes it difficult, at the price we were getting.

Now, as you heard earlier, we are getting 92 cents this year. This is going to encourage more production because our labor costs are high. So if we can make enough money from the sale of tobacco to hire the labor, we will produce it in Maryland. But the fact is that these farmers are older and their sons moved off the farm, these farms have gone out of existence. So instead of having 47,000 acres, we are at least 25,000 acres under that figure now.

Mr. MIZELL. What was the average price of the Maryland tobacco last year, Mr. Hance?

Mr. HANCE. Approximately 80 to 81 cents.

Mr. MIZELL. And how much increase in production was there from last year to this year, do you have any idea?

Mr. HANCE. No, I could not answer you. It is estimated that we will have approximately 26 million pounds.

Mr. MIZELL. And how many last year?

Mr. HANCE. Last year, we had, I would say, about 25, but do not hold me to that, because I am not certain. I do not remember.

Mr. MIZELL. Well, every indication is that the production of Maryland tobacco, even without quotas, has been steadily on the decline in Maryland. Is this not true?

Mr. HANCE. This is right, sir.

Mr. MIZELL. Well, at what point and where do we draw the line and have to start looking for other areas producing tobacco in order to just meet the demands? We had testimony here earlier that about 50 percent of the crop was for the export market and 50 percent was purchased at home. I was also told today that one of the reasons the price is up so high is because of the tremendous short supply of Maryland tobacco.

Now, how do you suggest in the face of the fact that the production in Maryland is continuing to go down that we are going to be able to meet the need domestically as well as the export need for Maryland tobacco?

Mr. HANCE. My feeling, sir, is that if the tobacco companies will pay the price, we in Maryland will produce tobacco. But the minute that we get over 32 million pounds, we are in trouble. This has been from experience in the past, from my observations in the past, 32 million. Then you see the price fall. The manufacturers—and I do not blame them; we are all in business to make money—but the manufacturers would be interested in getting 40 million, 60 million, 70 million pounds of Maryland tobacco produced anywhere they can produce it. Because do you not see, then they could take this tobacco and take the quality tobacco, the top tobacco, and do what they want to with it. But then the farmer is going to be stuck with the lower grade tobacco. He either will not be able to sell it or have to sacrifice it like I saw done years ago at 2 and 3 cents a pound.

So we in Maryland have been fortunate. God has blessed us with good weather for the last 3 years. We have come up with a good crop, a good quality crop. The Swiss buy 14 percent of our crop. They are the ones that pay 80 cents and over. They are the ones that are pushing the American manufacturers up to pay more if they want this high-quality tobacco.

Now, I am not sure if I have answered your question. If I have not, I will try again.

Mr. MIZELL. Well, you have said that in your opinion, if the price stays up, you will get more Maryland tobacco produced.

Mr. HANCE. I believe this, sir.

Mr. MIZELL. Well, I would say the last 2 marketing years in Maryland tobacco have been excellent years. Yet, we have had, if any increase, it is a very slight increase and the chances are it is because of the good crop that there was an increase, not the increased acreages planted that might have contributed to this fact.

The fact is that the farmland in Maryland is decreasing because of urban growth, as you pointed out.

I appreciate your comments and evidently, you have produced quite a crop this year, from the prices you are getting, and we are delighted to see it, Mr. Hance.

Mr. HANCE. Thank you, sir.

Mr. STUBBLEFIELD. Mr. Jones?

Mr. JONES of North Carolina. Mr. Hance, if the Maryland farmers had continued the control program, is there reason to assume we would not have this bill before us today?

Mr. HANCE. That is would not be before you?

Mr. JONES of North Carolina. If we had retained the quota system?

Mr. HANCE. If we had retained the quota system, there would be no need for this, because with the quota system, it could not be produced in any other State.

Mr. JONES of North Carolina. Any prospects of your farmers voting in a quota system?

Mr. HANCE. I would say no, sir, to be honest with you. I would feel that this would be encouraging to Congress, because we are requiring no association. We are doing it on our own. But it has taken a lot of hard work to do it.

Mr. JONES of North Carolina. Thank you, sir.

Mr. STUBBLEFIELD. Mr. Wampler?

Mr. WAMPLER. Just to refresh my memory, how many times have the Maryland producers been in and out of the price support program? As I recall, they voted it in and then out, then back in and out, several times.

Mr. HANCE. In my time, sir, they made a request soon after I got out of the Army in the early 1950's that they be given a program. After several years, they were given an opportunity to vote a program in, which they voted in.

The education of the Maryland farmer as far as the whole structure was concerned, they do not have the background that the Southern States do in this. They were happy. They voted it out. Then they voted it back in for another period of time and voted it out. Since that time, they have voted on it twice and voted it out twice.

Mr. WAMPLER. I appreciate your refreshing my memory on that. I believe you said in your judgment, confronted with the referendum, they would not approve it now?

Mr. HANCE. In my humble opinion, I do not believe so.

Mr. MIZELL. Will the gentleman yield?

Mr. WAMPLER. Yes, sir.

Mr. MIZELL. You do not think they would consider voting in a quota if they were here this afternoon and and see what is anticipated as far as the spread of Maryland tobacco?

Mr. HANCE. Let me answer your question this way, sir: I would be embarrassed even with all the facts and you gentlemen's questions, to go to southern Maryland and try to persuade them to vote the program back in, where their acreage is controlled, their price is controlled, in a healthy situation as far as market is concerned at this time. I dare say they would not have much respect for my judgment.

Mr. MIZELL. I appreciate your comment and I am convinced that they would not vote it in, either.

Mr. STUBBLEFIELD. Mr. Mathis?

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

Mr. Secretary, what you are asking us to do, then, in other words is to allow the Maryland growers to continue producing outside the program, but to put the Georgia growers who are growing Maryland tobacco into the program?

Mr. HANCE. Sir, the farmers in the Southern States selected being under quota; Maryland people did not. If there was a bill here today, if Flue-cured tobacco was being produced in Maryland today in competition with those producing it in the areas where it is being produced, as a reasonable, thoughtful person, I do not believe that I could sit here and say, well, let the Maryland farmers grow it. If I had been through the situation that I had been through with the Maryland tobacco, knowing what can happen to you on a market that is depressed, and the effects of a depressed market upon my pocketbook, then I would feel the same way.

Mr. MATHIS. But the Maryland growers cannot grow Flue-cured tobacco because the Flue-cured producers have voted the quotas for themselves.

Mr. HANCE. The fact that they are in the program in the Flue-cured areas protects them from the production of their tobacco in any other area.

Mr. MATHIS. I am a little new at Maryland-type tobacco and I hope you will forgive these questions, but what kind of characteristics does Maryland-type tobacco have when it is grown in Maryland?

Mr. HANCE. Well, as I noted in my statement, first of all, we have been told that it has the burning quality which is needed to make a cigarette burn properly, without going out like a pipe or cigar; that it has an aroma which the public likes and enjoys. It is a mild tobacco.

Mr. MATHIS. Is it a white leaf?

Mr. HANCE. Well, you see—maybe I should comment on the fact—I am not an expert in this field and this is only from observation, but I do know that our experimental farm had a great deal of difficulty in some plants reverting back to the Flue-cured. I have had Flue-cured plants pop up in my field from Maryland seed. I cannot tell you where they came from. But it was some cross in the seed or something.

But tobacco itself is the most susceptible plant to pollution, most susceptible plant that I know of to the weather. Therefore, I have to go on my farm and pick out specific areas where I will produce tobacco in order to get the quality desired. I just cannot go out and take any spot on my farm and plant tobacco and expect to get the quality from it.

Mr. MATHIS. Is it a light-leaved tobacco?

Mr. HANCE. Under ideal conditions, it is a very thin, light, chaffy tobacco. The Southern tobacco, where the weight has come from, I cannot tell you the contents, but it was very, very high in moisture. It was wet. Now, our tobacco, they will not let us sell it. It has to be almost crumbling on the floor before the buyers will buy it. This we cannot understand.

Mr. MATHIS. Does it compare to burley tobacco? Is there any danger of Maryland tobacco and burley tobacco being confused? They could not bring burley tobacco on the Maryland market and sell it as Maryland tobacco?

Mr. HANCE. Let me answer you this way. There were some people on the, I think Abingdon, Va., sale, and they could identify tobaccos. I am not saying it was burley or what it is. The leaves were untied and it looked like Maryland tobacco, but you could see all through it other leaves of tobacco. Now, whether it was mixed or this is the char-

acteristic of it growing there, I do not know what the answer is. But there definitely was a problem, because I understood that some of this tobacco was held because it was considered burley and not Maryland. But there definitely was a mixture and different coloring and characteristics of leaves within the pile. Now, whether these leaves came off the same stock or whether they came off other tobacco, I do not know.

Mr. MATHIS. You heard some testimony here earlier today that trained graders were not able to make that kind of distinction. Apparently, you have some farmers that are better than graders.

Mr. HANCE. Let me say this to you, sir, and I only say it as a southern Maryland farmer, in all due respect to all individuals involved: The southern Maryland farmer has never had a great deal of respect for the grader.

Mr. WAMPLER. I think there are members of this subcommittee that are beginning to share that view.

Mr. HANCE. I will have to say that if you were a tobacco producer and I were a tobacco producer, I could pick up a bundle of tobacco and we could grade it differently, depending on the time of day, the light that was on it, and so forth.

Mr. WAMPLER. I am being facetious in my remark. I realize it is a judgment.

Mr. MATHIS. But you can, Mr. Secretary, make a distinction between Maryland-type tobacco as produced in southern Maryland and burley-type tobacco as produced in Kentucky?

Mr. HANCE. Personally, I cannot answer that because I was not on the market and I did not see the burley on the floor. But as far as the Maryland-type tobacco is concerned, you can tell the difference in other tobaccos.

You see, we have three or four different breeds of Maryland tobacco. I think most of what we call 609, which is a heavier bodied tobacco that was developed because we were trying to get a little more weight and still hold quality, I believe these seeds are being used in the South. One of the manufacturers has told me that in Maryland, we may be in trouble if we have a dry season, because this 609 has a tendency to be thick and leathery. As long as it grows fast, it will grow thin. But if you have a dry spell and tobacco stops growing, then your leaf starts to thicken up and your 609 is thicker than what we have called Catocin tobacco, so you have a thicker bodied plant.

Mr. MATHIS. Let me ask you one specific question. If a burley grower over in Kentucky somewhere ended up with excess poundage of burley tobacco and he wanted to get rid of it, could he bring it over to Maryland and sell that tobacco as being Maryland tobacco on the Maryland market?

Mr. HANCE. I do not think there is any law against it, sir. I think he could.

Mr. MATHIS. But there is a law against him selling it as Maryland tobacco, as a matter of fact.

Mr. HANCE. If he came from Virginia to sell the tobacco and he called it Maryland tobacco, it could be sold. It was done years ago in southern Maryland.

Mr. MATHIS. But would your buyers over there be able to tell that that was really burley tobacco instead of Maryland?

