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it takes MORE

than GOOD CROPS...

It takes a lot of know-how to grow a temperamental crop like tobacco and get it ready for market. It takes plenty of hard work, too, mostly hand labor . . . and a big investment . . . and some good luck with weather, bugs, and plant diseases!

Because of this, tobacco growing has continued to be largely a family enterprise ever since its historic beginning in the earliest days of colonial America. The average farm planting today is less than 3 acres. The family tradition is even maintained on most of the larger farms where the tobacco land is usually divided into family-size units operated by tenants and share croppers.

Family operation has served to develop and perpetuate the know-how and to provide the hand labor needed to produce good crops. But good crops alone don't guarantee a good living. The *price* a crop brings when it is marketed determines how much is left over for the family to live on after production and selling costs are paid.

And farmers have found, through bitter experience, that individually they can do little or nothing to influence the prices they are offered for their products . . . that only by joining together can they influence supply and demand sufficiently to stabilize farm prices at fair levels and compete successfully for their fair share of the national income.

Thirty years of trial, marked with failures as well as successes, have now produced a national farm program through which tobacco farmers can cooperate to assure themselves a fair price for their tobacco every year.

THIS IS HOW IT WORKS



RESEARCH REPORT

Abstract: This report discusses the results of a study conducted in the field of [illegible] research. The study was designed to explore the relationship between [illegible] and [illegible]. The methodology employed was a combination of [illegible] and [illegible]. The results of the study indicate that [illegible]. These findings have significant implications for [illegible]. Further research is needed to [illegible].

Introduction: The purpose of this study is to investigate the [illegible] of [illegible]. This is a critical area of research because [illegible]. The study is organized as follows: [illegible].

Methodology: The study was conducted using a [illegible] design. The participants were [illegible]. The data were collected through [illegible].

Results: The results of the study are presented in Table 1. The data show a [illegible] relationship between [illegible]. This is consistent with the [illegible] hypothesis.

Conclusion: The study has shown that [illegible]. These findings have important implications for [illegible]. Further research is needed to [illegible].

MARKETING QUOTAS BALANCE SUPPLY WITH DEMAND—PROMOTE ORDERLY MARKETING

When the supply of any kind of tobacco becomes so large that it threatens to disrupt the market, producers may use marketing quotas—if they wish—to promote orderly marketing, to bring about and maintain a practical balance between supply and demand, and to stabilize the farm price for tobacco.

Marketing quotas accomplish these purposes by providing a fair and workable method of apportioning the available market among farmers who produce the tobacco.

WHEN QUOTAS MAY BE USED

The authority for farmers to use marketing quotas is contained in the Agricultural Adjustment Act of 1938, as amended.

For purposes of marketing quotas, the various types of tobacco are grouped by kinds, as follows:

- Flue-cured—Types 11, 12, 13, and 14
- Fire-cured—Types 21, 22, 23, and 24
- Dark air-cured—Types 35 and 36
- Virginia sun-cured—Type 37
- Burley—Type 31
- Maryland—Type 32
- Cigar-filler and cigar-binder—Types 42 through 46 and 51 through 55
- Cigar-filler—Type 41

After the beginning of each marketing year and not later than December 1, the Secretary of Agriculture is required to determine—for each kind of tobacco—the relationship between the “total supply” as of the beginning of the marketing year and what is known as the “reserve supply level.” The marketing year for flue-cured tobacco begins on July 1; for other kinds, on October 1.

Total supply means all stocks of unmanufactured tobacco in the U. S. as of the beginning of the marketing year together with the estimated current crop.

Reserve supply level is a normal year's domestic consumption and exports, plus 175 percent of a normal year's domestic consumption and 65 percent

of a normal year's exports as an allowance for a normal carry-over, together with an additional 5 percent of the total to insure a supply adequate to meet needs in years of drought, flood, or other adverse conditions, as well as in years of plenty. A carry-over of this size is necessary, in the case of tobacco, to allow time for proper aging.

