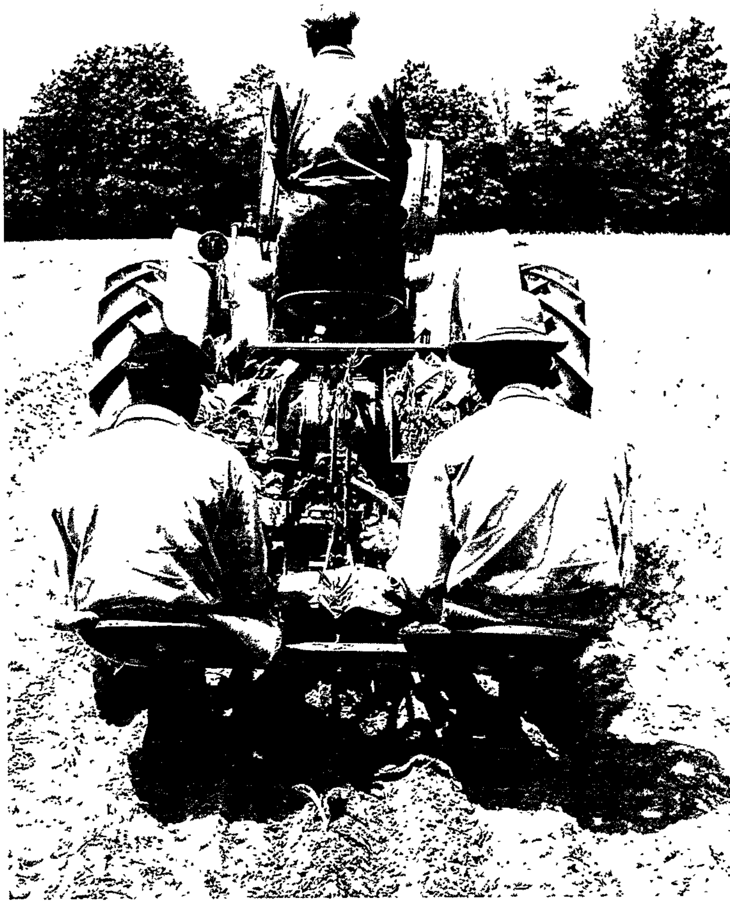

The Federal Tobacco Program: How It Works and Alternatives for Change

by Charles Pugh

Every economic sector requires periodic examination in order to fine-tune its operations, especially one that has been regulated in essentially the same manner for over 40 years. Under the Agricultural Adjustment Act (1938), as amended, the federal government restricts the supply of flue-cured and burley tobacco so as to keep the average price above the open-market level without using direct government subsidies. While the program has been adjusted during the last four decades by legislative amendment and administrative action, its major features have remained intact.

A two-seat tobacco planter in action.

This article draws on material from "Alternatives Regarding Production Controls and Price Supports for Tobacco" by Dr. Charles Pugh (Number Four in the Tobacco Marketing Policy Alternatives *series sponsored by the Cooperative Extension Services of the 13 Southern states and Puerto Rico, the U.S. Department of Agriculture, and the Farm Foundation, 1979) and on "Provisions of the Tobacco Program" by Charles Pugh and Dale Hoover (*Tar Heel Economist, *October, 1979). An extension economist at North Carolina State University, Dr. Pugh writes extensively on tobacco issues and conducts tobacco educational programs through the Extension Service. Photos courtesy of N.C. State University.*

In recent years, groups within and without the tobacco industry have been questioning the 40-year-old program more vigorously than ever before. Anti-tobacco advocates point to the apparent inconsistency of the federal government having a tobacco program as well as anti-smoking programs. Leaf exporters wonder if the program has priced American tobacco out of the international market, where comparable grades are generally much cheaper. And farmers are complaining about the high cost of leasing quota, a production cost resulting from the tobacco support structure.

The tobacco program could be changed in any of three different ways:

1) A particular feature of the current program could be altered without abandoning its general approach. For example, price support levels could be changed upward or downward.
2) Options might be substituted for individual provisions of the current program to achieve the same purposes. For example, pools of surplus tobacco might be financed by loans from private sources or farmer check-off plans instead of by loans from the government.