Mr. HANCE. I believe they would.

Mr. MATHIS. Then they could also tell that it was not Maryland tobacco that had been produced in Maryland, because we have been told the characteristics of Maryland tobacco became like those of the area in which they are being grown. Your fears that the market in Maryland might be flooded by non-Maryland-grown-Maryland-type tobacco apparently are not well justified if in fact, Maryland tobacco produced in Kentucky becomes burley tobacco.

Mr. HANCE. The point, sir, it could be sold and it would be sold. The buyers would buy it. They did in the past on this other tobacco. But they would not get the price and the stock would probable run against the Maryland tobacco. In other words, it would go to the factory as Maryland tobacco.

Mr. MATHIS. But the Swiss would not buy it?

Mr. HANCE. No, the Swiss would not buy it.

Mr. MATHIS. And the Swiss control the market, because they jack the price up—

Mr. HANCE. They control the top of the market. But they have gotten to the point where everybody wants it, you see, in Maryland.

Mr. MATHIS. With all due respect to all witnesses, Mr. Chairman, I think we have some inconsistencies somewhere this afternoon.

I thank the Secretary very much.

Mr. STUBBLEFIELD. Thank you, Mr. Secretary. We appreciate your testimony.

Mr. HANCE. Thank you, sir.

Mr. STUBBLEFIELD. The next witness is Mr. Louis Ison.

Louis is not a stranger to this committee.

Louis, we are glad to have your testimony today.

STATEMENT OF LOUIS ISON, PRESIDENT, BURLEY TOBACCO GROWERS COOPERATIVE ASSOCIATION, LOUISVILLE, KY.

Mr. Ison. Thank you, Mr. Chairman, members of the committee. I am Louis Ison. I am a burley tobacco grower from Mercer County, Ky., and president of the Kentucky Farm Bureau Federation.

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

At the outset, I would like to make it abundantly clear that Kentucky Farm Bureau supports H.R. 6485 which has been offered in an effort to protect the tobacco industry. We are convinced that the production of Maryland tobacco in the burley belt constitutes a serious threat to the future of burley tobacco. Passage of H.R. 6485 would in effect limit the amount of Maryland tobacco which would be grown in Kentucky and other tobacco-producing areas.

As we see it, the production of Maryland tobacco in the burley producing areas presents a twofold problem:

1. Maryland tobacco, when produced in Kentucky under the same conditions and by the same cultural practices as burley, takes on the

general characteristics of burley and may possibly therefore be used as a substitute for burley. To the extent this should occur, the burley industry would be damaged.

2. Because of the similar characteristics between burley tobacco and Maryland tobacco which is grown in the burley producing areas, and the difficulty graders have of distinguishing these two crops from one another, it is conceivable that excess burley may find its way into the market through the representation that it is Maryland tobacco. It has been indicated that this might occur from the results of offerings which have been made on two or three markets this selling season.

Our members believe that occurrence of either or both of the two situations I have mentioned would be a critical blow to the present burley tobacco program which is operating so successfully. Our members expressed their concern about this situation at our State convention last November when they passed the following resolution:

We are concerned and alarmed over the production of Maryland tobacco in the burley belt and the possibility that this tobacco under the present program might be used in competition with burley tobacco. We urge the Farm Bureau, in cooperation with the burley leadership and the Department of Agriculture, to use every means at its disposal to assure that this does not happen. We further urge that necessary changes in regulations and/or laws be made before the 1973 growing season.

In addition, our State board of directors on March 27, 1973, voted unanimously to aggressively support action by Congress to deal with the problems laid out.

In conclusion, let me say that we earnestly 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 1973 burley tobacco crop.

Thank you.

Mr. STUBBLEFIELD. Thank you, Louis.

Mr. Wampler, do you have any questions?

Mr. WAMPLER. No questions.

Mr. STUBBLEFIELD. Mr. Jones?

Mr. JONES of North Carolina. No questions, Mr. Chairman.

Mr. STUBBLEFIELD. Louis, we appreciate your testimony.

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

Mr. SNODGRASS. Mr. Chairman, Mr. Sledge informed us by telephone that he was unable to attend and he has gotten in touch with his delegation.

Mr. STUBBLEFIELD. The next witness is Mr. Phil Wells, president, Burley Auction Warehouse Association from Sterling, Ky.

We welcome you to this committee, Mr. Wells; we will be glad to have your testimony.

STATEMENT OF PHIL B. WELLS, PRESIDENT, BURLEY AUCTION WAREHOUSE ASSOCIATION, STERLING, KY.

Mr. WELLS. Thank you, Mr. Chairman.

I am Phil Wells, Glasgow, Ky., president of the Burley Auction Warehouse Association. We are a trade association of the owners and operators of over 90 percent of the warehouses that sell burley tobacco in the burley belt, which includes the States of Kentucky, Tennessee, Virginia, West Virginia, Ohio, Indiana, North Carolina, and Missouri.

We represent thousands of people whose income is created by our particular part of the tobacco industry.

Last year, for the first time in tobacco history, a substantial amount of Maryland-type tobacco was grown in many of the burley tobacco producing areas I have named.

As I understand it, true Maryland tobacco, because of its burning qualities, is a desirable ingredient that cigarette manufacturers use as a small percentage of their blends.

I also understand that when the Maryland-type tobacco seed is grown in the traditional burley tobacco areas, and cultivated with the traditional burley tobacco methods, the leaf product of the Maryland-type tobacco takes on many characteristics of burley tobacco.

Because this is a fact, it naturally follows that skilled and experienced tobacco graders, when confronted with such Maryland-type tobacco and true burley tobacco, are generally and honestly unable to distinguish between the two.

This creates a situation in which Maryland tobacco, grown in a burley quota area, could have true burley commingled with it in the same basket. This could definitely provide an outlet for excess burley tobacco and lead to the destruction of our entire production-control program.

All the segments of the burley tobacco industry worked together in support of the burley poundage control program which this committee approved and which was passed by Congress. Subsequently, it received overwhelming approval of burley tobacco growers in referendum. This new program has been highly successful. It has accomplished the following goals:

- (1) Produced a high quality product;
- (2) Reduced surplus CCC stocks; and
- (3) Given much better production control, with less cost to the U.S.

Department of Agriculture.

To allow another type of nonquota tobacco—that takes on both the chemical and physical characteristics of burley—to be grown in burley quota areas would defeat the purpose of our present program and would eventually destroy it.

Because we sincerely believe that the present burley poundage control program has proven to be in the best economic interest of all burley tobacco growers, we respectfully recommend that it be protected by approval of H.R. 6485 and H.R. 6799. Thank you, sir.

Mr. STUBBLEFIELD. Thank you, Mr. Wells. Any questions?

Mr. MIZELL. Mr. Chairman, I do have one question here for Mr. Wells.

Mr. Wells, in your statement, you say that you understand that Maryland tobacco is used in small quantities in the manufacturing of cigarettes.

Mr. WELLS. Yes, sir.

Mr. MIZELL. And I think that is an accurate statement. But with the Maryland tobacco that is grown in the burley areas, we have had testimony here this afternoon that it does not develop the aroma or the flavor of burley tobacco, which would indicate that even if it was purchased by the tobacco companies, it would still be used for the

same purpose that Maryland tobacco is and that is to increase the burning capacity of it. In your judgment, is that accurate?

Mr. WELLS. Yes, sir, I would say so. Of course, in my area, the Maryland tobacco and the burley tobacco, especially in the red grades, are just so much alike you can hardly tell the difference. I have seen both.

Mr. MIZELL. In appearance?

Mr. WELLS. In appearance.

Mr. MIZELL. But how about as far as the flavor and the aroma?

Mr. WELLS. I am not qualified on that, Congressman.

Mr. MIZELL. You are not qualified to say that?

Mr. WELLS. No, sir.

Mr. MIZELL. I think you see the point that I am driving at, that if they were marketed separately, that tobacco that is grown in those areas that is Maryland tobacco would be purchased by the tobacco companies for the same purpose for which they purchase Maryland tobacco, and that is to increase the burning or to establish whatever burning rate they want. If this were the case, then it would not pose any danger to the burley markets. I am talking about the market for burley tobacco with your domestic companies, because if they purchased it, they would be purchasing it for the same purpose.

Now, this does not take care of the problem that I know many of you are concerned about as far as it being actually sold in the burley tobacco program.

Mr. WELLS. Yes, sir.

Mr. MIZELL. I see this as something that is going to have to be corrected one way or the other. Certainly we cannot allow Maryland tobacco to be sold, handled, and marketed as burley; but as long as a tobacco is used for the specific purpose that Maryland tobacco is used for, then it would not pose a threat to the other markets. I am not saying one way or the other, but I think we need to determine that.

Thank you, Mr. Chairman.

Mr. STUBBLEFIELD. Mr. Jones?

Mr. JONES of North Carolina. No questions.

Mr. STUBBLEFIELD. Mr. Wampler?

Mr. WAMPLER. One brief one.

Mr. Wells, you operate a tobacco warehouse yourself, do you not?

Mr. WELLS. Yes, sir, I do.

Mr. WAMPLER. Have you had any experience handling this Maryland 32 tobacco grown in—

Mr. WELLS. Not on the floor. I have seen samples of it that farmers in my area have raised. They would bring it to the warehouse and look at it, but as far as actually selling it on the floor, I have had no experience with it.

Mr. WAMPLER. That was your choice. You could have if you had wanted to, could you not?

Mr. WELLS. Possibly. I did not pursue it.

Mr. WAMPLER. There was no law to prevent it?

Mr. WELLS. No, sir.

Mr. WAMPLER. So obviously, some of your other warehousemen have handled this?

Mr. WELLS. Not in my area, but it was handled in Kentucky, in Lexington.

Mr. WAMPLER. Do you think it would be fair and equitable to pass this legislation at this particular time, in a growing year, when perhaps according to the testimony of other witnesses, several thousand growers have purchased their seed, many of them already have their plants in the ground and have made arrangements, entered into contractual arrangements? Do you think this is fair to pass this particular legislation at this time of the year?

Mr. WELLS. Congressman, I was not aware that many of them have plants in the ground. In my area, they do not. They have adopted a wait-and-see attitude on this. A lot of farmers have come to me and they have taken the attitude to wait and see what comes out of the legislation.

Mr. WAMPLER. This is the thing that disturbs me somewhat about the testimony here this afternoon. I think we have a potential problem here, every witness has said it might do this, it conceivably could do this. But there has not been any hard evidence of what it has done. I may be wrong. This is what disturbs me. I am not sure that we would not be better advised to try this for the remainder of this marketing year, then if it poses the problem that some have said it could, then next year we can take action early, before we enter into another marketing year, before we do irreparable damage to farmers in other areas, maybe even in Kentucky, before we take measures that can cause them damage.

Mr. WELLS. Along the same lines, in my area, it has developed so much larger this year with my producers that I am afraid if we let it continue, it is going to grow and grow and grow.

Mr. WAMPLER. You are going to start marketing some of it, too, are you not?