If the Secretary finds that the total supply of a particular kind of tobacco as of the beginning of the marketing year exceeds the reserve supply level, he is required to proclaim such fact; whereupon marketing quotas will be in effect for the next succeeding marketing year if approved by growers of that kind of tobacco voting in a referendum.

The act also provides that when quotas have once been proclaimed for a particular kind of tobacco, the Secretary shall proclaim quotas for each succeeding marketing year, even though the relationship between the total supply and the reserve supply level at the beginning of the marketing year may not otherwise require a marketing quota proclamation. This provision was included in the act so that growers, if they wish, may continue indefinitely to use quotas to *maintain* a practical balance between supply and demand and to avoid sharp fluctuations in supplies and prices that might otherwise occur.

THREE PROGRAMS—ONE GOAL

There are three main parts of the national tobacco program:

1. *Marketing quotas* to balance supply with demand and promote orderly marketing;
2. *Price supports* to keep farm prices from falling to dangerously low levels; and
3. *Inspection, market news, and demonstration services* to provide information on grades, market prices, preparation of tobacco for market, and the basis for loan or “advance” rates under the price-support program.

DETERMINING THE NATIONAL MARKETING QUOTA

The amount of the national marketing quota, specified in the Secretary's proclamation, is the total quantity of tobacco needed in addition to estimated carry-over at the end of the current marketing year to provide a total supply for the next succeeding marketing year equal to the reserve supply level.

The national quota, in pounds of tobacco, less a small reserve for new farms, is then apportioned among States in which the particular kind of tobacco is produced. This apportionment is based on the total production in each State during the five calendar years immediately preceding the calendar year in which the quota is proclaimed. Adjustments are made, as necessary, for abnormal conditions of production and for trends in production. Due consideration is given to seed-bed and other plant diseases during the 5-year period.

If the Secretary finds that an increase is necessary in order to meet market demands or to prevent undue restriction of marketings in adjusting the total supply to the reserve supply level, he may—not later than March 1 following the proclamation of quotas—increase the national marketing quota by as much as 20 percent.

The Secretary also is required to increase or terminate quotas any time he finds, after due investigation, that such action is necessary to meet a national emergency or a material increase in export demand, or otherwise to accomplish the declared purposes of the act.

THE FARM MARKETING QUOTA

The act originally provided that farm marketing quotas be established in terms of a set number of pounds of tobacco, and the program was operated on this basis for the 1938 crop year. But growers found that this system of establishing quotas was impractical. Unpredictable growing conditions made it almost impossible to produce just the right amount of tobacco to meet a poundage quota. The resulting confusion and dissatisfaction in 1938 were largely responsible for the negative vote on quotas for the 1939 crop year.

To correct this situation, Congress amended the act in 1939 to allow farm marketing quotas to be

based on acreage allotments, as they have been since 1940. The amendment defines the farm marketing quota as the actual production from the farm's acreage allotment.

The act also recognizes that a farmer needs to know the size of the acreage allotment assigned to his farm before he votes in the quota referendum, so that he may judge accurately the effect of a marketing-quota program on his farming operations. An acreage allotment is therefore determined for each tobacco farm prior to the referendum and a notice of allotment is mailed to each farm operator.

Before farm acreage allotments are established, the State marketing quota, in pounds of tobacco, is converted into a State acreage allotment. This conversion is made on the basis of the average yield for the State during the immediately preceding 5 years, adjusted for abnormal conditions of production.

“Old-farm” Allotments

The State acreage allotment is then apportioned through county PMA committees among farms on which the particular kind of tobacco was produced in one or more of the preceding 5 years. Each farm acreage allotment is based on:

1. The acreage of the particular kind of tobacco harvested on the farm during the 5-year period, with due allowance for drought, flood, hail, other abnormal weather conditions, and plant-bed and other diseases.
2. Land, labor, and equipment available for the production of tobacco.
3. Crop-rotation practices.
4. The soil and other physical factors affecting the production of tobacco.

As a protection to small farms, the allotment that would otherwise be established may be increased under certain conditions if the normal production of the allotment would fall below the minimum level provided in the act. In the case of burley tobacco, farm allotments of 0.9 acre or less may not be further reduced.

