Mr. CONABLE. I am a little confused about your summary and recommendations here. You have as one recommendation:

The current tariffs on foreign citrus imports into the United States must be maintained if the U.S. citrus industry is to survive.

Is maintenance of the tariffs enough for you with the conditions you described?

Mr. RUTLEDGE. Up to this time it has been but with our continued increase in the cost of producing and manufacturing and picking and hauling our crops it will soon not be enough.

Mr. CONABLE. In other words, in addition to this recommendation you are interested in some quantitative limitation of imports as well?

Mr. RUTLEDGE. Yes, sir; and that is why we support the Herlong-Rogers bill as well because a tariff in itself in the future probably will not be enough.

Mr. CONABLE. That is all, Mr. Chairman.

Mr. HERLONG. Mr. Watts.

Mr. WATTS. Mr. Rutledge, I was very much interested in your statement about a lot of people going into the orange growing business for the purpose of gaining capital gains. What is the solution to a situation of that kind? I am fairly familiar with Mr. Herlong's bill.

Mr. RUTLEDGE. We think that is the solution. That's the only solution that we see that resembles any remote possibility of solving this problem.

Mr. WATTS. In other words, make everybody capitalize the purpose of the ground?

Mr. RUTLEDGE. No; capitalize the expense of maintaining that grove for a period of 4 years.

Mr. WATTS. A period of 4 years.

Mr. RUTLEDGE. Yes, sir. Then if they would still run a loss, then after that period of time if they would lose money on that particular citrus grove, that could be written off as an expense item.

Mr. WATTS. But if they made money on it, it couldn't be written off.

Mr. RUTLEDGE. That is right.

Mr. WATTS. In other words, if I follow you, your idea would be to make the man that comes into the grove business for the first 4 years capitalize all of his expenses in connection with it.

Mr. RUTLEDGE. Yes, sir.

Mr. WATTS. And even though he kept that grove 30 years if he made money on it he would still be capitalizing it.

Mr. RUTLEDGE. Yes, sir; and the way they get their money back then is they have a higher base from which to depreciate on after that period of time.

Mr. WATTS. What about people that now have groves and they have had for 10 or 15 years? Would it affect those?

Mr. RUTLEDGE. It wouldn't affect them whatsoever.

Mr. WATTS. The bill is entirely prospective and not retroactive in any sense.

Mr. RUTLEDGE. That is right. It would only apply to trees not in the ground at the time of passage of the bill. It would not be retroactive, sir, that is right.

Mr. WATTS. Even though they kept that grove for many, many years they wouldn't be allowed to charge off the expense of spraying it?