Mr. WELLS. I do not want to endanger our present program.

Mr. WAMPLER. I do not think anybody wants to do that, really. I want to make the record abundantly clear on that point. But as I say, I am not convinced yet that is going to do what has been the general trend of the testimony here today. All we have been saying is it might do this or conceivably could do this, but as has already been pointed out, only 90 percent of our total burley allotments are being grown now, and you are going to see that go down because of labor and other factors, and we are going to take another look at the program with a view toward perhaps combining them into economic units.

I just wanted to make that observation. I appreciate the testimony.

Mr. JONES of North Carolina [presiding]. Thank you, Mr. Wampler.

If I understand this legislation—and let me assure you, I am not quite sure I do, or what it purports to do—but if I understand it, even if this is enacted into law, in spite of veto threats, it would not in any way control the production of this Maryland and burley type of tobacco, would it?

Mr. WELLS. It would in the areas where they already have a quota.

Mr. JONES of North Carolina. I do not see how we can control the production for the simple reason that they could sell under their quotas.

Mr. WELLS. They could still raise it, that is true.

Mr. JONES of North Carolina. And sell it under their quotas?

Mr. WELLS. That is right.

Mr. JONES of North Carolina. What does this bill do? I think what you are trying to do is control the production of Maryland-type burley tobacco, is that not right?

Mr. WELLS. Yes, sir. In my area, burley tobacco averages 80 cents a pound. You would not find many farmers that would raise the Maryland-type tobacco and charge it back against their quota and sell it for 60 cents a pound.

Mr. JONES of North Carolina. If they can sell it beyond their quotas and pick up the extra 50 or 60 cents, then they can do that?

Mr. WELLS. Yes, sir. At the present time, no quota being on Maryland, they can raise all they want and sell it.

Mr. JONES of North Carolina. Another question. Is not last season the first year this has posed any major threat at all?

Mr. WELLS. Yes, sir, I would say so, in my particular area.

Mr. JONES of North Carolina. Thank you, sir. No further questions. The next witness is also from Kentucky, Mr. William Balden.

STATEMENT OF WILLIAM BALDEN, PRESIDENT, COUNCIL FOR BURLEY TOBACCO, LEXINGTON, KY.

Mr. BALDEN. Mr. Chairman, my name is William Balden of Danville, Ky. I am a full-time farmer and president of the Council for Burley Tobacco. This is an association of organizations, agencies, and individual farmers concerned with burley tobacco production as a basic farm industry and a vital economic generator.

The Council for Burley Tobacco affirms its full support of the provisions of H.R. 6485 as the only positive solution to the perplexing problems which have been created by the spreading production of non-quota Maryland, type 32, tobacco into the traditional burley-producing areas.

The problems arise from the striking similarity of the Maryland type to burley, type 31, when the Maryland type is produced in burley country. An inability to separate the two types could wreck the burley production control and price support programs which, for many years, have provided the burley grower with his only bargaining power and has sustained a highly valuable and widespread economy.

Should our difficulties continue with this similar, cheaper, and competitive nonquota Maryland type, it is foreseeable that the burley production control program could be lost and with it the vital price support structure and the strong economy which it maintains.

We feel it is critical that provisions be enacted for the strict separation and identification of nonquota tobacco.

It is apparent that the problems cannot be resolved without the legislation contained in H.R. 6485, and we would stress the need for expediency to prevent further problems in view of the preparations for the current production year.

We appreciate the opportunity to appear before this committee and state our views.

Mr. STUBBLEFIELD [presiding]. Thank you, Mr. Balden.

Any questions? Mr. Jones?

Mr. JONES of North Carolina. You are aware of the "unpopularity" of tobacco and cigarettes with our urban friends in the Congress?

Mr. BALDEN. Yes, sir, I am fully aware.

Mr. JONES of North Carolina. Would you then suggest that perhaps if this bill became controversial among members of this committee and the full committee, that it would be advisable to try to pursue this at this time in full House action, with the possibility of punitive amendments being added?

Mr. BALDEN. The question of controversy and the question of elimination, as far as we as burley producers are concerned, arises. But we have had controversies before. I, of course, would be the last one to think that we should jeopardize the poundage program that we obtained a couple of years ago. It is most satisfactory as far as all of us as farmers are concerned. We are jeopardizing it maybe in Congress, but we are still jeopardizing it with the addition of Maryland tobacco growth in our areas. So it is up to your judgment as to which is going to be best for us.

Mr. JONES of North Carolina. Well, I can tell you, sir, in all candor, representing one of the largest tobacco producing districts in the Flue-cured belt, that I absolutely would be reluctant and adamantly opposed to trying to pursue legislation which, in committee, might be so controversial—I am not saying this is. I am just stating my general feeling about the whole program.

Mr. BALDEN. May I make one statement?

As far as we as farmers are concerned, I think if the majority of farmers knew what the exact situation was, there would be no controversy on their part. I believe if this type of tobacco were grown in your Flue-cured area under the same conditions as you grow Flue-cured tobacco, firing it as you do Flue-cured tobacco, that you would end up with a tobacco very similar and it would be displacing Flue-cured even more than it would burley.

Mr. JONES of North Carolina. That is all, Mr. Chairman.

Mr. MIZELL. Mr. Chairman, I am reluctant to take this time, but the point I was trying to make a while ago was that regardless of the characteristics of the tobacco, if it is lacking in the aroma and it is lacking in flavor, then the companies that purchase it will be purchasing it for the purpose of using it as they do the Maryland tobacco, would they not?

Mr. BALDEN. If we have farmers in our area who put 20 percent burley in with this Maryland-type tobacco, as is indicated on the warehouse floor that some of them have done, we are going to end up with a type of tobacco that is similar to burley.

Mr. MIZELL. Well, why would they have put 20 percent Maryland in with the tobacco? Did they have a short burley crop? Is that what is precipitating it?

Mr. BALDEN. No, I am saying if they put 20 percent burley in with the Maryland-grown tobacco, their excess burley tobacco—we had a long burley crop and farmers wanted to get rid of what they had on hand all over. If they put this 20 percent in with the Maryland and sold it, it would be additional income to them and it would have the

same flavor and aroma as burley—maybe not as strong, because it would just have the 20 percent.

Mr. MIZELL. I do not think there is any question but what there would be a need to prevent any Maryland tobacco from going into Commodity Credit as that would be damaging to the burley program. We are in agreement on that. It is just how we are going to do it without taking action that might be detrimental to our farmers, especially our small farmers to whom an additional income means a great deal. I am sure you are aware of it.

Mr. BALDEN. This brings up one other point. I believe we as farmers in the State of Kentucky, if we wanted additional income, we can go out and lease all the burley quota that we want if we just look around.

Mr. MIZELL. Then if that is the case, the burley with the support price and everything else and selling for a better price in Kentucky than the Maryland tobacco sells for, then it would be an indication that they are not going to produce a large amount of the Maryland tobacco in Kentucky.

Mr. BALDEN. I do not know. We have some burley farmers in Kentucky who are leasing out their burley quota to get additional money and growing Maryland tobacco. So this is our problem.

Mr. JONES of North Carolina. Will the gentleman yield?

Mr. MIZELL. Yes.

Mr. JONES of North Carolina. Can you lease across county lines?

Mr. BALDEN. No, we are not.

Mr. WAMPLER. Mr. Balden, you are a tobacco farmer yourself?

Mr. BALDEN. Yes.

Mr. WAMPLER. What was your poundage quota in 1972?

Mr. BALDEN. On my farm?

Mr. WAMPLER. Yes.

Mr. BALDEN. 21,000.

Mr. WAMPLER. How would you be classified in your area—an average-size grower, small grower, large grower?

Mr. BALDEN. I would probably be classified as a large grower. I might also add that I leased in tobacco last year and this year I am leasing in additional tobacco.

Mr. WAMPLER. Let me ask you, what has been your experience with that? Has it worked well?

Mr. BALDEN. Yes, it works wonderfully.

Mr. WAMPLER. We had some differences a few years ago about this question of leasing and former Senator Cooper was one of those adamantly opposed to leasing. Burley was excepted when enabling legislation was passed for the leasing of all other types of tobacco.

Mr. BALDEN. Within the last few weeks, I had one farmer want to call me and lease 20,000 acres and another one 7.

Mr. WAMPLER. You are not looking for a partner, are you?

Mr. BALDEN. You can only lease 15.

Mr. WAMPLER. Would you favor the sale of burley tobacco allotments if they were confined within a State?

Mr. BALDEN. I really do not think it would make much difference as far as sale is concerned.

Mr. WAMPLER. The reason I asked is that many of us felt that the leasing should be tried first and eventually, we might have to come

to the sale. But I was just curious as to your experience as a successful tobacco grower in your area.

I thank you very much.

Mr. BALDEN. Thank you very much. Incidentally, I have the statement of the Burley Farmers Advisory Council that I would like to enter into the record, too.

Mr. STUBBLEFIELD. Without objection, it will be entered in the record.

[The above-referred-to statement follows:]

STATEMENT OF ROBERT D. WOODS, PRESIDENT, BURLEY FARMERS ADVISORY COUNCIL

I am Robert D. Woods of Lexington, Kentucky, a farmer and President of the Burley Farmers Advisory Council, which represents growers in 33 major burley-producing counties in Kentucky.

We appreciate the opportunity to enter a statement in the record in support of H.R. 6485, a measure which will resolve the innumerable and complex problems which have been created for us by the spread of uncontrolled and unsupported Maryland Type 32 tobacco from its traditional area of production into burley areas.

When it is produced in the soils and environment of burley country, Maryland Type 32 tobacco develops such a close kinship to true burley type 31, that it becomes indistinguishable and thus unfairly competitive, endangering the very premises of the burley production control and price support program enacted by the Congress.

Because of the almost identical characteristics of the two types, an avenue is provided, under the existing situation, for the disappearance of excess burley under the poundage control program, thus weakening, if not negating, the intent of the Congress. We are greatly disturbed over this danger to the integrity of the production control and price support program.

It is also quite evident that any tobacco with the characteristics of burley may be substituted for burley. The widespread production of the Maryland type in burley areas could create heavy surpluses of burley under price supports, generating pressures that could bring about a collapse of the valuable burley program.

Without price supports and production controls, the base of the strong economy which is vital to us would disappear with widespread and difficult, if not tragic, consequence.

The difficulties we now face apparently cannot be handled adequately enough by regulations by the Department of Agriculture, and the legislation embodied in H.R. 6485 is most necessary. We respectfully urge its enactment, noting the need for expediency in view of the seasonal preparations for tobacco production.

Mr. STUBBLEFIELD. The next witness is Mr. Frank B. Snodgrass, vice president and managing director of the Burley and Dark Leaf Tobacco Export Association, Inc.

Frank, we welcome you before this committee. You are certainly no stranger to this committee, and we are glad to have your testimony.

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

Mr. SNODGRASS. Thank you, Mr. Chairman.

