

have increased. Shifts in consumer demand in foreign countries, as in the United States, for various kinds of tobacco products, mostly account for the increases in exports of certain types of leaf and the decline in others.

The United Kingdom has long been the principal export outlet for tobacco. Exports to China, the second most important prewar export outlet for United States leaf, have about disappeared. On the other hand, exports to the Netherlands, Germany, Ireland, the Philippines, and several other countries are now above prewar levels.

Favorable factors contributing to the export of tobacco in the last few years have been an improvement in economic conditions in many importing countries and the large United States imports from abroad which enable other countries to buy from this country. A very significant factor in the quantity exported in the postwar years has been the assistance to foreign countries under the various programs sponsored by the United States Government.

Stocks.—The general practice of tobacco manufacturers is to carry on hand enough tobacco for more than a year of operation. This is done in order that the leaf may “age.” Then too, by blending the leaf of two or more years’ growth, it is possible to smooth out variations that may come from differences in the effects of seasonal weather conditions on the crops.

Although the major types of tobacco have been grown under marketing quotas and acreage allotments most of the years since 1938, production during the last 10 years has tended to exceed the quantity used and exported. This has resulted in a progressive increase in stocks of tobacco on hand at the end of the crop year in relation to the disappearance of tobacco during the year. During the 1925–29 period the ratio of stocks to disappearance was 1.3 to 1. During the 1950–54 period the ratio was 1.7 to 1.

Of the total production of tobacco, flue-cured accounts for about three-fifths of the total and Burley, one-fourth. The change in the stocks of these two types accounts for most of the change in total stocks. At the beginning of the war stocks of

flue-cured were high but were reduced during the war and postwar years (see Figure 16). Stocks have been increasing since then. The ratio of stocks to disappearance during the 1950–54 period was 1.4 to 1. Stocks of Burley tobacco were decreased only slightly during the war and have continued to increase since that time (see Figure 17). The ratio of Burley stocks to disappearance in the 1950–54 period was 2 to 1.

TOBACCO PROGRAMS AND POLICIES, 1935–55

Since the depression of the early thirties, various control programs have been carried on in an effort to regulate the production of tobacco from year to year in line with requirements of domestic manufacturers and for export. The first legislative basis for control programs was provided by the Agricultural Adjustment Act of 1933.

The production-adjustment program for tobacco was terminated as a result of the Supreme Court decision in January 1936, which invalidated the production control program carried out through contracts between the Federal Government and individual farmer and financed by processing taxes. However, tobacco programs were continued in 1936 and 1937 under the Soil Conservation and Domestic Allotment Act. This Act was designed to increase agricultural income primarily through payments for reducing soil-depleting acreages and the adoption of land use and farm practices which would conserve and build up soil fertility. The acreage control features of the new conservation program included the establishment of base acreages of soil-depleting crops of which tobacco was one, and payments to farmers for diversion of land from those base acreages to soil-conserving uses. Under this act production control became a byproduct whereas it was a primary object of the Agricultural Adjustment Act of 1933.

In February 1938, Congress enacted the Agricultural Adjustment Act of 1938 which has provided the legislative basis for the tobacco programs in effect since that time. The purpose of the 1938 act was as follows:

TOBACCO, FLUE CURED: SUPPLY, DISAPPEARANCE AND FARMER'S PRICE, UNITED STATES, 1920-55

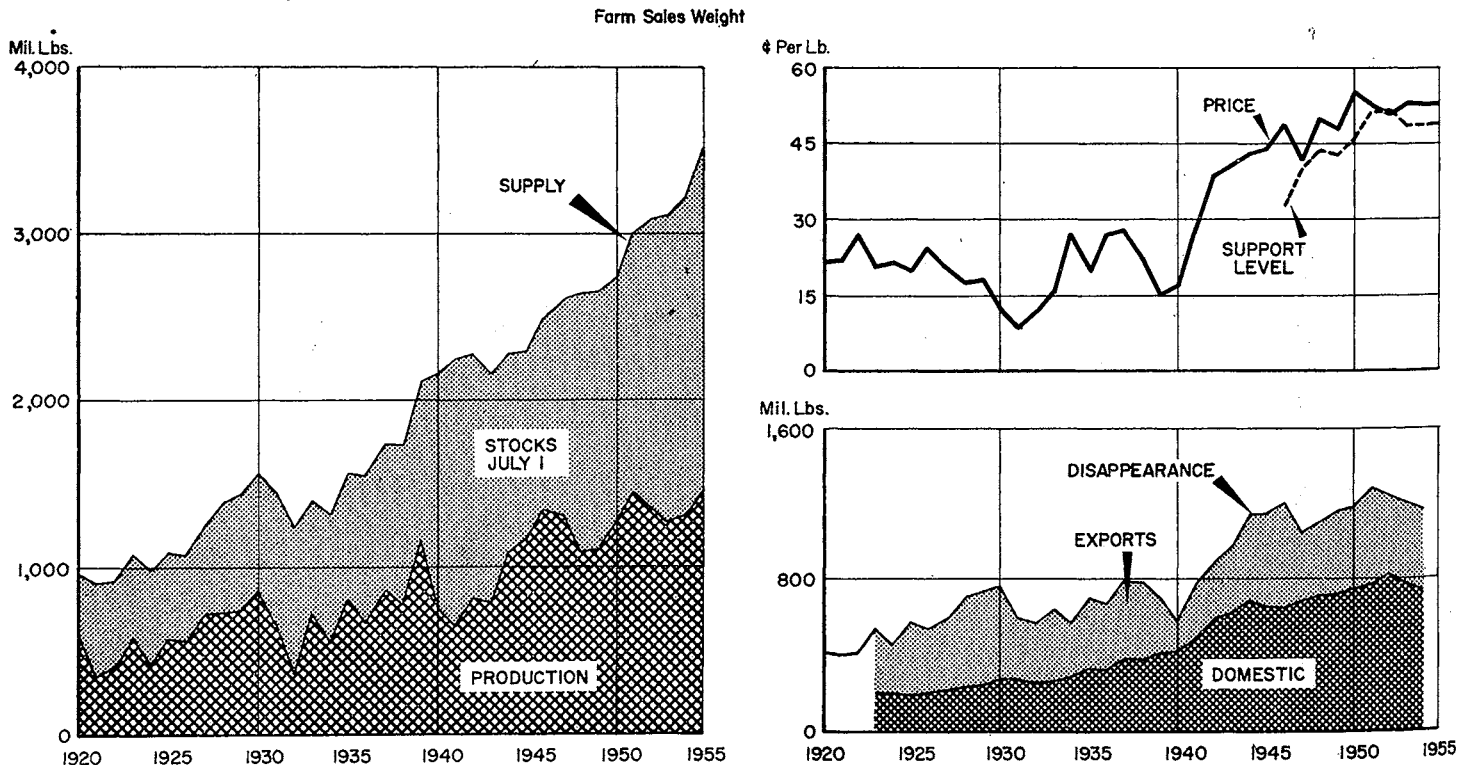


FIGURE 16