EXTENSIONS OF REMARKS

H.R. 1658: THE BURLEY BUYOUT ACT OF 2001

HON. BARON P. HILL

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 3, 2001

Mr. HILL. Mr. Speaker, I am proud to rise today to introduce H.R. 1658, the "Burley Buyout Act of 2001," a bill to buy out Burley tobacco farmers and end the Burley tobacco price support program and quota system. H.R. 1658 has been endorsed by the Indiana Tobacco Growers Association, which represents southern Indiana's 2,000 Burley tobacco farmers.

Burley tobacco has been growing in southern Indiana for almost two centuries. As farmers migrated westward from Virginia to Kentucky and southern Indiana in the early 1800s, they brought with them their native state's most important crop. A typical example of an early Indiana tobacco farmer was Thomas Lincoln, the father of Abraham Lincoln, who moved from Kentucky to Spencer County, Indiana, in 1816 and raised a small plot of tobacco on his farm.

Over the years, tobacco has continued to be an important part of the economy in our rural communities, and today there are 2,000 Burley tobacco farmers and 8,000 owners of tobacco quota in southern Indiana.

These farmers and quota owners are very familiar with the tobacco price support program, which the federal government created in the Agricultural Adjustment Act of 1938 to protect tobacco farmers from price volatility. The program guarantees a minimum price for the tobacco that farmers grow, so long as farmers agree to limit their tobacco production.

The tobacco price support program worked well for many years, but now the program is no longer protecting farmers' incomes. Since the mid-1990s, Burley tobacco quotas have been cut in half. In 1997, the tobacco quota was 705 million pounds. This year, the quota is 332 million pounds. In other words, tobacco farmers can only grow 47% of the amount they could produce five years ago. The result is that their farm incomes have been cut in half over the last five years.

To make matters worse, both U.S. and foreign tobacco companies are buying an increasing amount of their tobacco from foreign producers that are not subject to the U.S. quota and price support system. The percentage of imported Burley tobacco used in U.S. tobacco products has risen from around 20% in the early 1980s to almost 40% today. At the same time, the U.S. share of world burley tobacco exports is steadily declining.

In addition, because so much of the tobacco quota is now owned by non-growers, tobacco farmers have to include significant quota rental expenses into their production costs. The University of Kentucky's Will Snell estimates that quota rental rates averaged around 40 cents a pound in the 1990s, which means that quota rental payments make up about 20–25% of a tobacco farmer's production costs.

A consequence of declining quotas and high tobacco production costs has been that the government has directly subsidized tobacco growers over the past several years. For many years, the tobacco industry proudly insisted that the government tobacco program operated at "no cost" to taxpayers, since the tobacco stabilization cooperatives always repaid the money borrowed from the CCC with interest. In 1999 and 2000, however, the federal government distributed almost $700 million in Tobacco Loss Assistance Payments (TLAP). In addition, in the year 2000, Congress forgave $500 million in loans that cooperatives owed the CCC and assigned 220 million pounds of the Burley pool stocks to the CCC.

The tobacco price support program is no longer offering tobacco growers the economic stability they used to enjoy. The statistics clearly show that the price support system is no longer guaranteeing farmers a good living. Furthermore, the tobacco program can do little or nothing to counter the long-term economic forces that are challenging tobacco growers.

For this reason, I am proposing that the federal government buy Burley tobacco farmers and quota holders out of the price support program. Ending the tobacco program gets the government out of a costly agricultural production control program that is no longer working and allows farmers who want to stay in the tobacco business to be more competitive in the world market.

My bill, H.R. 1658, the Burley Buyout Act of 2001, immediately terminates the tobacco program and:

(1) Compensates all quota holders with the fair market value of the property right their quota represents. It would pay all quota owners a one-time payment of $8 per pound for the average number of quota pounds they have owned over the last ten years.

(2) Provides transition payments of $1.50 per pound for the next five years to active tobacco producers to help them move from the price support program to other activities, including growing tobacco in the open market. These payments will be based on the average number of quota pounds tobacco farmers have grown over the last three years.

(3) Provides $50 million each year in grants for the next five years to help communities that are heavily dependent on tobacco to adjust to the economic changes that might be caused by ending the price support program.

As Congress prepares to write the next Farm Bill, my colleagues on the House Committee on Agriculture and I have an opportunity to review the laws and programs that affect most farmers. This opportunity only comes around about once every five years. For this reason, I believe it's appropriate for us to review the tobacco price support program too, and I feel strongly that it is time to make significant changes and end the program.

I urge my colleagues to support and adopt H.R. 1658, the Burley Buyout Act of 2001.

AUTOCRATIC LEADERS IN CENTRAL ASIA

HON. DAN BURTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 3, 2001

Mr. BURTON of Indiana. Mr. Speaker, I would like to submit this recent Washington Post editorial regarding autocratic leaders in Central Asia. The editorial draws particular attention to President Nursultan Nazarbayev of Kazakhstan and his intolerance of free speech and rigid control of independent expression. For those Members of Congress who are interested in the true nature of Nazarbayev regime, I highly commend this editorial.

[From the Washington Post, May 1, 2001]

A CHOICE FOR DEMOCRACY

Russian President Vladimir Putin is not alone in the post-Soviet world in his assault on a free press, environmental organizations and other independent voices. In the five republics of Central Asia, autocratic leaders also are cracking down. Because their countries did not benefit from the years of relative freedom that Russia enjoyed under former president Boris Yeltsin, Central Asia's potentates tend to meet with less resistance, though everywhere some brave people resist. A case in point, both sad and inspiring, is Kazakhstan, after Russia the largest republic of the former Soviet Union.

President Nursultan Nazarbayev, who made an effortless transition from Communist boss, was seen in the early years of independence as a potential moderate. Over the years, though, he has grown less tolerant of dissent or pluralism, even as stories of corruption at the highest levels multiply in his oil-rich republic. His decade in power has been marked "by rigid control of independent expression," the nonprofit Committee to Protect Journalists noted recently. Prosecutors routinely harass and investigate newspapers that dare a smidgen of independent reporting. "Infringement of the honor and dignity of the president" is a crime. Only the biggest television stations are not bothered, but this is small comfort because, as the Committee to Protect Journalists noted, "the most influential stations are under the direct or indirect control of the president's family."

This spring the official crackdown has extended to many nongovernmental organizations in addition to the press. These groups helped organize opposition to a new law on the media that will further tighten government control over Internet sites and small broadcast outlets. Grass-roots opposition managed to delay, though not prevent, adoption of the law, mustering an impressive number of petitions and public meetings. In