Mr. Chairman and members of the committee: For the record, I am Frank B. Snodgrass, vice president and managing director of the Burley and Dark Leaf Tobacco Export Association, Inc., with offices at 1100 17th Street, NW., Washington, D.C. The association I represent is a federated trade association composed of the following member or-

ganizations representing growers, warehousemen and exporters of tobacco from the eight State burley and dark producing areas:

Association of Dark Leaf Tobacco Dealers & Exporters, Mayfield, Ky.

Burley Auction Warehouse Association, Mountain Sterling, Ky.

Burley Leaf Tobacco Dealers Association, Carrollton, Ky.

Burley Stabilization Corporation, Knoxville, Tenn.

Burley Tobacco Growers Cooperative Association, Lexington, Ky.

Eastern Dark Fired Tobacco Growers Association, Springfield, Tenn.

Stemming District Tobacco Association, Henderson, Ky.

Western Dark Fired Tobacco Growers Association, Murray, Ky.

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

Historically the tobacco grower leadership has been in general agreement prior to requesting the introduction of any tobacco legislation and has spoken with one voice of approval or disapproval on most matters under consideration before this committee. I feel that among tobacco grower leadership such is the case today, since their appears to be no wide spread organized opposition to the approval of H.R. 6485 or the companion bill.

With the endorsement of the tobacco grower leadership and with the approval of this committee, the Congress enacted the acreage-poundage program for tobacco which is being used for Flue-cured production controls. A similar measure to provide a more effective production adjustment program for burley tobacco by establishing farm marketing quotas in pounds rather than in acres was enacted in 1971. These laws were necessary due to the fact that increased yields per acre made it difficult to control production through acreage allotments alone. Yields per acre for burley tobacco increased from an average of 1,316 pounds in the 5-year period 1949-53 to 2,590 pounds per acre in 1970.

The poundage law provided for a referendum of burley tobacco growers to determine whether they favored or opposed the establishment of marketing quotas on a poundage basis. It is necessary for two-thirds or more of the farmers voting in the referendum to approve same, if marketing quotas and price supports are to be in effect. Burley farmers voting in a referendum held May 4, 1971, favored the establishment of marketing quotas on a poundage basis by 96.6 percent. Therefore, poundage quotas have been in effect for the 1971, 1972, and 1973 crops of burley tobacco.

It was our opinion that the enactment of the aforementioned laws would eliminate all production and marketing problems for burley and Flue-cured tobacco. However, last year in the burley area approximately 800,000 to 1 million pounds of tobacco was allegedly produced from Maryland-type tobacco seed. Maryland tobacco is not grown under production controls and the production of this nonquota tobacco in the traditional burley area is jeopardizing the burley program. The burley grower leadership feels that farmers may produce burley tobacco in excess of their farm poundage quotas and attempt to market their excess production as Maryland tobacco. It is also contended that

some tobacco that is represented as being Maryland tobacco is being purchased to displace both burley and Flue-cured as a neutral filler in the blend of cigarettes and other tobacco products. It has been observed that Maryland-type tobacco produced in the burley belt develops burley-like characteristics and is in direct competition with burley production, therefore, posing a serious threat to the burley production control and price support program.

We have been informed that certain buyers have contracted to purchase this year at prices considerably lower than the burley price support level and at a rate far below the average price paid on the auction market for Maryland leaf, a substantially larger volume of Maryland-type tobacco to be produced in Kentucky, Tennessee, Virginia, and North Carolina during the 1973 crop year. This accounts for the urgent need to enact legislation to restrict the production of non-quota tobacco in the traditional areas producing tobacco under quotas, in order to preserve the integrity of the production control program for tobacco. Attempts to remedy this situation by regulation have not been successful, and since the planting season is approaching it is imperative that favorable action be taken on the proposed legislation contained in H.R. 6485.

Briefly, this bill would provide that in an area where producers are engaged in the production of a kind of tobacco traditionally produced under quotas, any nonquota tobacco produced in that area would be subject to the same regulations that apply to the kind of tobacco that has been traditionally produced. Furthermore, if marketing quotas are in effect for more than one kind of tobacco in an area, the production of any nonquota tobacco in that area would be subject to the quota of the kind of tobacco having the highest price support under existing law.

Regulations of the U.S. Department of Agriculture require that Federal tobacco graders inspect all nonquota tobacco prior to removal of said tobacco from the area of production. At a recent inspection held in Lexington, Ky., approximately 40 percent of the tobacco represented as being Maryland-type was graded as burley and was therefore subject to burley production controls.

It is anticipated that the 1973 production of Maryland-type tobacco in the traditional burley and Flue-cured growing areas may exceed 2-million pounds. It is reported that a sizable quantity of Maryland seed has been distributed to growers in those areas and contracts have been made for purchasing the leaf for 55-60 cents per pound. This is in contrast to the average price support level of 78.9 cents per pound, established for the 1973 burley crop and the average price of 87.45 cents per pound paid for Maryland tobacco sold at auction in Maryland on opening day April 10, 1973. It would appear that those contracting for the purchase of Maryland-type leaf production in the burley and Flue-cured areas are taking advantage of the producers, if this tobacco is to be used as Maryland leaf. The same would be true, if it were to be used as substitute for either burley or Flue-cured leaf and this could conceivably contribute to the necessity for a reduction in the quotas, established for burley and Flue-cured production.

On behalf of our membership, I respectfully urge this committee to favorably report H.R. 6485. Further, I recommend that after this

legislation is voted out of the full committee, that it be considered only under a rule that would not permit amendments from the floor.

I thank you for the privilege of appearing before your committee.

Mr. STUBBLEFIELD. Thank you, Frank. We are delighted to have had you testify this afternoon.

Mr. Mizell, any questions?

Mr. MIZELL. Yes, Frank, if I might.

I am told by the manufacturers of cigarettes that they can only use somewhere between 2 and 3 percent of Maryland tobacco in a cigarette and still maintain the flavor and aroma and everything that they would like to have. The rest of it has to be a balance between the Flue-cured and the burley. Now, we had testimony here this afternoon, and I am sure you heard it, that this Maryland tobacco that is grown in the burley area, while it might take on the appearance of burley tobacco and might make it difficult to distinguish between the two in appearance, yet it does not have the aroma of the burley tobacco. If the domestic companies purchase it, would they not be purchasing it for the purpose of using it in the same method as they did in the Maryland tobacco they buy?

Mr. SNODGRASS. Congressman, I would not be in a position to say that. I know that a number of the companies that formerly purchased Maryland tobacco no longer use it in their blends because they have had technological changes that would permit them to use homogenized leaf and sheet to displace the need for the burning quality of Maryland tobacco.

Mr. MIZELL. Do you think that a lot of this was brought about because of the shortage of Maryland leaf being produced?

Mr. SNODGRASS. I think it is an economic matter. They are businessmen. They are trying to get the cheapest tobacco they can so as to retain consumer acceptability of the blend. They are not going to disrupt the blend strictly to substitute some tobacco until they have tried it out.

Mr. MIZELL. Well, if it were possible to establish a method to make sure that the Maryland leaf that is grown in the burley areas was not marketed as burley, would you still be as concerned about what it might do to the market?

Mr. SNODGRASS. Yes; I would. I care not how it is marketed, it is fact that it is going to eventually displace the burley and disrupt our production control and price support system.

Mr. MIZELL. Well, if they can only use up to between 2 and 3 percent of it in the manufacture of cigarettes, then I cannot quite follow your logic in thinking that it would replace burley, or Flue-cured, for that matter, because they will still be able to maintain the acceptability of the cigarette.

Mr. SNODGRASS. Well, there are about 550 million pounds of burley used in cigarettes and about 1 billion—right at 1 billion pounds—of Flue-cured and 2 percent of that would be only about 7 million pounds. And they are buying that much of the traditional Maryland type at the present time, because only about 12 to 15 million pounds of the crop is being exported out of a 26 million pound production. I think the Department witnesses testified today that there were about 72

million pounds carryover. With a 26 million pound disappearance, that is 3 years supply of Maryland leaf.

Mr. MIZELL. If I recall correctly, I was told by one company that they purchased about 9 million pounds of Maryland tobacco for their cigarette manufacturing.

Mr. SNODGRASS. From the Maryland auction?

Mr. MIZELL. He did not distinguish between the two. It was just Maryland tobacco. They could not have purchased too much Maryland, because there was not too much grown at this time.

I appreciate your testimony, Frank, and certainly we commend you on the job you are doing on behalf of the growers.

Mr. STUBBLEFIELD. Mr. Jones?

Mr. JONES of North Carolina. Mr. Chairman, it is 5:15 p.m., therefore, I have no questions.

Mr. WAMPLER. Let me ask one brief question. We all hold Mr. Snodgrass in high esteem in this subcommittee because of the vast knowledge he holds of the tobacco industry and also the mechanics of the legislation and the practical aspects of that particular problem.

Mr. Snodgrass, in your judgment, considering the organizations that you represent, unless there was a substantial agreement in this subcommittee for the enactment of this legislation, would it be your position that it would be better to let it be passed over without prejudice and then get another year's experience on it?

Mr. SNODGRASS. My answer to that is I would not want the bill to go to the floor unless we were in a position that we thought we could get it passed on a unanimous consent calendar, without amendments.

Mr. WAMPLER. I share your concern about that, because procedurally speaking, should we ever take a tobacco bill to the floor where it was subject to amendment, I would not want to be the one to put it in that jeopardy where there is a possibility it would be destroyed.

I appreciate your answer.

Mr. STUBBLEFIELD. Mr. Mathis?

Mr. MATHIS. I just want to ask one question of Mr. Snodgrass, whom we do indeed hold in high regard in this subcommittee.

If this Maryland-type tobacco being produced in Kentucky assumes the characteristics of burley tobacco and becomes almost indistinguishable to the graders and tobacco companies, how can the people who produce this Maryland-type of tobacco afford to do it for the price they are apparently getting? That is, an average of 60 something cents a pound?

Does it cost more to produce burley-type tobacco than it does Maryland-type in Kentucky?

Mr. SNODGRASS. I would not think so because they are not getting as high yield out of the Maryland-type leaf. Most of this is being produced with family-type labor. To answer your question, the average allotment, acreage-wise, for the entire burley belt is about seven-tenths of an acre, so you do not have any large fat cats in it. They are in the minority.

The same is true for Maryland type. They have the children working. It is supplemental income, but if it is going to be to the detriment of their primary income that they can depend on for cash income every year, I think it is best that we take a look at it.

Mr. MATHIS. Thank you very much.

Mr. STUBBLEFIELD. Any other questions?

[No response.]

Mr. STUBBLEFIELD. Thank you so much, Frank.

The next witness is Mr. William Gess, an attorney from Lexington, Ky.

Mr. Gess, we are happy to have you with us this afternoon.

STATEMENT OF WILLIAM GESS, ATTORNEY, LEXINGTON, KY.

Mr. GESS. Thank you, Mr. Chairman, gentlemen. I am accustomed to being the anchor man.

I must be apologetic, though, for the hour and the period of time you have been sitting here listening to our leaders, and I use the word advisedly, and our spokesmen for the burley tobacco industry.