“New-farm” Allotments

A small reserve—not to exceed 5 percent—of the national marketing quota is set aside and converted to an acreage basis for the purpose of setting allot-

ments for farms on which no tobacco of the particular kind was produced during the preceding 5 years, but on which tobacco will be produced for marketing in the year for which the quota is effective.

Such "new farm" allotments are based on:

1. The past tobacco experience of the farm operator.
2. The land, labor, and equipment available for the production of tobacco.
3. Crop-rotation practices.
4. The soil and other physical factors affecting the production of tobacco.

A grower who desires a "new-farm" allotment makes application to the county PMA committee prior to an announced date that allows time for consideration and establishment of all such allotments before the planting season.

Quotas Not Transferable

Farm marketing quotas (farm acreage allotments) are assigned, by law, to the *land*, not to the farm operator or owner, and cannot be transferred except as authorized by the Secretary of Agriculture.

Appeals

Any producer who is dissatisfied with the farm acreage allotment and the marketing quota established for his farm, may, within 15 days after the official allotment notice is mailed to him from the county PMA office, file an application with the county committee to have his allotment reviewed by a review committee. The review committee is composed of three farmers appointed by the Secretary of Agriculture. It may not include any member of the PMA county or community committee that set the original allotment.

If the producer is not satisfied with the determination of the review committee he may appeal to the courts for a review of the committee's determination.

THE QUOTA REFERENDUM

Following a marketing-quota proclamation for any kind of tobacco, the farmers who grow tobacco decide whether or not quotas are to be used by voting in a referendum. The referendum is held within 30 days of the date of proclamation. Any

person who shares in the proceeds of a crop of the particular kind of tobacco produced during the calendar year in which the referendum is held is eligible to vote.

A quota program is not put into effect unless it is favored by at least two-thirds of those voting in the referendum. In marking their ballots, growers also indicate whether they want quotas for 1 year or for 3 years. If quotas are approved for 3 years, referenda for the second and third years are not required unless later amendments will result in material revision of farm allotments before the end of the period.

Voting in the referendum is by secret ballot at polling places established in the communities where the tobacco is grown. Each eligible voter may cast only one ballot, regardless of the size of his farming operation or the number of farms in which he may have an interest. Provision is made for accepting absentee ballots when an eligible voter cannot vote in person at the polling place in the community in which his farm is located.

The referendum is conducted by committees of tobacco growers under the general supervision of the regularly elected county and community PMA farmer-committeemen.

Results of a referendum are determined on a national basis. If quotas are approved for a particular kind of tobacco, they apply to all who grow it.

HOW QUOTAS WORK

Shortly after the planting season, the acreage of tobacco planted on every farm within the county is determined by measurement, and each farm operator is notified in writing by the county PMA committee of the planted acreage on his farm.

Marketing Cards

Prior to the marketing season, a marketing card is prepared and mailed to each tobacco-farm operator. Attached to the card are a number of blank memoranda of sale to be used for identifying each lot of tobacco that is sold. The producer presents the card to the warehouseman or purchaser at the time the sale is completed.

A within-quota marketing card (white in color) is issued to the operator of each farm on which the *harvested* acreage does not exceed the farm acreage

allotment. Tobacco identified by a white card may be marketed penalty-free.

An excess marketing card (red in color), showing the percentage of excess production, is issued to the operator of each farm on which the *harvested* acreage exceeds the farm acreage allotment, unless the farm operator furnishes evidence satisfactory to the county PMA committee that the excess production will not be marketed. Tobacco identified by a red card is subject to a penalty (see below) at the time it is marketed.

Penalties

When quotas are in effect, all tobacco marketed from a farm in excess of the farm marketing quota (the actual production of the farm-acreage allotment) is subject to a penalty. The amount of the penalty, as prescribed by law, is 40 percent of the average market price per pound for the particular kind of tobacco during the immediately preceding marketing year. The rate of penalty is announced prior to the marketing season.