Harvest method used throughout the flue-cured tobacco belt prior to 1971 when the mechanical harvester came on the market.

3) Legislative actions could eliminate all government involvement in the tobacco program at the farm level. This would essentially involve a move to an open market in producing and marketing tobacco.

The Current Tobacco Program

The overall purpose of the program is to stabilize prices by restricting supply. To accomplish this, the program functions in an interlocking and interdependent way through four central features: a national marketing quota, individual farm quotas based on production history, price supports, and governmental funding of non-recourse loans. Other miscellaneous features are also important for the program to function properly.

National Marketing Quota. Each year, the U.S. Department of Agriculture (USDA) estimates the amount of tobacco which can sell in domestic and export markets at prices above the year's price-support rate. (This estimate takes into account any existing stocks from previous years.) Based on this estimate, USDA sets an annual overall quota level for the country. Since tobacco typically is stored for aging, quotas can be adjusted to align total available supplies with the price-support level. And since tobacco has no close substitutes, restricting supply tends not only to stabilize prices, a function of most government commodity support programs, but also to raise prices.

Quotas must be approved by a two-thirds majority of allotment holders in a referendum every three years. Without quota approval, full price supports do not have to be offered. Since the Agricultural Adjustment Act passed in 1938, growers have disapproved quotas only once, in 1939.

Farm Quotas Based on Production History. Quotas are allocated to individual farms according to the production patterns that existed in the 1930s. Because quotas are tied to the land, the entry of new producers is restricted on a permanent basis unless they rent or purchase a farm having a quota. Historical assignment of quota has also resulted in tobacco production being essentially frozen in certain geographical areas.

Price-Support Authority. When marketing quotas are in effect, price supports are provided by legislative formula. From the late 1940s through

Consequences of Eliminating the Tobacco Program

If the current tobacco program were abolished and no government provisions were adopted to replace it, the following consequences could be expected:

1) Total production would likely fluctuate from year to year but might increase moderately over the long run. Current producers who have been willing to pay substantial quota rents have, in effect, signaled a willingness to expand output. Also, farmers who previously were not allowed to produce because they did not own land with a quota would have freedom to try to produce tobacco.
2) Leaf prices might generally drop by an amount equal to the average lease cost per pound now paid for quota. In addition, prices would likely be very unstable because of variations in production and the lack of assurance of minimum prices.
3) The resale value of many farms now having quotas attached to the land would drop drastically. By rendering the quota worthless, the equity position of current allotment holders would be impaired unless there were some program to compensate for the loss of quota value.
4) Income would be reduced for persons who have typically received rental income from tobacco quotas.
5) Some geographical shift in production to more efficient areas would occur.
6) The reduction in the number of farms would be accelerated. The smaller number of farmers who continue tobacco production might expand and mechanize their individual operations, since they would be no longer constrained by quotas. One factor which might slightly limit the degree of enlargement and consolidation of tobacco farms would be the increase in risk perceived from loss of the program. Other farmers might shift from tobacco to less labor-intensive enterprises by attempting to consolidate farms into larger acreages in order to earn a comparable income.
7) With no program, the government would have no obligation to advance loan funds or to absorb losses on price support operations.
8) The volume of U.S. exports could increase modestly with lower prices.
9) Reduced tobacco prices at the farm level might result in a small decrease in consumer price for tobacco products. But the farm value of leaf is only eight percent of the average retail cost of a pack of cigarettes. A one-third reduction in farm price of raw tobacco would be required to reduce cigarette costs by one cent per pack. The level of cigarette taxes is a greater determinant of consumer costs than farm-level tobacco prices.
10) Dropping government production controls and price supports would not within itself induce less smoking even though it is the smoking-and-health controversy that has prompted much of the discussion about less government involvement in the farm program for tobacco. □

1959, tobacco was supported at 90 percent of parity.* Since 1960, the support price has been adjusted annually from the 1959 level according to the moving average of the Parity Index in the three preceding years. The Parity Index is a national indicator of prices paid by all farmers for production items, family living, interest, wage rates, and taxes; i.e., it is essentially an index of inflation rates in overall farm costs, not an index of the costs of producing tobacco. Under this formula, the 1980 average support price for flue-cured tobacco was 141.5 cents per pound, compared to 55.5 cents in 1960, while burley tobacco price supports averaged 145.9 cents in 1980, compared to 57.2 cents in 1960.