Now, with the exception of Mr. Cozart, there has not been a gentleman to appear before you today that has spoken for the tobacco grower, the farmer.

I am a farmer. My quota this year is 59,484 pounds burley type 31 tobacco.

Mr. MIZELL. Is that all?

Mr. GESS. That is all. That is about 39 percent of what it was some years ago. I still have the same 1,000 acres I had at that time.

We have taken our reductions and we have taken our lumps all through this thing and the average farmer in eastern Kentucky, southeastern Kentucky, western Kentucky, central Kentucky, is very definitely in need of another cash crop. We have tried turnips, we have tried potatoes, I have even tried cabbage and it grew beautifully, but there was not a market for it.

Now, I want the record to show that I am here today in dual capacity. I represent Oldham-Moore Co., loose leaf tobacco dealers of Live Oak, Fla., Nashville, Tenn., Carthage, Tenn., Springfield, Ky., and Lexington, Ky. But more importantly, I am here representing a substantial group of central Kentucky farmers who produced Maryland tobacco in Kentucky in 1972. I have with me today one such farmer, James William Barton, Jr., at the end of the table. He produced Maryland tobacco in Fayette County, Ky., in 1971 and again in 1972. Unfortunately, our farmers do not have a source of funds, dues; they do not belong to an organization that would supply them with mileage or a ticket to come here.

I became very much interested in Maryland tobacco personally as another source of income. I have studied it as industriously as I know how. I have assembled material, reference work from our library at the College of Agriculture, University of Kentucky. I have obtained material from the Experiment Station at College Park, University of Maryland. While I have never produced personally a pound of Maryland tobacco—I had a client several years ago, Walter J. Samson, who owns a farm in Fayette, Scott, and Woodford Counties, Ky., who produced a total of 455 acres of tobacco, consisting of 70 acres of Maryland tobacco, 50 acres of, roughly, cigar leaf tobacco, 125 to 135 acres of a new type of tobacco called low nicotine. The Department of Agriculture in Washington, after many, many years of an up-

hill battle, finally gave that particular type of low nicotine tobacco produced in Kentucky a new type number—31-V—the “V” standing for Dr. W. D. Valeo, a dedicated man at the University of Kentucky—now paralyzed, I am sorry to say. Plus the burley tobacco, all grown on that one farm, in each of some 3 or 4 years in the late 1950’s and early 1960’s. We had no problem in distinguishing between those four different types of tobacco. But the Kentucky State ASCS committee and our county committees were very rigid, and justifiably so, in distinguishing, marking these various types of tobacco. Each type had to be grown in a separate field or separate fields. There had to be signs, painted signs up on steel posts, saying what kind of tobacco this is. When it went into a barn, then you had to put a sign on the barn, this barn contains type 31-C tobacco, this barn contains type 31 burley tobacco, et cetera, et cetera, right down the line.

Now, this year they have similarly put into effect at the request of these dealers in tobacco very rigid regulations and instructions which have been adopted by ASC. They have come out and measured the tobacco. They have counted the number of plants in the row. They have measured the distance between the rows. They have taken a leaf and counted the leaf and have asked the farmer, what production do you anticipate that you will have?

Well, they have to guess because no one knows what a crop of Maryland tobacco is going to do until after it has been tomahawked from the ground, speared, and put up in a barn to cure, just like burley cures, air-cured.

All right. They have then returned, they being representatives of the ASC, have returned to the barn to see the tobacco hanging in the barn. There again has been another counting.

Under the contract with these tobacco dealers, you are to not strip your Maryland tobacco if you are in a burley area until after all of your burley type 31 tobacco has been stripped and marketed.

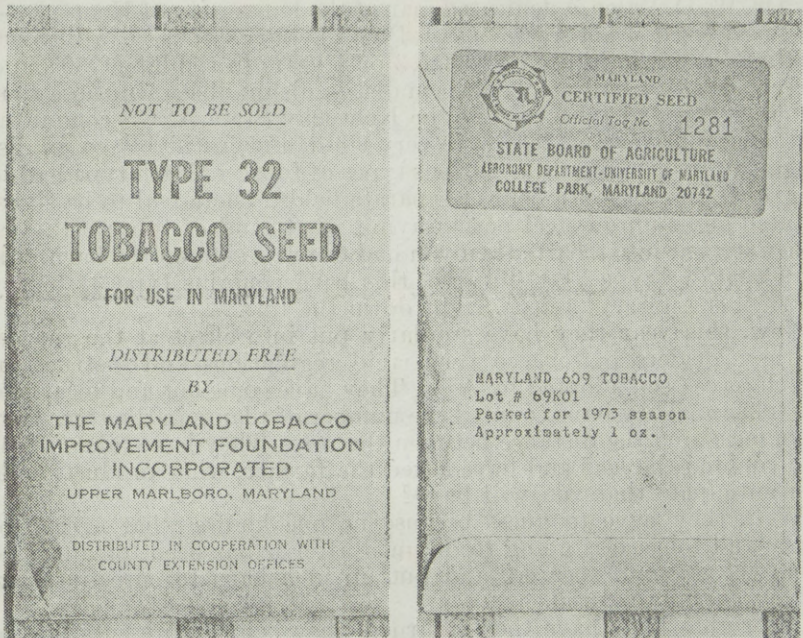
Now, in response, Mr. Wampler, to your line of questioning as to whether or not we are somewhat late this year in bringing up this bill to have it effective now, there are many plant beds in Kentucky, central Kentucky, that have already been sown in the seed, all certified Maryland tobacco seed. It is called—well, the entire label says “not to be sold” at the top. “Type 32 tobacco seed for use in Maryland, distributed free by the Maryland Tobacco Improvement Foundation, Inc., Upper Marlboro, Md., distributed in cooperation with County Extension Offices.”

On the reverse side you have a seal. I have not opened mine this year, 1 ounce. “Maryland certified seed, official tag number 1281, State Board of Agriculture, Agronomy Department, University of Maryland, College Park, Md.” Down below, it says: “Maryland 609 tobacco”—reference was made to this particular variety of type 32 tobacco—“Lot No. 69K01, packed for 1973 season, approximately 1 ounce.”

I would like to present to the committee, make it a part of the record, a photostat of both the face and the reverse side of my package of seed for 1973, if I may.

Mr. STUBBLEFIELD. Without objection, it is so ordered.

[The above referred to material follows:]



Mr. GESS. Now, a considerable time has been spent here this afternoon in talking about the relative prices on burley tobacco and a Maryland-type tobacco grown in Kentucky or grown elsewhere that are received by the farmer. Gentlemen, what these gentlemen who have preceded me are talking about is what is the cash flow, what is the gross amount that the farmer receives for his tobacco. I am here to tell you that at 60 cents a pound for Maryland tobacco, I am convinced that I can make a higher net profit than I can for my burley tobacco per pound at 80 or 81 cents, and I think that is about what I averaged this past season.

There are several reasons. No. 1 is the growing season of a Maryland-type tobacco, whether it is in Maryland, whether it is in Kentucky, North Carolina, Tennessee, Virginia, or where, is approximately 60 days, much shorter than the burley production season, growing season. At about 60 days after the transplanting of that tobacco, then you top and there is no question about where you top, because here is the bloom and here are the four or five top leaves. The rest of the tobacco, Maryland tobacco, is pointed down to the ground.

Ten days after that, approximately, then you cut your Maryland tobacco and you hang it in the barn. It is much easier to handle than is burley tobacco, I am told by some 23 different farmers that produced it in central Kentucky this year. You do not have the weight problem, you do not have that big stalk like you do in a burley tobacco. It does not take two men on each rail to get your tobacco up to the next to the top rail. You do not go to the top anymore; it is too damn heavy to get up there.

Now, it costs you just the same amount of money to plow your plant bed and sow your seed whether it is burley or whether it is Maryland. From that point on, I say the difference is remarkable.

You plow Maryland tobacco according to the handbook, "Culture on Maryland Tobacco," produced by the experiment station in College Park, Md. Your fertilization is 500 pounds per acre or less commercial fertilizer as compared to a ton, 2,500 pounds, that we use now to see how heavy a crop of burley we can produce. Because heavy as it is, as dark as it is, as off colored as it is, it still sells.

You do not use MH-30. That is expensive, less so than it was a few years ago because you do not have suckers. Your Maryland tobacco has grown that quickly. If you do happen to have a few suckers, then you put on a control, contact type of thing. Then you take your tobacco to the barn. And you let it stay there.

If you have a burley quota, do not be accused like these newspaper articles have accused every farmer in central Kentucky of being susceptible of committing fraud with it. Strip out your burley tobacco. That is what these farmers have been told, and take it to market.

Back to the economics. Burley tobacco should be stripped in at least three grades, although the labor cost is such that quite a number of producers of burley tobacco are stripping it all in one grade and getting just 1 or 2 cents below what you would average if you put it in two grades or in three grades.

Now, on the other hand, when you take your stalk of Maryland tobacco, your stick and your stalks—there are two or three methods of getting it stripped in a hurry. You have a board with a hole bored in it just a little bit larger than the end of your stalk of Maryland tobacco. Pull it through. Let the leaves drop on a sheet—I call it a burlap sack. Do not tie it, do not touch it again. Or you can draw this stalk through two rows of nails on the outside of a board. Or, as Jim Barton does, he just takes his hands and throws it right and left.

Now, with your permission, Mr. Chairman and gentlemen, I would like for James William Barton, Jr., of Leestown Road, Fayette County, Ky., to tell you the figures that he and his brother took off of their records last night in conjunction with their reporting their income tax for the year 1972.

Gentlemen, this is Mr. Barton and he will give you a comparison between the two costs. I think he is wrong on one figure, but listen to him, please.

Mr. STUBBLEFIELD. Mr. Barton, we will be glad to hear from you.

STATEMENT OF JAMES WILLIAM BARTON, JR., FAYETTE COUNTY, KY.

Mr. BARTON. It is kind of thinking ahead of time, but to give you an idea of the size operation we operate, by brother and I farm together with the people I rent with. This land is in Fayette, Bourbon, Scott, and Owen County in Kentucky. We have 2,379 acres. Our burley allotment is 138,000 pounds. This past year, we grew about 30,000 pounds over this allotment. This allotment was all sold before the end of the selling season in that we leased other peoples' tobacco in and got rid of it. At the end of the year, we had approximately 500 pounds of tobacco left and it is still in the bar back home, where the ASC of-

fice knows it is. We grew approximately 8,500 pounds of Maryland tobacco. This was our second year. We had grown 2 acres last year, produced about 4,500 pounds and it was sold as Maryland tobacco to one of the domestic tobacco companies. This year, we had 63 and six-hundredths acres of Maryland tobacco that produced approximately 8,500 pounds of tobacco. It was sold to the Oldham and Moore. Approximately about 7,500 pounds of it have been designated as Maryland tobacco. I have about 1,500 pounds that at the present time is graded NOG, which we are told means burley. We cannot tell any difference in it. We just threw the tobacco on the floor and they picked out 15 piles, I believe that at the present time is designated burley.