A proportionate share of the penalty is deducted by the warehouseman or purchaser from the proceeds of the sale of each lot of tobacco identified by a red (excess) marketing card. Funds collected are deposited with the Treasurer of the United States.

Any producer who falsely identifies any tobacco or fails to account for the disposition of any tobacco produced on his farm is liable for penalties provided in the act. This means that tobacco produced on one farm cannot legally be marketed on a marketing card issued for any other farm.

PROGRAM ADMINISTRATION

Growers themselves administer a marketing quota program through their elected representatives—the Production and Marketing Administration (PMA) farmer-committeemen—under uniform procedures established by the Secretary of Agriculture in accordance with the provisions of the act.

PRICE SUPPORTS PROVIDE PROTECTIVE FLOOR UNDER FARM TOBACCO PRICES

When prices farmers receive for their crops are low in relation to the prices of things farmers must buy, savings soon disappear and bankruptcy often follows. Such a collapse of farm purchasing power also may have a disastrous effect on business and employment; it was considered a major factor in starting the spiral that led to the great depression of the early 1930's.

Federal price supports have been authorized by Congress to keep the prices farmers receive for important farm products, including tobacco, from falling to dangerously low levels.

Except under unusual circumstances, when direct purchases or other operations may be desirable, price support for tobacco is accomplished by a loan program operated through producer cooperative associations or other responsible organizations under contract with the Commodity Credit Corporation.

CCC makes loans to associations, which in turn make advances to growers either directly or through auction warehouses. Services performed by the association include arrangements for receiving, re-drying, packing, storing, and marketing tobacco pledged under the loan program.

ELIGIBILITY FOR PRICE SUPPORT

Eligible Producer

All producers of a kind of tobacco for which marketing quotas have not been proclaimed are considered eligible to participate in the price-support program if their tobacco meets loan requirements.

Any producer of a kind of tobacco for which marketing quotas are in effect is eligible to participate in the price-support loan program if he has not produced tobacco in excess of the marketing quota for his farm and his tobacco otherwise meets loan requirements. If producers vote against quotas for any year, price-support loans are not available for that year.

Eligible Tobacco

Tobacco produced by an eligible producer in the United States or Puerto Rico is eligible for price support if it (1) is owned by the original grower

at the time of delivery for loan; (2) is in sound and merchantable condition; (3) is free and clear of any and all liens and encumbrances, and (4) is tendered to CCC as security for the loan during the period in which loans are made available for the particular crop.

HOW THE PROGRAM WORKS

Auction Market Area

Tobacco is delivered to the auction warehouse where it is displayed for sale in the usual manner on the auction floor. Before the selling begins, each basket is graded by a Federal inspector and the official U. S. grade is marked on the warehouse ticket. An eligible producer may determine the loan rate for each basket by referring to his schedule of loan rates by grades (often called advance rates).

The auction is carried on in the customary manner and each basket is knocked down to the highest bidder. If the bid on any basket is not more than the loan rate for the grade, the tobacco may be placed under loan by the grower or his representative if he wishes to do so. The grower receives the proceeds of the loan at the time, and normally as part of the settlement by the warehouse for all of his tobacco displayed for inspection and sale on the day's auction. The warehouse is reimbursed by the association with funds borrowed from CCC.

If the tobacco placed under loan is of a kind for which marketing quotas are in effect, the grower presents his white (within quota) marketing card to the warehouseman at the time settlement is made so that a memorandum of the sale can be issued to properly identify the tobacco as eligible for price support. Tobacco identified by a red (excess) marketing card is not eligible for price support.

The association bears a part of the cost of services rendered on the pledged tobacco to place it in a collateral position. This cost is charged proportionately against each lot of tobacco placed under loan and, ordinarily, is deducted by the warehouseman when he advances the proceeds of the loan to the grower.

Nonauction Area

The association arranges for facilities, as necessary, for receiving, grading, packing, and storing tobacco.

Any eligible producer who wishes to deliver tobacco to the association under the price-support program notifies the association. The association then advises him when and where to deliver his tobacco.

