Commodity Growers Cooperative Association

in affiliation with the Burley Tobacco Growers Cooperative Association

Memorandum:

To: Tom Freedman
Office of Domestic Policy
The White House

From: Karen Armstrong-Cummings, Commodity Growers Coop

Date: April 2, 1998

Subject: Tobacco Farmers and Farming Communities

We had discussed the tobacco farming provisions of any prospective national tobacco policy and you asked that I fax any further suggestions. We are extremely pleased, of course, to see major components of the LEAF act included in the "National Tobacco Policy and Youth Smoking Reduction Act," particularly Title X, Long-Term Economic Assistance for Farmers. Given the future potential disastrous impact on small and mid-sized farms and farming communities for changes in tobacco production, the administration and management of the "Tobacco Community Economic Development Grants," (Section 1023) require considerable attention, monitoring and accountability. Simply put, this program could either terminate forever the nation's strongest family farm system or could demonstrate to the world that rural economic development can be farm-based, facilitating locally-owned value added farm businesses which complement local farm production. We suggest certain changes are needed to ensure the latter option.

From recent surveys of tobacco farmers, they are most profoundly concerned about the ability simply to continue farming, given changes in tobacco's future. Since it is the tobacco farmers, their families, and local institutions that are most impacted by this legislation, **we feel that the farmers and farm families' needs should be the primary focus for local economic development efforts.** Simply put, farmers do not want to see tobacco dollars, through the "Tobacco Community Economic Development Grants," used for new factories, shopping malls and non-farm development that will take children away from farms and convert rural farmland to suburban sprawl. These grant funds, in fact, could provide the opportunity for farm-based entrepreneurial development and other agricultural revitalization, envisioned in our National Commission on Small Farm's report, rather than directing development away from farmers and farming communities. But to achieve these goals they must be properly administered, with significant farmer input in design, administration, management and monitoring of a program.

While we in Kentucky feel quite certain that State administration of this program would include extensive input and advice from farmers and the farming community, we do not

Karen Armstrong-Cummings
Managing Director

Suite 206, 620 S. Broadway, Lexington, KY 40508

have that certainty about other tobacco-producing states. This is particularly true where Governors do not have the same type of understanding and appreciation of family farms and rural communities as does Governor Patton. We recommend that this section (Sec. 1023, (b)) be amended, at a minimum, to include a requirement that State applications be prepared in consultation with an Advisory Board of farmers, or more appropriately, that farm groups and organizations have the authority to submit proposals directly to the Secretary. Alternatively, the USDA could establish a farmer-managed application and review process, similar to the Sustainable Agriculture Research and Education program which has been highly successful in involving farmers directly in research, training and demonstration projects.

We urge you, President Clinton, Vice-President Gore and Secretary Glickman to seriously consider the important goal of **continuing a prosperous and sustainable family farm system**, through the effective management of tobacco community economic development program with some amendments to this section.

In addition, while we are quite pleased that Secretary Glickman selected Kentucky as the location of his first Farm Forum in this series, we request you to remind President Clinton of our invitation of December 17, 1997 (attached letter). Now more than ever, we urge the President to meet directly with tobacco farmers, farm families, and Kentucky's community of rural citizens whose future will be forever changed by current events in Congress. And of course since he's interested in meeting the national championship University of Kentucky Wildcats basketball team (Go Cats!), he could combine those visits with a trip to our beautiful bluegrass state sometime soon. We appreciate your interest and concern with these issues and I personally look forward to meeting with you tomorrow.

cc: USDA Secretary Dan Glickman
Governor Paul Patton
John-Mark Hack

Commodity Growers Cooperative Association

in affiliation with the Burley Tobacco Growers Cooperative Association

Delivered 12/7/97

The Honorable William J. Clinton
President, United States of America
The White House
Washington, DC

Dear President Clinton,

As a member of the National Commission on Small Farms, I sincerely appreciate your interest in the future of small farms and rural communities. On behalf of the 150,000 tobacco farmers in Kentucky, Ohio, Indiana, West Virginia and Missouri, we encourage you to highlight this concern for small farms by conducting a Presidential Summit on Farming Communities in Kentucky. Kentucky's 89,000 farms, the large majority of which are tobacco farms, face the most uncertain future of any small farms in this nation.

