

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

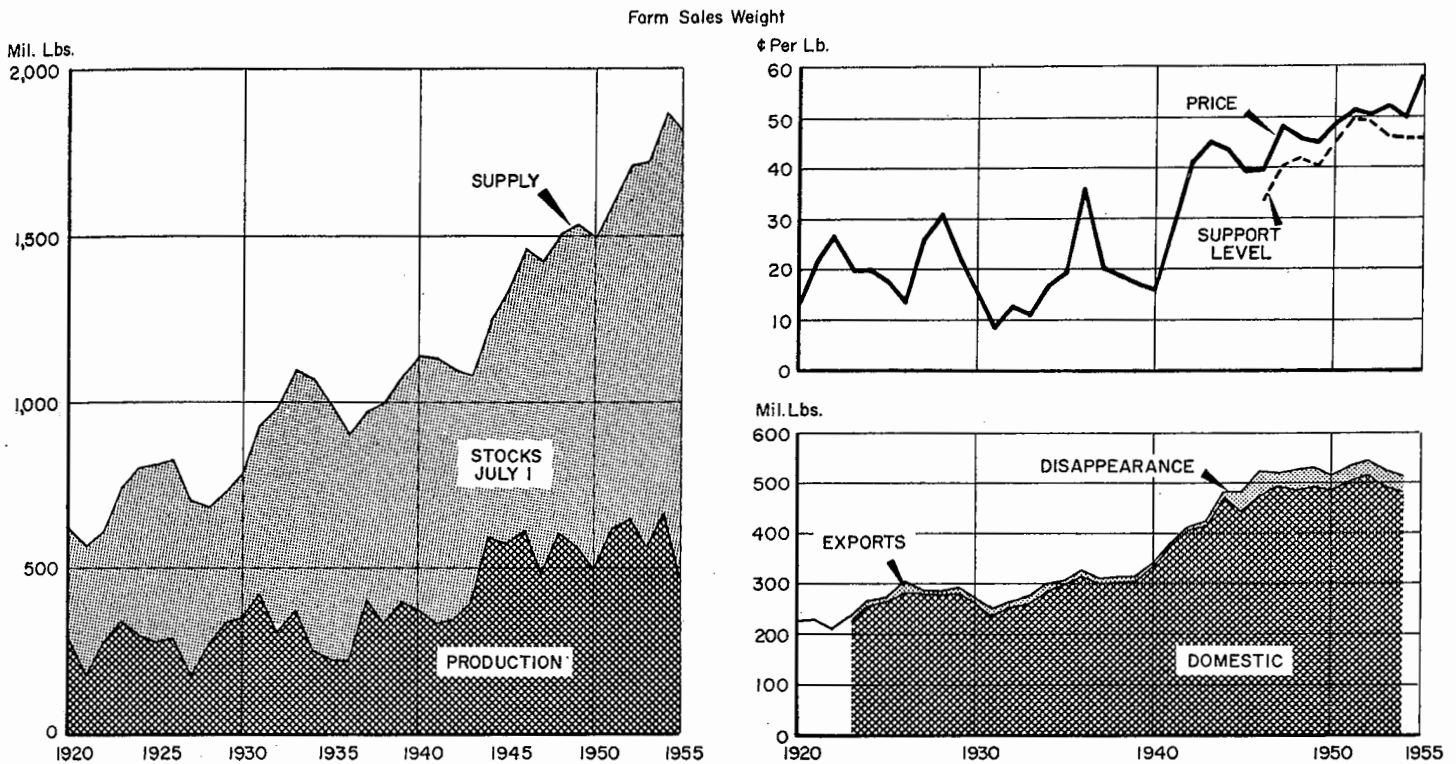


FIGURE 17

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(1) To conserve the Nation's soil resources and use them efficiently.

(2) To assist in the marketing of farm products for domestic consumption and exports.

(3) To regulate interstate and foreign commerce in cotton, wheat, corn, tobacco, and rice so as to—

(a) Minimize violent fluctuations in supplies, marketings, and prices of farm commodities;

(b) Protect consumers by maintaining adequate reserves of food and feed; and

(c) Assist farmers in obtaining a fair share of national income.

To conform with previous decisions of the Supreme Court, the acreage allotment and payment portions of the programs were separate and distinct from the marketing-quota portions. Acreage allotments were set up under the agricultural conservation program but marketing quotas became operative only under specified supply conditions and only if approved in a grower referendum.

Following the rejection of marketing quotas by tobacco growers for the 1939 season, a series of legislative amendments were made in the adjustment program. The most significant change provided that the Secretary of Agriculture could establish farm acreage allotments as a measure of the marketing quotas for farms rather than establishing marketing quotas in pounds. The 1940 program established the basic features of tobacco control programs to be followed in subsequent years. These basic features were (1) the conversion of marketing quotas to acreage allotments subject to specific provisions relating to minimum allotments, (2) permitting actual production on allotted acreage to be marketed penalty free, (3) a loan and purchase program to support prices at predetermined levels of parity, and (4) the adjustment of acreage allot-

ments as the long run technique of adjusting supplies to needs and thereby increasing prices.

Table 4 shows the number of allotted acres for various kinds of tobacco for which marketing quotas were in effect from 1940 to 1956. Tobacco programs were retained throughout the war even though for other commodities production controls were reversed. The wartime program was characterized by two general tendencies: (1) The expansion of acreage allotments for flue-cured and Burley tobacco after 1942 to meet wartime demands with emphasis on expanding production on small farms to meet increased war needs and (2) the inability of farmers to fully plant their expanded allotments due to wartime shortages of labor, fertilizer, barn space, and other facilities.

Policies followed also resulted in, especially for Burley tobacco, a large increase in the total number of allotments and spread of allotted and harvested acreage to sparse producing areas.

In the postwar period, adjustments have been made in national acreage allotments from the expanded levels of World War II in order to bring production more in line with needs. In 1956, the acreage allotted for flue-cured tobacco was 70.6 percent of the peak reached in 1946 and the allotment for Burley tobacco was only 50.7 percent of the peak acreage in 1945. This reduction in acreage has resulted in very small allotments for many tobacco growers. In 1956, on flue-cured tobacco farms, 52 percent of the growers had allotments of less than 3 acres; 79 percent of the Burley producers had allotments of less than 1 acre (see Table 5).

To support the price of tobacco, the Government has continued the loan and purchase program. Table 6 shows the average support price, the amount of tobacco pledged to the Commodity Credit Corporation for loans and the amount of stocks held by the Commodity Credit Corporation for flue-cured, Burley, and dark tobaccos for the period 1946-55.