The USDA determines the grades eligible for price support and loan rates for each grade. This administrative flexibility allows larger increases

* Parity price generally means equivalent purchasing power for a unit of a product as in a selected base period, which might be maintained by government support of agricultural commodity prices.

Landmarks in the Tobacco Program

compiled by Charles Pugh

1933 – **Agricultural Adjustment Act (AAA).** Established the principal of parity prices for tobacco and the farmer committee system.

1936 – **AAA of 1933 ruled unconstitutional** by U.S. Supreme Court on January 6, 1936.

1938 – **Agricultural Adjustment Act (AAA).** Established tobacco marketing quotas and provided penalties for excess production. The program provided for: 1) advance announcement of national marketing quota by the Secretary of Agriculture; 2) farmer referendum requiring two-thirds vote to approve quotas; 3) apportionment of poundage quotas to states and individual farms; and 4) authorization of parity payments, insofar as funds would permit, for the difference between parity price and market price. This Act, as amended, is still in effect today.

1939 – **Farmers Reject Quotas.** In 1938, quotas had not been determined by planting time, which caused excess marketings and some disillusionment with the new system. Farmers then voted in the referendum to reject 1939 quotas, and production increased 50 percent over 1938.

1939 – **Amendments to AAA of 1938.** Converted national and state quotas from poundage to individual acreage allotments and changed base period for flue-cured parity price from 1919-29 to 1934-39. Following these amendments, growers voted through referendum to restore the control program on the 1940 crop. Farmers have never rejected quotas since.

Early 1940s – **Administrative actions** affecting tobacco included:

1) Lend-lease program, which helped finance exports to friendly nations, accounted for 46 percent of flue-cured exports from 1941 to 1945.
2) Congressional resolutions permitted quotas to be raised; acreage allotments were boosted 25 percent in 1944 and 10 percent in 1946.
3) Price-ceilings were in effect for flue-cured tobacco under the Emergency Price Control Act of 1942.

1946 – **Flue-Cured Tobacco Cooperative Stabilization Corporation.** Organized to receive tobacco from farmers when prices were not above support level. Non-recourse loans from the Commodity Credit Corporation provided to finance its acquisitions.

1948 – **Agricultural Act of 1948.** Modernized parity to reflect trends in relative prices of all farm commodities during the preceding 10 years.

1949 – **Agricultural Act of 1949.** Flue-cured price supports were made mandatory at 90 percent of parity, when marketing quotas are in effect.

1954 – **P.L. 480.** The Agricultural Trade Development and Assistance Act provided for export sales for foreign currencies, long-term credit sales, and barter of surplus commodities such as tobacco.

1960 – **Change in Method of Price Supports.** Congress froze price supports at the 1959 level (55.5 cents per pound for in price support for the grades in which demand is rising. But, as required by law, the weighted average of all support rates must equal the overall average support for each year's crop.

Commodity Credit Corporation Non-Recourse Loans. On the auction market, manufacturers and dealers buy tobacco at the highest bid, provided the bid is at least one cent per pound above the government support rate for the given grade. Stabilization cooperatives – one for flue-cured and two for burley – automatically buy the tobacco not sold at auction at the support rate, using funds advanced by the Commodity Credit Corporation (CCC), a USDA lending agency. These monies provide the means for implementing the price-support system. The cooperatives, which have acquired from 2 to 21 percent of a given year's crop during the past decade, process, store, and then resell the leaf. The proceeds from a given year's crop are first used to repay principal and interest to the CCC. If net losses occur from a year's crop, the government bears the loss –

flue-cured, 57.2 cents per pound for burley) and established a formula for future levels based on the moving average of the Parity Index in the three preceding years. This Parity Index incorporates inflation rates in overall farm costs (i.e., not just cost of raising tobacco); consequently, when farm-cost inflation rates are high, the support price rises accordingly. This formula, which replaced the mandatory 90 percent of parity provision passed in 1949, is still in effect today.