When the tobacco is delivered to the central receiving point, it is sampled by a Federal inspector, who determines the official U. S. grade of each lot. The amount that can be paid to the producer is determined by multiplying the loan rate for the grade by the weight of the tobacco in the lot.

If the producer accepts the loan rate for his tobacco, he receives the proceeds of the loan from the association. A small service charge is deducted by the association to help cover its share of the cost of placing the pledged tobacco in a collateral position.

If the producer decides not to accept the loan rate, he may withdraw his tobacco by paying a nominal fee to cover the costs of receiving, grading, and handling. But once the tobacco has been placed under loan, it is pooled with other loan stocks and cannot be withdrawn.

If the tobacco is of a kind for which marketing quotas are in effect, the grower presents his white (within quota) marketing card at the time he receives the proceeds of the loan so that a memorandum of sale can be issued to properly identify the tobacco as eligible for price support. Tobacco identified by a red (excess) marketing card is not eligible for price support.

Selling Loan Tobacco

All tobacco produced in one crop year that is received by the association under the price-support operation is pooled and sold through regular trade channels in such a manner as not to disrupt the market or jeopardize the effective operation of the price-support program. If the returns from the sale of the tobacco are more than enough to cover the payments to growers in addition to the money advanced by CCC to the association for expenses incurred in handling, storing, and selling, the net gains are distributed pro rata to the growers from whom the tobacco was received. If the sales pro-

ceeds are not enough to cover payments to growers and expenses, the loss is assumed by CCC under the "nonrecourse" provisions of the act.

THE SUPPORT LEVEL

When marketing quotas are in effect for a particular kind of tobacco, the price-support level is 90 percent of the parity price as of the beginning of the marketing year, except that in the case of fire-cured tobacco, the price-support level is 75 percent of the burley rate, and for dark air-cured and Virginia sun-cured, it is 66⅔ percent of the burley rate.

The support level for a crop of any kind of tobacco for which marketing quotas have not been proclaimed may not exceed 90 percent of parity and may be not less than a level between 75 and 90 percent of parity, as determined by the so-called sliding scale contained in the act.

The sliding scale is based on the relation between the total supply and the normal supply of the particular kind of tobacco as of the beginning of the marketing year. The larger the total supply relative to the normal supply, the lower the minimum price-support level.

Loan Rates by Grades

The market value of a lot of a particular class and type of tobacco is determined largely by its grade. In effect, each buyer makes a grade determination according to his own particular standards before he decides how much to bid on a lot of tobacco.

In order to conform with market practice and to make sure that price support is available for *all* sound and merchantable tobacco that is otherwise eligible for support, loan rates also are established on a grade basis by use of U. S. standard grades for uniformity.

The rates for the various grades are established in such a manner that the *average* for the total annual production—consideration being given to the normal price differentials between grades and the amount of the annual production that normally falls into each grade—is equal to the price-support level.

The schedule of loan rates by U. S. standard grades (sometimes called advance rates) is determined, on the basis of the most accurate and com-

plete information available, after consultation with representatives of growers, warehousemen, and the industry, and is released for publication in advance of the marketing season.