In addition to our region's farms, tobacco accounts for half or more of total farm sales on nearly one-third of African American-operated farms in the east coast states from North Carolina to Maine. For decades these farms and communities have relied on a partnership between the federal government and our farm organizations, a partnership originated over fifty years ago. In the upcoming Congress, this partnership, the tobacco price support program, will be reexamined in light of the proposed global tobacco settlement.

We request your personal attention to any restructuring of this historic program and to the future of farming communities whose economies, culture and environmental quality are intrinsically linked to tobacco farming. We urge you, your Cabinet and Congressional leaders to meet our local community leaders -- farmers, physicians, business people, church leaders and ordinary citizens -- in a Presidential Summit on Farming Communities.

Words cannot express my appreciation for this opportunity to meet with you, your staff, Secretary Glickman, Congresswoman Clayton and farmers from around the nation.
We truly believe that the concerns of small tobacco farmers, particularly African American farmers, and our communities deserve your continued attention. We encourage you to maintain the focus that a Summit might bring to small farmers, African-American farmers, and all farm families and offer our assistance in any way possible.

Sincerely,

Karen Armstrong-Cummings
Commodity Growers Cooperative

Rod Kuegel, President
Burley Tobacco Growers Coop

Karen Armstrong-Cummings
Managing Director

Suite 206, 620 S. Broadway, Lexington, KY 40508

The President's Summit on Farming Communities -
A Proposal to the Honorable William J. Clinton, President of the United States
from the Burley Tobacco Growers Cooperative and the
Commodity Growers Cooperative

We, the tobacco farmers of Kentucky, Ohio, Indiana, West Virginia and Missouri, invite President Bill Clinton to conduct a Presidential Summit on Farming Communities in this nation's most tobacco income dependent state - Kentucky. We request that you and this Congress carefully examine the success of the tobacco program, clearly evaluate and build on its economic, social and environmental successes and challenges in considering and crafting plans for this region's future.

We invite you to conduct a Summit Roundtable similar to the successful 1993 Northwest Forest Summit in Oregon, crafting a plan with those who care about the future of our rural communities, those of us who live in the tobacco farming states. This dialogue would enable local people to describe the highly complex, but highly successful, tobacco program, particularly the farmers and the communities, towns and cities directly affected by tobacco income. Together with your leadership, we can build a plan to restructure, equitably, the existing partnership which sustains our land, our communities and our economy. This dialogue should include our health community-- our local doctors and health officials who live in communities supported by tobacco farmers' income.

Throughout this nation our small farmers, particularly those who are African-American and limited-resource farmers, are calling upon this Administration to act, today, for our farming communities' future. Nowhere are farm families and communities experiencing a future so uncertain as those in tobacco producing states. The upcoming National Commission on Small Farms' report, coupled with pending Congressional debates on the global tobacco settlement, provide this Administration an unprecedented and historic opportunity to lead America's small farms and rural communities into a more prosperous and sustainable future.

America's tobacco farming regions need this nation's understanding and involvement today unlike any other time in our country's history:

o Over 100,000 small farms, owned by more African-Americans than in any other region of the country, annually renew our connections to the land through spring plantings and fall harvesting, knowing it is not just the crop but the tobacco program that sustains farms and communities;

o Our farming communities' partnership between the federal government and tobacco farmer organizations originated when national economic wizard Bernard Baruch worked with tobacco farmers, developing a system, equitable for farmers--a highly successful partnership enduring over five decades;

o The global tobacco settlement's potential economic impact on tobacco production and current Congressional trends to uncouple government from farming, ensures that small farms, particularly in the Appalachian areas of Kentucky, West Virginia, North Carolina, Tennessee and Virginia, will fail and our communities will deteriorate. America's tobacco producing Appalachian mountain counties are this nation's most tobacco-income dependent counties, since off-farm income is sometimes nonexistent and tobacco constitutes most agricultural production.