1961 to 62 – **Lease-and-Transfer Program.** P.L. 87-200 permitted existing allotment holders (only) to lease allotments within the same county for production on their own farm (i.e., rather than on the farm with the allotment, which had been necessary). The initial legislation permitted annual lease-and-transfer; later amendments allowed leases up to five years.

1964 – **Smoking and Health.** Report released by Surgeon General's Advisory Committee, similar to a British report in regard to possible health problems related to tobacco.

1965 – **Acreage-Poundage Program** for flue-cured. Replaced individual farm acreage allotments with acreage and poundage quotas for each farm. Allowed individual growers to sell up to 110 percent of their effective quota in any given year or to accumulate up to 100 percent of excess quota.

1968 – **Loose-Leaf Marketing Extended to All Belts.** "Tying" provision replaced by "loose-leaf" sales. (Loose-leaf had been historical method of marketing in Georgia-Florida belt.)

1971 – **Restrictions on Cigarette Advertising.** Radio and television advertising were banned in January, 1971. Other Congressional actions included cigarette labeling with Surgeon General's warning.

1971 – **Burley** program switched from acreage allotments to poundage quotas.

1974 – **Market Designation Plan.** By administrative ruling, farmers were required to designate in advance a sales warehouse within 100 miles of their county seat as a condition for price supports.

1977 – **Changes in Grade Standards.** Tightened waste tolerance levels and introduced "sand or dirt" factor into lower stalk grades.

1977 to 78 – **Federal anti-smoking campaign.** Secretary of Health, Education, and Welfare proposed a number of federal anti-smoking efforts.

1978 – **Four-Leaf Program.** In an effort to reduce inventories of lower-grade leaf in Stabilization Cooperative, this program allowed additional planted acreage to growers who would not harvest the four lower leaves on each stalk.

1979 – **Experimental sales of burley that was baled** rather than tied permitted for a portion of the crop.

1980 – **Price supports dropped** (administratively) on eight low-quality, downstalk grades of flue-cured.

1980 – Growers petition for **reclassification of imported leaf.** U.S. Tariff Commission allows mechanically threshed leaf to be classified in the "scrap" category. The growers petitioned for the practice to be changed, but the Tariff Commission made only a modest adjustment. Thus import duty levels remained about the same.

1981 – System for determining interest rate on **Commodity Credit Corporation loans** to Stabilization Cooperative altered. Instead of a single, specified rate, CCC will now review the rate twice a year and adjust it to prevailing market rates. □

Preparing the harvested leaf for curing.

hence, the loans are called "non-recourse." If net gains occur, they are distributed to the farmers. Cumulative losses of principal since the 1930s have amounted to only one percent of the total volume of tobacco loans. Until 1980, CCC loans were made at specified interest rates, which at times have been below the government cost of borrowing. This has caused critics of the program to label such loans a government subsidy. In early 1981, the Reagan administration changed the system of using a single specified loan rate. Interest rates for CCC loans will now be reviewed twice a year and adjusted to prevailing market rates.

Other Features. The lease-and-transfer program permits one allotment holder to lease quota from others in the same county for production on his own farm. The lease is privately negotiated between the two parties and documented through the USDA. Because lease-and-transfer is restricted to the boundaries of a single county, rents vary from county to county.

In the early 1970s, marketings across tobacco belts flooded some auction areas. Hence, in 1974, the USDA adopted a market designation plan to regulate the flow of flue-cured tobacco to market. Farmers must now designate their choice of sales warehouse within 100 miles of their county seat in order to be eligible for price supports.