But our costs on the thing, our bed costs are the same. We figure it costs us 2 cents a pound to produce the beds for both burley and Maryland. Our fertilization cost for burley, it cost us 5 cents a pound; for Maryland, it is a penny a pound.

To harvest, which includes setting—we spray our ground for weeds. My Maryland was not plowed at all last year. Our burley was plowed once. But all of our costs to harvest amount to 3 cents a pound for both. There is not really that much difference between them.

At harvest time, I did a little different than most other people did. Our Maryland tobacco had a tremendous hail storm and wind storm on it the day we started cutting. We had a half acre in the barn when the storm hit. In the process, my Maryland this year cost me 12 cents a pound to house against 10 cents for my burley, but this was not true of the other farmers in the area.

Our curing costs, which include depreciation on our barns and all of the costs that go into curing tobacco, are 3 cents a pound for burley, 2 cents for Maryland. The difference here is that we raised 9,000 plants per acre in burley, you raise 6,000 in Maryland. It just takes a third less barn room and you can get it in.

Our stripping costs. I strip my burley in one grade, the cheapest way I can get it off. It still costs me 9 cents a pound to do it. My Maryland, we took the stalk, held the stalk in one hand and just ripped the stalk out and all the leaves fell off. It cost me $2\frac{1}{2}$ cents to do that.

On selling and hauling burley, it cost us 4 cents a pound. It cost us half-cent a pound to get our Maryland to town.

I came up with 36 cents a pound it cost me to raise burley tobacco, 23 cents to raise Maryland.

When I extend it down, we got around an 80 cent average for our burley. I had 44 cents net left to my investment. On Maryland, I had 37 cents. This gives me my pounds, my burley pounds, actually using that figure, worth 7 cents.

So Mr. Wampler was talking about leasing tobacco. You can lease tobacco. If you pay more than 7 cents you are losing money, according to my figures right here. This is why we are looking at it as a money making thing. We have hogs, we have cattle, we have corn, we have soybeans, we have everything. We also have one hell of a debt that we have to pay and this is one of the things. In the last 2 years, we have gotten \$10,000 from these two little crops of tobacco and it helped out. That is why we are interested.

I already have seeds home. This is my seed. It is going in the ground when I go home if it is dry enough. I already have 200 feet of beds sown, which will be enough if it continues on to do about 4 acres. We are planning on raising about 7 acres again.

But the statement has been made on this tobacco. We are not growing it under burley cultural practices. We are growing it as near to Maryland practices as we can. There was a group of farmers from south Georgia and Florida in my place 2 months ago now, because I understand they are getting ready to set their tobacco next week. They do not want to grow Maryland tobacco under Flue-cured conditions. They want to grow it as near to Maryland conditions as they can get. They want to produce Maryland tobacco. They do not want to produce Maryland tobacco grown in Florida or North Carolina or Virginia or Kentucky. They want to grow the same tobacco that they are selling 35 miles from here today.

We think that we can grow tobacco that the Swiss would buy. As a matter of fact, we know we can if it is grown under conditions comparable to Maryland.

Sure, if we grow it under burley conditions, we are going to get some of what somebody called bastard tobacco. That is just what it would be. It would not be burley or Maryland. But that is not what we are trying to do. We are trying to grow a very good quality Maryland tobacco that has a use and we figure that we can grow it to an economic advantage to ourselves.

Thank you, sir.

MR. GESS. Mr. Chairman, I neglected to introduce the gentleman to my right. It is Mr. Miller, who is an associate of mine in the practice of law and who did 99 percent of this research for which I just claimed credit.

MR. STUBBLEFIELD. Would Mr. Miller like to make a statement?

MR. GESS. No.

The handbook that I referred to I would like to file in evidence. It is called "Handbook on the Culture of Maryland Tobacco." It is published by Oldham & Moore Co., but all the material in the book is furnished by the experiment station of the University of Maryland.

Now, as to this Maryland tobacco taking on the characteristics of burley tobacco when it is grown in a burley production area, that is for the birds, provided that the farmer follows the advice and the instructions contained in this booklet. Every farmer who enters into a contract to produce this tobacco for Oldham and Moore Co. receives one of these books, plus he has several visits to his farm during the year where suggestions are made.

Now, we talked about John Breckinridge's bill and this tobacco not being inherent to Kentucky. Until 1964, the only tobacco produced in Kentucky, I am told by the professors, the doctors at the College of Agriculture, University of Kentucky, was Maryland tobacco. In 1864, they changed the name to white burley. Since 1864, the name "white" has been dropped and it is burley.

Now, as to the distinguishing between the two tobaccos, we have obtained affidavits from growers, from dealers, from redryers and a manufacturer. We have taken ex parte depositions, notwithstanding the fact that we knew who our opposition was, the gentlemen who

have preceded us on this program. Beginning on February 1, 1973, there was one article right after the other in the Louisville and Lexington newspapers: "Maryland Seen as Threat to Burley; John Berry writes a letter," and they quote him in detail in the letter. Or Homer V. Young, executive director of the Kentucky State ASCS Committee, makes statements that this is burley tobacco until it is proven to be otherwise, and so forth, and so on. All of this adverse publicity to another cash crop in Kentucky resulted in more than 2,000 people appearing at the United Tobacco Warehouse in Lexington, Ky., on February 12, 1973. Mr. Laisson, who is the head of the grading service in Lexington, and perhaps all over the country—I do not know—inquired as to what provision was going to be made to permit the orderly inspection of this tobacco. The area in which this Maryland tobacco was on piles was roped off and the warehousemen employed two policemen to keep people back behind these ropes. There was no disorder. There were a lot of vocal remarks, that is nothing but burley tobacco out there. And here are these qualified eminently qualified experts, trying to grade this tobacco as best they knew how to grade it, using, hopefully—that is what we thought at the time, their independent judgment. But 38 percent, according to Homer Young, of that tobacco was graded something other than Maryland. And in his newspaper article the next morning, he gives the number of piles and the pounds of tobacco that was graded Maryland, the number of pounds that was graded NOG—nothing—burley because it was being exhibited and graded and certified and inspected in a burley area. Then we had three piles of Flue-cured tobacco.

Well, the Flue-cured tobacco happened to be some leaves that some children went out on the farm of George Cutshaw in Scott County and picked up out of the field. They brought them in because they were wet and spread them on the floor of the New Independent Tobacco Warehouse. And when they cured out, they cured out real light colored. So they were Flue-cured.

We had a professional photographer come out and make pictures of these tobaccos down the road. We thought the appropriate name to give to the results of that inspection, certification, and grading would be checkerboard; first pile, NOG on it, Maryland type 32; next pile, NOG, burley, type 31; the next pile, B4FR, burley grade.

Gentlemen, I realize the lateness of the hour and I have much, much to say. But I am just wondering if it would not be appropriate for me to request to send to you or whoever you designate affidavits, many of them, with exhibits attached, the exhibits being the pile tickets or the basket tickets, how they were originally marked, the name of the farmer, the serial number of his farm, nonquota tobacco, and so forth, and then up in the corner, where it is printed in the certificate on this ticket required by the Department of Agriculture, "Type 31." That was originally stricken in pen and ink and "32" put on it. But Mr. Laisson did not like that, so the warehouseman had to go back and rewrite all of these tickets and leave it "Type 31."

Then we will see a grade where it is NOG-OT, meaning off type, Maryland 32 tobacco. Then Mr. Laisson or one of his inspectors—supervisors, excuse me—would come back and strike out the "OT" and convert it just like that into burley.

I am told by agronomists and by the people at the University of Kentucky and at the University of Maryland that genetically, it is not possible to produce two types of tobacco on the same stalk, much less three. But here, James William Barton, his tobacco was selected at random for this photographer to take these colored pictures. What did he have—Maryland, burley, Maryland, burley, Maryland, burley—is that correct?

Mr. BARTON. That is right.

Mr. GESS. All from the same stalks of tobacco, grown from plants taken from the same plant bed, planted in the same field, housed in the same barn, stripped in the same barn, and brought to the same market.

Gentlemen, there is no question in my mind but that the first set of graders—they call them a team of graders—that came to United Tobacco Warehouse on February 1, 1973, were all qualified men, dedicated. But they were operating under the most extreme pressure—all this adverse newspaper publicity, television, one program right after another, radio—what is going to happen to our burley industry? These same graders were Springfield, Kentucky, some of them, on January 11, 1973, in the Washington County Co-Op Warehouse, where every pile of tobacco was graded NOG-OT and bought by James I. Miller Tobacco Co. through his subsidiary, Springfield Redryers.

Now, in Carthage, Tenn., they had a problem. Some 38,000 pounds of Maryland tobacco, all of it graded Maryland, with the exception of five or six, and great alarm has been expressed because two gentlemen from Washington were there on the floor and suggested that if the bulk of this tobacco is Maryland, then these little five or six baskets down here must be. As a matter of fact, Mr. Jack Thomason, director, Tobacco Division, wrote a letter of instructions—I believe the date of that letter was January 23, 1973—to these graders or inspectors. The sum and substance of it was if a majority of this tobacco is found to be one type, then the balance of the tobacco produced by the same farmer and so forth should be that tobacco.

I would like, if I may, to send to you these executive affidavits and ex parte depositions, particularly those of the farmers that produced this tobacco and how they can tell the distinguishing characteristics; further, affidavits of persons who were on the floor of United Tobacco Warehouse on February 12, 1973, again when the second set of graders came in, inspectors, which was March 21, 1973. This time they were all supervisors, men with years of experience.

Then the third occurred 2 days later, March 23, 1973. I want to tell you gentlemen, tobacco that was certified and graded on February 12, 1973, as burley tobacco was certified on March 21, 1973, as Maryland tobacco, and tobacco that was certified and graded as burley tobacco on March 21, 1973, was regraded and recertified on March 23 as Maryland tobacco.

Now, in these affidavits, they quote by name, by date, by place what these inspectors said. The principal statement was, if I was grading this tobacco in Maryland, I would have to put a Maryland grade on it.

Thank you, gentlemen.

Mr. STUBBLEFIELD. These affidavits will be made a part of the files.

Mr. GESS. I would like it to be made a part of the record.

Mr. STUBBLEFIELD. We do not know how thick it is going to be.

Mr. GESS. I brought them with me.

Mr. STUBBLEFIELD. Let us see them.

Mr. GESS. Two suitcases.

Mr. STUBBLEFIELD. We cannot make them a part of the record. We can make it a part of the file. The Chairman has a hard rule about bulking up the record, but we will make it a part of the file.

Mr. GESS. I will amend my request to make it a part of the file as opposed to a part of the record.

Mr. STUBBLEFIELD. It will be made a part of the file and your testimony, of course, will be made a part of the record.

Mr. GESS. I do not care so much about that.

[The above referred to material may be found in the files of the subcommittee.]

Mr. STUBBLEFIELD. Gentlemen, we appreciate your being here. As you say, the hour is late.