A Presidential Summit, involving you, our Congressional leaders, and the many federal agencies involved in the complex issue of tobacco production and control, would enable an open examination and dialogue about the future of this region. Farmers, community, church and civic leaders, whose future will be forever changed by actions of your Administration and the 1998 Congress could discuss openly, and devise together, a Presidential Plan for Sustaining Farming Communities, targeted on the tobacco region whose farms are most at risk. We offer our support and look forward to assisting under your leadership.

Background Information
presented to the National Commission on Small Farms

Even before members of Congress began submitting bills to phase out the tobacco program, farmers and farm organizations spoke to the National Small Farm Commission of uncertainty and hopelessness pervading the tobacco farming communities, pleading with the Commission to consider the special needs of this farming population. For over five decades, small farmers, African-American farmers and new and beginning farmers in these states have been cushioned from many economic pitfalls facing other farmers, by a tobacco price support and production control program. This partnership between the federal government and tobacco farmer organizations originated with an historic federal government and farmer partnership when national economic wizard Bernard Baruch work with tobacco farmers and develop a system that was fair and equitable for farmers.

The resulting tobacco program, not simply the crop itself, has enabled small farmers to experience a comfort unlike any other farm group -- assurance and certainty based on a system that works. Not a subsidized system, the tobacco program's success has often further clouded dialogue as uninformed groups urge farmers to take up "alternatives to tobacco." Such misguided advice fails to recognize that even green bean farmers, given such a program and market structure, would fight to their death any attempt to change.

As tobacco farmers participate in other agricultural markets, they count the dwindling profits from other products, and watch neighboring dairy and livestock farmers failing. Tobacco farmers are perplexed by well-intentioned, though profoundly faulty offerings that others say are "alternatives." It's not just the tobacco crop for which there is no alternative, but the tobacco program.

Support structures, the lack of which have haunted other farmers without such opportunity, include access to credit, market stability, a farmer-based decision-making structure, and decades of production experience. This structure provides the autonomy to experiment with other crops and products. Most importantly, the tobacco program has enabled small and African-American farmers throughout the south and Appalachian regions to continue farming, even as pressures mounted from all sectors of society to replace the crop with another.

Throughout these decades, farmers, frustrated by community and often their own families' urging, have worked to supplement or replace the crop, experimenting with a vast range of alternatives. Throughout these decades, farmers continue to rely on tobacco. Baffled that few understand the program's importance, a refrain from the stymied tobacco community reverberates that, "It's not just the crop, it's the tobacco program."

It is no accident that the tobacco states and communities, including North Carolina, Kentucky, Tennessee, South Carolina, West Virginia, Virginia and Maryland, also represent among the highest concentrations of small and African-American farms. Tobacco income is particularly important to limited-resource farmers, African American farmers and the Appalachian regions of the upper South. In these same areas, again in the mountain regions, off-farm income is limited or nonexistent, poverty rates are high, and tobacco farm income constitutes a greater portion, not only of agricultural income, but overall economic income.

In the Appalachian counties of Kentucky, the tobacco-income dependent counties include those farmers most at risk in our nation. In Eastern Kentucky's Owsley County, for example, the poverty rate in 1990 was 50%. Because of the limited availability of off-farm jobs, agriculture is the area's dominant income and the dominant agriculture is tobacco. Welfare reform has only further increased tobacco's importance to the communities.

In the 18th Annual Family Farm Report to Congress (1993), the USDA reported that although the Corn Belt had the largest number of farms in 1993, the Appalachian Region (Kentucky, North

Carolina, Tennessee, Virginia and West Virginia) was second with 299,000. "Farms, however, were considerably smaller in the Appalachian Region than the Corn Belt in terms of average acres, average gross cash income, and average gross sales," adding that 85% of America's tobacco farms are in this region.

The USDA reported 91,787 tobacco farms, with 147 acres (mean acres operated), producing $32,000 (mean gross cash income), and as shown in the following table, the tobacco states correspond to those states with large numbers of small farms.