In another example of an administrative response to a marketing problem, in 1978 the USDA created the "four-leaf" or "down-stalk" program for flue-cured. Stabilization had built up a large inventory of the down-stalk leaves, the lowest grades under the support program. The "four-leaf" program permits allotment holders to plant additional acreage on which to produce their assigned poundage, if they do not market the four lower leaves.

The USDA assists in a variety of research and education programs related to tobacco. County extension agents, who implement many local education programs, are partially supported by federal funds, along with extension specialists and some researchers at land grant universities. Tobacco-belt states such as North Carolina also work closely with the USDA on research projects to develop new information on tobacco.

Alternatives to the Current Program

If the current tobacco program were to be changed, the most extreme move would be to abolish it. This approach would essentially establish an open-market policy, where prices would fluctuate to equilibrate supply and demand. With no federal program, the size of the crop might well increase since there would be no supply restrictions. Since the demand for tobacco is generally considered to be inelastic,* price levels for tobacco would then drop, causing overall farm income from tobacco to decline. Abolishing the tobacco program would also cause tobacco farms to decline in value because their capital value depends in part on their quota. Likewise, abolishment would cause a loss of rental income to people who had previously held quotas for leasing. (See box on page 5.) However, those who had previously leased *in* quota might produce without restriction and face no rental expenditure.

There are many intermediate positions between the present tobacco program and "no tobacco program." The discussion that follows focuses on conceivable options to particular provisions of the present program. Some alternatives mentioned are authorized under existing legislation; others would require new laws or substantial changes in administrative rules. Some alternatives may be practical only through private, cooperative action by the tobacco industry. Since much of the discussion about dropping or modifying the tobacco program questions government involvement, it may be helpful to recognize that government can fulfill a role in three different ways: (1) by sanctioning particular actions; (2) by funding specific program activities; and/or (3) by serving as the action agent. Therefore, the various options discussed below can be viewed both in terms of the particular feature

* Most studies indicate that the demand for tobacco is inelastic. Inelastic demand means that a given percentage increase in quantity results in a larger percentage drop in farm prices; e.g., if tobacco quantity increased by 10 percent, farm prices might drop as much as 20 percent.

of the program and in the type of government involvement.

Alternatives to National Marketing Quotas

The capability to control the total supply of tobacco, through the national marketing quota, is the most critical component of the present program. Because demand for tobacco is inelastic, prices are sensitive to even small changes in quantity available. While marketing quotas are currently set by governmental action, other authorities could be empowered to take this action. The two most promising possibilities are marketing orders/agreements or a marketing board. Without enforcement powers, however, recommendations on supply level by nongovernmental bodies would be futile.

Under the Agricultural Marketing Agreement Act of 1937, as amended, tobacco is eligible for marketing orders. USDA uses a marketing order as a regulatory vehicle with farm commodities. Steps required to put marketing orders into effect include: (1) an initiation of a request to USDA, typically by an industry group; (2) a written proposed marketing order; (3) a public hearing; (4) a determination of need by the U.S. Secretary of Agriculture; (5) a referendum carried by two-thirds majority of eligible producers voting; and (6) an appointment of an administrative committee by the Secretary.

But federal marketing orders are not commonly used to restrict supply or limit the entry of new producers. The most common provisions of marketing orders which are in effect – for cranberries and celery, for example – are the regulation of flow to market, quality standards, and self-help plans. If such features were applied to a tobacco marketing order, some indirect limitations on the quantity marketed might be achieved.

The marketing board alternative already operates in some countries. In Ontario Province, Canada, a tobacco marketing board is empowered to establish quotas, allocate quotas to producers, negotiate minimum prices for each grade, and operate cooperative warehouses for sale of the crop. New legislation would be required to authorize such a marketing board to function in the various U.S. tobacco-producing states.

Despite the Canadian experience, the ramifications of sanctioning a private U.S. marketing board are difficult to anticipate. Would this approach be more politically acceptable than direct administration of the tobacco program by government agencies? And, without the aid of government as a third party, could the different interests of the various sectors involved in the production and marketing of tobacco and tobacco products reach decisions satisfactory to all parties? It might be difficult, for example, to obtain agreement on how much to limit marketings in order to raise prices. Many of the same pro-and-con arguments surrounding the current program might also apply to a tobacco marketing board. However, the removal of a governmental obligation to underwrite the costs of the program might reduce the criticism that it is inconsistent to have a government farm program alongside government efforts to discourage cigarette consumption.