Are there any questions?

Mr. GESS. Mr. Chairman, I neglected to say just one thing. I do believe this is really pertinent. This is but one illustration of many that I can give you. There is a gentleman in Owensboro, Ky., whose name is William Kuegel. I understand he is a farmer and warehouseman. On March 7, 1973, he entered into a contract with Oldham-Moore Co. to produce 10 acres of Maryland type 32 tobacco in 1973 for the amount of 60 cents per pound, delivered to the Lexington, Ky., market between February 1 and March 1, 1974. This contract was returned to Oldham-Moore and on the reverse side, written in long-hand was a notation and I quote,

Oldham-Moore Company, attention Carl Barnes: Carl, was talking to Albert Clay and he said he had just come from Washington and Legislation was going to be passed where Maryland Tobacco would have to be sold on your present base, therefore I cannot honor our contract. Contract enclosed. Seed enclosed. William Kuegel.

[A photo-copy of the contract referred to above may be found in the files of the committee.]

I would like to say in all fairness, I called Albert Clay in Mount Sterling, and I said, this is very interesting, Albert, I am going to send you a copy.

Mr. STUBBLEFIELD. Any questions?

Mr. MIZELL. Just one, Mr. Chairman. I really have not received a distinct answer for this question all afternoon and I am still trying.

The chairman said make the question short and the response short.

The Maryland tobacco that is grown in the burley areas, in Kentucky in the burley areas, does it have the flavor and the aroma of the burley tobacco and could it be substituted for what burley is used for?

Mr. GESS. It has no aroma; it has no taste. The taste, people that have tried to chew it say it is like chewing cardboard. It has none of the appearances of burley tobacco when it is growing, nor when the leaf has been cured and stripped from the stalk. When it is growing, the leaves turn toward the ground. They are pointed. They have either a greenish hue or they are cherry red. It is all in these affidavits.

Mr. MIZELL. In your opinion, the companies that buy this Maryland tobacco that is grown in Kentucky buy it for the same purposes as they do the Maryland tobacco that is grown in Maryland?

Mr. GESS. Yes, sir, absolutely. Oldham-Moore are on the Maryland market the day before yesterday, yesterday, and again today, buying this tobacco and they are looking every place they can to get it.

I may also, if you wish, I can send you some beautiful colored pictures of Maryland tobacco being produced in Brazil.

Mr. MIZELL. I thank you.

Mr. STUBBLEFIELD. Mr. Jones?

Mr. JONES of North Carolina. Mr. Chairman, it is 6 o'clock, but I have one brief question of Mr. Barton.

Did you plant your entire burley allotment in addition to the 8,000 pounds of Maryland you produced?

Mr. BARTON. Yes, sir, like I said, I had 30,000 pounds excess burley over top of my allotment, because of the good weather.

Mr. JONES of North Carolina. I am sure you have other farmers of your size, some larger and smaller. To the best of your knowledge, did any of those by choice fail to produce their entire burley allotment in favor of the Maryland production?

Mr. BARTON. I know of one person, because of distance—he owned a farm a great deal of distance away from me and he leased his burley allotment out to a neighbor. Then along in July, he found some Maryland plants and he had some tenants grow about 2 acres of Maryland on that farm.

Mr. JONES of North Carolina. But the general practice was that the Kentucky farmers did——

Mr. BARTON. They grow the burley first.

Mr. JONES of North Carolina. And the other is excess?

Mr. BARTON. Yes, sir, it is additional income.

Mr. JONES of North Carolina. Mr. Chairman, that is all.

Mr. WAMPLER. You have made a very interesting witness.

Mr. STUBBLEFIELD. Thank you, gentlemen, for your testimony.

The next witness is Mr. George Stiles, president of the Kentucky National Farmers Organization, Howardtown, Ky.

STATEMENT OF GEORGE STILES, PRESIDENT, KENTUCKY NATIONAL FARMERS ORGANIZATION, HOWARDTOWN, KY.

Mr. STILES. Mr. Chairman, members of the committee, my name is George Stiles, I am president of the National Farmers Organization in Kentucky (NFO). I appear today on behalf of the membership in Kentucky to urge you to pass H.R. 6485 immediately, before tobacco farmers make their final plans for the 1973 crop.

The Maryland-type 32 tobacco when grown in Kentucky environment seems to take on the characteristics of burley type 31, and it becomes almost impossible to distinguish between the two. In fact, according to a tobacco manufacturing executive, they are now using a considerable amount of Maryland type to replace burley in their processing. Incidentally, Mr. Chairman, I am a farmer and I produce burley tobacco, small allotment, and I did see the tobacco in Springfield. They were not there together. The burley was not there along with the Maryland type, but I could not tell the difference. Of course, I did not have them right side by side to compare, I will admit that.

Mr. STUBBLEFIELD. Was that the Washington County——

Mr. STILES. That is Washington County, Springfield, Ky., you are right.

Farmers are now producing this Maryland-type tobacco in Kentucky for \$60 per hundred or less which puts burley in a very perilous situation, since burley is under quota and supported at a price well above \$60. One can readily see that this nonquota tobacco can soon ruin our present program.

The Maryland tobacco market has just opened at an average price of approximately \$77. Think what will happen to their market if we continue increased production of that type tobacco at \$60 per hundred.

Since Maryland-type tobacco grown in Kentucky is so similar to burley it can be intermingled, switched around and juggled so easily; in my estimation, our present program will be destroyed.

Farmers in many counties indicate that they are going to raise large acreage of Maryland tobacco this year. Some large burley producers say that they are going to lease out their burley quota and then, put in large acreage of Maryland on their own farms.

The supply management program we now have, which took years to get, will go down the drain, and the greatest industry Kentucky ever had will be ruined and this might include some other States along with it.

NFO was founded and committed to and for the family type farmer. Cost of production plus a reasonable profit is our goal for all farm commodities. For this reason, we do not want to see our present burley program destroyed. This is one of the few commodities that has the cost of production plus a reasonable profit pretty well in it since it is supported according to parity.

If we stand by and not speak out against a program that will destroy our present burley program, then, we have forgotten the reason NFO was founded. Therefore, we support H.R. 6485, and urge its speedy passage.

Thank you so much.

Mr. STUBBLEFIELD. Thank you, Mr. Stiles.

Any questions?

Mr. MIZELL. No questions, Mr. Chairman.

Mr. JONES of North Carolina. No questions.

Mr. WAMPLER. No questions.

Mr. MATHIS. I would just like to ask one question and it will require a very brief answer, I am sure. In the second paragraph of your statement, you said a tobacco manufacturing executive said they were now using a considerable amount of Maryland type to replace burley in their processing. Would you mind telling us who that was?

Mr. STILES. That is an ex-employee of Liggett & Myers.

Mr. MATHIS. Ex-employee?

Mr. STILES. Yes, I would say he is an ex-executive. He is retired.

Does that answer your question, sir?

Mr. MATHIS. Well, it does not. I do not know who he is, but I know for whom he works.

Mr. STILES. I can get it for you and answer it.

Mr. BERRY. Mr. Chairman, I would not attempt to ask for time to reply to Mr. Gess' excellent testimony, but I would like to submit into the record a publication entitled "South America's Tobacco In-

dustry" from the U.S. Department of Agriculture, 1972 issue, this table, "Brazil, estimated production of tobacco by kind, 1958 to 1970."

I do not know what has occurred since 1970, but here are the types of tobacco grown in Brazil—twist cigar, native flue, Virginia flue, native air, burley, and there is no mention of burley being grown—of Maryland, I mean, and no one knows of any imports of Maryland tobacco from the country of Brazil.

Mr. STUBBLEFIELD. You just want the table in the record, is that right?

Mr. BERRY. Yes.

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

[The above-referred-to table follows:]

BRAZIL: ESTIMATED PRODUCTION OF TOBACCO, BY KIND, 1958-70

[Thousand pounds]

Crop year	Twist ¹	Cigar ²	Native Flue ³	"Virginia" Flue	Native air ⁴	Burley	Total
1958	101,412	61,729	97,553	4,685	38,865	3,748	307,992
1959	99,207	60,935	84,771	6,173	19,760	3,968	274,814
1960	106,923	71,650	102,955	9,114	29,806	3,428	323,876
1961	110,230	70,547	123,810	5,119	25,221	2,774	337,701
1962	99,207	58,422	86,780	6,523	51,577	3,847	306,356
1963	97,002	79,366	147,819	10,928	69,584	4,918	409,617
1964	97,002	71,099	98,023	5,007	26,360	4,918	302,409
1965	97,002	79,366	188,136	9,246	47,423	7,520	428,693
1966	89,727	81,571	89,121	10,185	22,476	6,239	299,319
1967	88,184	57,320	116,923	15,000	35,450	6,349	319,226
1968	92,593	61,729	101,451	24,251	39,551	15,218	334,793
1969	99,207	58,477	126,224	41,887	67,300	22,114	415,209
1970	110,230	72,751	112,512	75,898	33,563	26,927	431,881

¹ Fumo em corda.

² Bahia plus Alagoas or Arapiraca.

³ Amarelinho.

⁴ Galpao.

Mr. STUBBLEFIELD. I would like to call your attention to the fact that Mr. Perkins was unable to be here because of a committee meeting and would like without objection to submit his statement in the record.

[The above-referred-to statement follows:]

STATEMENT OF HON. CARL D. PERKINS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF KENTUCKY

Mr. Chairman, I appreciate very much the opportunity that you have afforded me and other representatives of the Kentucky delegation to testify on the Breckinridge bill, H.R. 6485, of which I am one of the co-sponsors.

Because of the great importance of the production of burley tobacco in the 7th Congressional District, and, indeed, the State of Kentucky and because of the importance of this crop to many thousands of growers who rely upon it as their chief source of income, I have been keenly sensitive over the years of assuring a continuation of a burley program which would protect the best interest of the grower.

I believe that legislative improvements in the burley program have been most effective when they have been timely in meeting problems. It is in the spirit of timely solution of problems that threaten the interest of the growers that I co-sponsored, on April 3, H.R. 6485.

The problem to which this legislation is directed is a new one first brought to my attention early this year. The production of Maryland type 32 tobacco has been historically confined to the State of Maryland. I am advised that the land available for agricultural production in Maryland in itself is a limiting factor with respect to any concern with over-production. The size of the crop

of Maryland type 32 in 1971, according to information supplied me by the U.S. Department of Agriculture, was 25.5 million pounds of which 8 million pounds was exported, principally to Switzerland, and 17.5 million pounds used domestically. This production was down from a total of 39.6 million pounds produced in 1970, 12 million of which was for export and 22.6 million for domestic use. Contrasted with this, the sales of the 1972 burley crop were approximately 622 million pounds. So the production of Maryland type 32 historically has been insignificant as compared with the production of burley.

In the 1972 crop year, I am advised that about one million pounds of Maryland type 32 tobacco was grown outside of the Maryland area and grown in areas in which burley tobacco is normally grown. I am further advised that grown in these areas the Maryland 32 type has been subjected to the same cultivation techniques applied to burley, and the resulting production in many instances is indistinguishable from burley tobacco.