Share of small farms within tobacco states*

State	Percentage of Small Farms in the State
Indiana	55
^Kentucky	73
^North Carolina	63
Maryland	61
Missouri	67
Ohio	61
South Carolina	76
^Tennessee	82
^Virginia	74
^West Virginia	88

'92 Ag Census ; ^Indicates Appalachian Region state where 85% of tobacco is produced.
*This listing does not include states such as Connecticut and Pennsylvania where tobacco accounts for only a very small portion of overall agricultural production.

Tobacco, grown primarily in the upper South where many African American farms are concentrated, has provided stability and profits as their "supplemental" farm products have failed. According to the 1992 Census of Agriculture, tobacco accounts for half or more of total farm sales on nearly one-third of African American-operated farms in the east coast states from North Carolina to Maine.

Although tobacco production has been a source of controversy for years, the tobacco program more recently became the focus of more concerted and serious examination with the landmark "global settlement" between the states attorneys general and the tobacco companies in June of 1997. This 368 billion dollar settlement, if approved by Congress, will drastically change federal regulatory and health policy regarding tobacco sales, distribution and by all predictions, tobacco production. The tobacco farmers and the tobacco price support program were not addressed in the proposed tobacco settlement.

Since June, several major Congressional proposals have been introduced affecting both the tobacco product sales, tobacco production and the tobacco program. Even since the Commission's single meeting in tobacco country, held in Memphis shortly after the settlement was announced, Congressional hearings have begun on the tobacco settlement and bills have been introduced to end the tobacco program.

The Commodity Growers Cooperative requests President Clinton, the Administration's Cabinet, USDA in particular, and Congress to carefully study, within the next sixty days, the success of the tobacco program, and to clearly evaluate the economic, social and environmental impact of program changes. This study would assess the complex social, economic and environmental impact of the federal price support's 50 year program in the tobacco-producing states, particularly with input from the farmers and the communities, towns and cities directly affected by tobacco economy.

This study must examine the range of social and economic factors associated with the tobacco price support and production control program, the interaction of this program with regional social and economic systems, and the program's impact on small farmers, African-American farmers, rural communities and urban centers in and Southern region of the United States, developing recommendations for systems and processes to stimulate and sustain local economies in the event that the tobacco program is phased out.

The USDA should conduct this review jointly with other partners and agencies concerned with the full range of a healthy community, including other federal agencies, such as the:

o Federal agencies: Appalachian Regional Commission, Department of Commerce, Environmental Protection Agency, Health and Human Services, Housing and Urban Development, Department of Labor, Tennessee Valley Authority;

o State and local governments, including associations such as the Southern Governors Association, the National Association of Counties, National League of Cities, which provide liaison with state and local governments;

o Private sector representatives including farm service and supply businesses, banks and other lending institutions, manufacturers and small businesses, and organizations which work with local private sector groups; regional and locally based community development corporations;

o Farm organizations and cooperatives; and,

o Nongovernmental organizations working with farmers, rural development, public health and community economic development.

The USDA should request and assist the Office of the President, jointly with states' Governors and Congressional delegations, in convening town meetings and community gatherings throughout the tobacco producing states to solicit input and recommendations for sustaining healthy tobacco communities, particularly where small and limited-resource farmers, African-American farmers, and new and beginning farmers operate. The USDA, together with the President's Commission on Sustainable Development, should examine and assess, in addition to the tobacco program, the systems and programs for ensuring farmer-based, locally driven community development consistent with good stewardship of the region's natural resources.

The USDA, Congress, and the Office of the President should consider targeting the National Commission on Small Farms' suggestions and recommendations which concerning access to credit, market development and opportunities and new farmer initiatives to the tobacco producing states and communities for priority testing and implementation in 1998, based on the lessons learned from the assessment described above and the process for its development.

As outlined in the discussion presented above, all tobacco farmers in these states currently have a safety net which Congress is considering cutting out from under them, thus all tobacco farmers, their communities and urban centers will be at great risk, the extent of which is currently only speculative. Agricultural economists in Kentucky estimate that as many as 50% of the tobacco farms could be eliminated, if the tobacco program is terminated, primarily the small farms. The small, limited-resource and African American farmers, who are also tobacco farmers, are concentrated in these states and should be provided the immediate opportunity for testing and developing the new systems in particular.