Alternatives to Historical Quotas

The method of assigning farm quotas determines those who receive the major program benefits. As with the aggregate quota determination, this function would either have to be performed or sanctioned by government. Assuming that the national marketing quota is continued, there are various means by which quota could be assigned to farms. Historical bases – assigning quotas to those farms having a history of production – have been most often used in commodity programs, but there are some breaks with this precedent. For example, the Agricultural Act of 1977 tied benefits from the feed grains, wheat, and cotton programs to current acreage planted, rather than to historic bases. Program benefits go to farmers actually producing the commodity, rather than to those who own farms with a history of past production.

Any change in the method of allocating quotas would reduce the value of farms now assigned quotas and hence redistribute tobacco income. Rental income for farms losing quotas would decline and the capital value of such farmland would be reduced. Special financing problems would also be created for those who have recently purchased land with quotas. If undue hardship were created by a new method of assigning quota or by the entry of new producers (who previously did not have a quota to grow), some system of compensation might be devised. Decreases in farm value and losses of rental income might be compensated from public funds or from purchases of production-rights by producers. Legislation would be required to permit the sale of quotas, but precedent for this alternative does exist in programs for peanuts and for fire-cured, dark air-cured, and sun-cured types of tobacco.

Alternative Price-Support Systems

The periodic debate about possible changes in the price-support system has recently intensified. The price-support formula now guarantees a price for U.S.-produced leaf substantially higher than that for foreign-produced leaf. Consequently, loan stocks have accumulated, especially flue-cured, and the U.S. share of world trade has declined.

The price-support system could be altered by adjusting the price-support formula (its base or escalator provisions) or the distribution of price supports among grades. There are a large number of alternatives which could be considered. (See box on page 11 for a description of the major options.)

Alternatives for Financing Price Stabilization

If the Commodity Credit Corporation (CCC) funding of non-recourse loans for tobacco were eliminated, the stabilization cooperatives might obtain some funding by borrowing from private sources or by authorizing a marketing order or check-off plan to create a producer-reserve. A continued role for cooperatives is possible with adequate financing because of the storable nature of tobacco and the experience and cohesive structure already gained among tobacco cooperatives. But, without the privilege of borrowing government funds, there might be limitations imposed by the necessity to avoid losses and by the prospects that interest costs from private sources might be above the rate charged for CCC funds.

The probability of success by cooperatives in stabilizing market prices without non-recourse loans depends largely upon continued quota authority and the level at which the national marketing quota is established. For example, if attempts were made to maintain prices at current levels, but with no quotas, production would increase substantially, resulting in large surpluses to be acquired by the cooperative. Without non-recourse loans from the CCC, losses from such surpluses could bankrupt the cooperatives. If acting without quotas were required, cooperatives could do little more than stabilize prices near the long-term open market level. On the other hand, if quota authority is retained, downward adjustments in quota can be made as necessary to permit cooperatives to sell their stocks without loss.

Alternatives to Other Program Features

The **lease-and-transfer** of quota among producers in the same county – the current procedure – is meaningful only when marketing quotas are in effect. If the quota system remains intact, then the principal debate is whether to permit lease-and-transfer across county lines. Such an amendment would allow quotas from low-rent counties to be leased into high-rent counties, and vice-versa, resulting in a redistribution of income among quota owners and possibly a leveling of lease rates throughout a state. Growers who have traditionally leased quota in low-rent areas object to the prospect of higher lease costs, but quota owners in the same area who lease rather than grow their allotment welcome the opportunity to lease-out to a wider market. Conversely, in high-rent counties, growers seeking larger quotas would favor cross-county lease-and-transfer, while those who typically lease-out in the same county foresee declining rental income.