This appears to be the case, according to my information, because even Maryland type 32 when grown in limestone soil away from its traditional sandy soils and subjected to the same cultivating practices applied to burley produces a tobacco in many cases indistinguishable from burley and quite possibly interchangeable with burley tobacco usage.

Illustrating the difficulty in inspecting and grading Maryland type tobacco marketed in burley tobacco areas is the communication I have received from the Agriculture Marketing Service of the U.S. Department of Agriculture dated February 23, 1973, a copy of which I would appreciate being attached to my statement for the record.

The point is, Mr. Chairman, that in view of the difficulty in making a marketing distinction between burley tobacco and the uncontrolled production of Maryland type 32 outside of Maryland poses the possible threat of an incursion of Maryland type 32 tobacco into the burley market. If the practice should grow then all of our past legislative efforts to strengthen the burley tobacco program to protect the grower would be completely undermined.

If my concerns, during the course of your hearings, are verified by the evidence presented then I would hope the Committee would expeditiously report out H.R. 6485 and push for its early enactment.

Mr. Chairman, I ask that there also be inserted in the record copies of the communications attached to my statement.

UNITED STATES DEPARTMENT OF AGRICULTURE,
AGRICULTURAL MARKETING SERVICE,
Washington, D.C., February 23, 1973.

HON. CARL D. PERKINS,
House of Representatives.

DEAR MR. PERKINS: We are glad to provide you with information concerning policies and procedures of the Agricultural Marketing Service on identification of Maryland, Type 32, nonquota tobacco currently produced in the Burley area, in reply to your letter of February 12, 1973, to Secretary Butz.

Pursuant to provisions of The Tobacco Inspection Act, our Tobacco Division is responsible for establishing grade standards, grading and certifications. Separate sets of standards are used in the grading and identification of Burley and Maryland tobaccos. The elements of quality and degrees of each element are similar for both types and, in some instances, identical. A limited amount of tobacco grown in both producing areas will meet the specification requirements for both types. This overlapping exists primarily in the heavier bodied, darker colored tobaccos, composed mostly of the leaves from the top quarter of the tobacco stalk.

Certifications have been made during the past several weeks at Abingdon, Virginia, Greeneville and Carthage, Tennessee, and Lexington, Kentucky, of quantities of tobacco represented to be Maryland, Type 32. A few piles were observed during the certifications which fully met the specification of the official standards for both Maryland and Burley. An entire lot of tobacco was certified to be Maryland by use of the symbol OT (off-type) whenever (1) a high percentage of the lot had distinctive Maryland characteristics and could be unquestionably identified as Maryland, Type 32, tobacco and (2) when it was clearly evident that the remaining portion of the lot was part of the same crop. On the other hand, several entire crop lots were classified as Burley tobacco. Also, some piles of Burley were found intermingled in the tobacco displayed for certification and were graded as Burley.

We can understand concern about the production of Maryland tobacco in a predominantly Burley area and the desire to protect the current Burley program from harm. AMS, however, must work within the framework of its authority under The Tobacco Inspection Act in making certifications, which is to say that grading must be done in accordance with published standards if the grading program is to retain the respect and confidence of the tobacco industry. If means is to be provided to exclude the growing of Maryland-type tobacco from the Burley areas, it will need to be provided outside the grading program.

Sincerely,

E. L. PETERSON,
Administrator, Agricultural Marketing Service.

THE COUNCIL FOR BURLEY TOBACCO, INC.,
Lexington, Ky., February 2, 1973.

HON. CARL D. PERKINS,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN: Please be advised of our concern with the situation involving Maryland tobacco produced in burley areas as outlined in our letter to the Honorable Earl L. Butz, Secretary of Agriculture, a copy of which we are enclosing.

The situation is most serious, and we want you to be fully informed.

Thank you for your consideration.

Very truly yours,

JACK LEWYN,
Secretary-Treasurer.

THE COUNCIL FOR BURLEY TOBACCO, INC.,
Lexington, Ky., February 2, 1973.

HON. EARL L. BUTZ,
Secretary of Agriculture,
Department of Agriculture, Washington, D.C.

MY DEAR SECRETARY BUTZ: The board of directors of the Council for Burley Tobacco has directed me, as its secretary, to write to you to say that there has occurred a development which is considered to be a critical threat to the intent, purpose and premise of the tobacco program for burley.

A procedure for grading uncontrolled Maryland (Type 32) tobacco now grown under contract in burley areas could upset the vital economic stability maintained under the tobacco program for burley and destroy the burley production industry.

Maryland tobacco, when grown in burley areas, is so similar to burley that most often even the most experienced eye cannot distinguish it from burley.

The principle which we understand has been adopted by high officials in the tobacco grading division is simply this: Where Maryland tobacco has been put up for certification as "off-type" (not burley), and it is determined that the lot is "predominantly" Maryland, then it all will be graded Maryland.

The difficulty is this: If 70 percent of the lot offered for certification were Maryland, the remaining 30 per cent could be excess burley, and it would all be graded Maryland. This provides the mechanics, all neatly legal, for disposing of excess burley in a manner well beyond the intent of the poundage control program for which we all fought vigorously.

Since 1941, the tobacco program, in the burley areas, certainly, has provided the base of bargaining power for the grower which, in turn, has created an economy vital not only to farmers but to entire regions of the country. It represents an economic factor of circulating dollars of \$2.5 billion. The appreciation for this program, and the concerted efforts to maintain and protect it, are a matter of record. Now it appears that it all could be critically endangered by a simple administrative decision, which we appeal to you to offset.

Maryland tobacco recently offered at several areas, notably Abingdon, Va., and Greeneville and Carthage, Tenn., was determined by especially trained graders to be burley. Subsequently, an official from Washington ordered the designation change to "OT (off-type)."

We also should note here that we understand it is the policy of ASCS that all tobacco grown in burley areas will be considered to be burley, and subject to

charge to the burley grower, unless it is inspected and certified to be "off-type." We are concerned now that this intent may be ineffective.

As you may know, the Council for Burley Tobacco, is the "organization of organizations" concerned with the best interests of burley tobacco production and marketing. It is the group which spearheaded the intensive drive to change the burley production control program to the existing poundage system.

Those efforts, and these, were made with the realization that the tobacco program can continue to work only if we keep to the letter of its intent, a model of the premise that basic financing principles can be applied quite successfully to an agricultural product to create the only bargaining power its producers have in the face of restricted buying interests.

Member organizations in the Council for Burley Tobacco include the Kentucky Farm Bureau Federation, the National Farmers Organization, the Burley Farmers Advisory Council, the Burley Tobacco Growers Cooperative Association, the Burley Auction Warehouse Association, and the Burley Leaf Tobacco Dealers Association. Associate members include the University of Kentucky College of Agriculture, the Kentucky Department of Agriculture, and the Kentucky ASC committee. Membership is being expanded to include all burley growing areas.

We thank you for your attention, Mr. Secretary, and trust you will appreciate the nature of our concerns.

Sincerely,

JACK LEWYN,
Secretary-Treasurer.

CAMPTON, KY., April 4, 1973.

HON. CARL D. PERKINS,
House of Representatives,
Washington, D.C.

MY DEAR MR. PERKINS: The farmers in this county are concerned over the production of Maryland tobacco in the burley belt. They feel that Maryland tobacco might be used illegally in competition with burley tobacco. It appears that it is difficult to determine whether tobacco produced in the burley belt from so-called Maryland seed is Maryland tobacco or burley tobacco. This is a threat to burley producers and the burley program.

We urge you to support legislation to cope with the Maryland tobacco problem.

Sincerely yours,

ROY BURTON,
Farm Bureau Director, Wolfe County.

MR. STUBBLEFIELD. Also Mr. Natcher was unable to be here because of a markup of the appropriations bill and would like to submit his statement for the record.

[The above-referred-to statement follows:]

STATEMENT OF HON. WILLIAM H. NATCHER, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF KENTUCKY

Mr. Chairman, I want you and the members of your Committee to know that I appreciate this opportunity to appear in behalf of our tobacco legislation.

Along with several of my colleagues I have introduced a bill, H.R. 6799, which amends the tobacco marketing quota provisions of the Agricultural Adjustment Act of 1938. This bill provides that a new section is inserted after section 319 stating that notwithstanding any other provision of law, any kind of tobacco for which marketing quotas are not in effect that is produced in an area where it has not been traditionally produced and where producers who are engaged in the production of a kind of tobacco traditionally produced in the area have approved marketing quotas under this Act shall be subject to the quotas for the kind of tobacco traditionally produced in the area, and further if marketing quotas are in effect for more than one kind of tobacco in an area any nonquota tobacco not traditionally produced in the area shall be subject to quotas for the kind of tobacco traditionally produced in the area having the highest price support under the Agricultural Act of 1949.

As you well know, Mr. Chairman, burley tobacco has been produced under production controls and price supports since 1940. Our burley program has been highly successful in meeting the program objectives of balance between supply

and use and stability in prices and incomes. We have been successful with this program due to the fact that burley producers have been willing to modify the control and price aspects of the program as conditions changed and problems emerged from time to time.

The widespread production of Maryland tobacco in the burley belt in 1973 is a real threat to the continued successful operation of the burley program and it is for this reason, Mr. Chairman, that I introduced my bill.

Maryland tobacco is used mainly for cigarette production in domestic utilization and exports have traditionally accounted for approximately one-third of the total use. In the last referendum held among Maryland tobacco producers in 1971, growers rejected quotas for the 1971, 1972, and 1973 crops, and as a consequence of this action no production controls or price supports are in effect at this time for this crop. The 1973 Maryland crop will be the eighth consecutive year without production control and price supports for this crop. The production of Maryland type tobacco in Kentucky will ultimately place the identification of the two types in such a position that it will be difficult, if not impossible, to separate the two kinds of tobacco.

Some people believe that by producing Maryland tobacco under this system that was used last year in Kentucky it may replace burley tobacco in cigarette production. Mr. Chairman, the production of Maryland tobacco in excess of traditional market outlets for this type of tobacco and the substitution of Maryland leaf for burley could result in decreased burley quotas and tremendous buildup in government stocks which ultimately will pose a threat to the price support program for burley tobacco.

Our burley tobacco producers have worked over a long period of years to develop a just and retain what they view as a highly successful burley tobacco production control and price support program. The method used in the production and sale of Maryland tobacco in Kentucky at this time is such that it can and will seriously damage our burley tobacco program. Mr. Chairman, the legislation that I have introduced along with my other colleagues from Kentucky should be approved and enacted into law.

Again I want to thank you and the members of your committee for permitting me to appear in behalf of this legislation and I respectfully request that same be reported out for enactment by the Congress.

Mr. STUBBLEFIELD. Gentlemen, the committee will stand adjourned subject to the call of the Chair.

[Whereupon at 6 p.m., the subcommittee recessed subject to the call of the Chair.]