Facsimile Transmission Cover Sheet

from the offices of --
Commodity Growers Cooperative Association
620 S. Broadway, Ste. 206
Lexington, KY 40508
(606)233-7845 phone (606)252-9255 FAX
email: cgrowers@uky.campus.mci.net

To: Tom Freedman,
The White House

Fax: 202-456-7341 Phone: 202-456-1414

From: Karen Armstrong-Cummings, CGC Director
(606)233-7845 phone (606)252-9255 FAX

Date: 4/6/98

2 pages, including this cover.

Comments:
Great to meet you - the press about Friday's meeting was good - if you didn't see it, let me know
Thx.
Hope your visit Friday goes well. I'd love an invite!

Lexington Herald Leader Editorial 12/20/97

Tom, the local paper ran this after I visited President Clinton in Dec. '97 and invited him to Ky. thought you + others might be interested, if he's coming here on Thursday!

Karen Armstrong Cummings

Editorials

A farm summit?

Good idea, particularly for black farmers

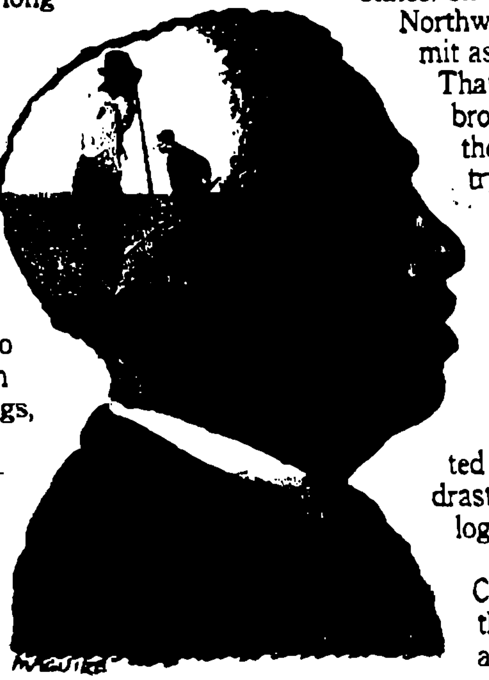
President Clinton has plenty of reasons to come to Kentucky to hold a presidential roundtable on farming communities, not the least of which is tobacco's importance to this nation's dwindling population of black farmers.

The federal government deserves a good bit of blame for the disappearance of black-owned farms. According to hundreds of pending lawsuits, the U.S. Department of Agriculture long has discriminated against minority farmers in its lending practices.

"If the president is concerned about the future of African-American farmers, then he must be concerned about tobacco farmers," said Karen Armstrong-Cummings, head of the Lexington-based Commodity Growers Co-op. "The two are inextricably linked, because tobacco accounts for half or more of total farm sales on nearly one-third of African-American farms in the East Coast states."

These minority farmers have survived because of the financial security provided for five decades by the federal tobacco program. But the program is under siege, and its demise would bode ill for thousands of small farms, not just those owned by African-Americans.

Of course, the crisis facing small farms is hardly exclusive to those that grow tobacco, as the Clinton administration's National Commission on Small Farms has heard in a series of meetings around the country this year.


BARRIE MAGUIRE

Increasingly, small, independent farmers are being squeezed out of existence by huge, monopolistic corporations that control every aspect of production. This trend, too, is worthy of presidential attention.

Clinton seemed receptive when Armstrong-Cummings personally delivered the invitation for a Kentucky summit last week, on behalf of burley farmers in five states. She cited the 1993 Northwest Forest Summit as a precedent. That gathering brought together the timber industry and environmentalists to map out a plan for economic survival in timber communities after concern for the endangered spotted owl forced a drastic reduction in logging.

Armstrong-Cummings was at the White House as part of a delegation that included black farmers and members of the National Small Farm Commission, on which she serves. The group spent 2½ hours with the president. It's great they got his ear for so long. We'd urge him to come to Kentucky and listen some more.

As Armstrong-Cummings said, "We need a public dialogue about restructuring the tobacco program. ... If the tobacco program is eliminated, as many as 50 percent of Kentucky's tobacco farms could cease operations. Most of these are small farms, valuable resources that we can't afford to lose."