Various **tobacco services** currently provided by the federal government could conceivably be funded by other sources. For example, in 1981 the Reagan administration proposed to change the funding mechanism for tobacco graders from a free to a fee system. If a price-stabilization program is maintained, the necessary costs for grading might be assumed by the industry. A government agency might continue to staff the grading service in order to provide the credibility of a third party. If a choice had to be made between losing federally-financed grading or other program features, such as supply control and price supports, the relative cost to be assumed by private sources for grading would be modest.

Market news information and analysis might be continued, possibly on a reduced scale, by the news media and marketing sectors or by the governments of the tobacco-producing states. In event of reduced federal support, research and education could be continued at some level by private indus-

Loading the curing barn.

Alternative Price-Support Systems

Each of the possible changes described below would likely require new or amended legislation.

The formula. The seven ways most often considered to modify the base or escalator provisions are:

1) **A freeze of the support level for some period:** This action would imply that price supports are currently too high, and would not allow changes in the index of farm costs (i.e., the Parity Index) to influence price support until after the freeze. Based on recent history, price supports would be held from ten cents to fifteen cents per pound below the level dictated by the current formula for each year of a freeze. If legislation were enacted to impose a freeze, some action would then be necessary regarding an adjustment formula to go into effect after the freeze ends.

2) **Replacing the current formula with a mandatory parity level:** Between the late 1940s and 1959, supports were mandatory at 90 percent of parity. But the present formula, even while sometimes criticized for making prices too high, has resulted in prices at less than 70 percent of parity. Hence arriving at an acceptable percentage would be difficult.

3) **Using a general economic indicator, such as the Consumer Price Index, as the escalator, rather than the Parity Index:** While long-term history shows that agricultural price indices sometimes lag behind changes in the general price level, most economic indicators tend to move at about the same rate.

4) **Moderating the pace of increases in support rates:** Partial adjustments would be made for inflation rather than full adjustments; e.g., less than a one-for-one adjustment for the percentage change in the Parity Index. Under this method, farmers would have to improve their cost efficiency to maintain net income from tobacco.

5) **Tying support rates to cost of tobacco production rather than to general farm costs:** The target price level adopted for agricultural commodities covered by the 1977 Agricultural Act relate to their specific costs, rather than a generalized index of farm cost rates. Use of this approach for tobacco would be subject to several problems such as determining the cost items to be measured. For example, if quota leases are included in an overall cost indicator, a ratchet effect on support rates could result. Higher rents could force price supports up, which induces further hikes in lease costs as tobacco prices rise. Using tobacco production costs for a base, then, might well adjust supports upward.

6) **Using a "two-price" plan rather than the single formula:** Two-price plans have been used to maintain prices in primary markets while permitting additional quantitites to be sold at lower prices in secondary markets. Milk classification plans are based on separating the market for fluid and manufacturing uses. The current peanut program also operates as a two-price plan. The usual notion of a two-price plan for tobacco would be to restrict sales domestically and to sell extra production on an export market at a lower price. How this would work is not clear since export companies appear to be the leaders in the purchase of higher-priced upstalk flue-cured tobacco.

7) **As an entirely different approach, administrative discretion could be broadened to allow the overall price supports to be within some legal range.** This approach, used now with dairy products, offers latitude for changes as circumstances warrant without requiring lengthy legislative changes.

Distribution of price supports among the grades. The USDA can now make some adjustments to support levels among grades. However, the overall support levels must average out to meet the legal formula. Therefore if supports are lowered on some grades, increases must be placed on others to meet the statutory average. □

try and state governments. Provisions of marketing orders and check-off plans are additional possible means for financing research and education in tobacco production and marketing.

Summary

The current tobacco program encompasses many features — some of greater economic consequence than others, and some more politically vulnerable than others. When there are opportunities to streamline the program — i.e., to fine-tune the mechanics involved — the most critical provisions, such as an aggregate marketing quota, need to be of primary concern. But if external pressures force a reduced involvement of government in the tobacco program, those provisions that can be performed by private or collective action within the tobacco industry might be transferred there — not those features which require, at a minimum, the sanction of government policy. □