ADMINISTRATION

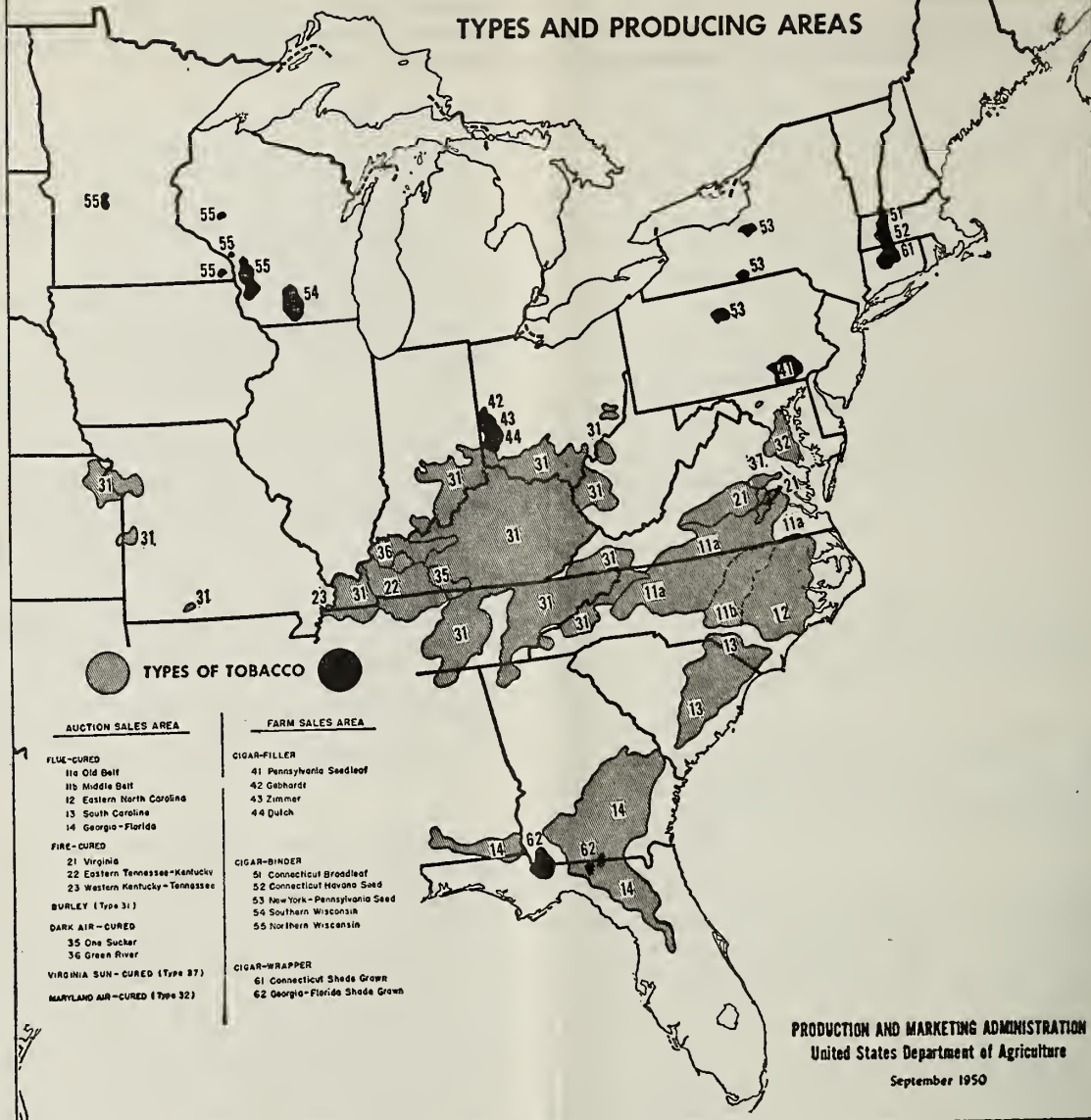
Most price-support operations are handled by the producer cooperative association in accordance with

its contract with the Commodity Credit Corporation. Associations work in cooperation with State and county PMA committees and PMA's Tobacco Branch.

When marketing quotas are in effect for a particular kind of tobacco, county PMA committees establish a producer's eligibility for price support by issuing the proper marketing card.

TOBACCO

TYPES AND PRODUCING AREAS



● TYPES OF TOBACCO ●

AUCTION SALES AREA

- FLUE-CURED**
 11a Old Belt
 11b Middle Belt
 12 Eastern North Carolina
 13 South Carolina
 14 Georgia-Florida
- FIRE-CURED**
 21 Virginia
 22 Eastern Tennessee-Kentucky
 23 Western Kentucky-Tennessee
- BURLEY (Type 31)**
- DARK AIR-CURED**
 35 One Suclar
 36 Green River
- VIRGINIA SUN-CURED (Type 37)**
MARYLAND AIR-CURED (Type 32)

FARM SALES AREA

- CIGAR-FILLER**
 41 Pennsylvania Seedleaf
 42 Gebhardt
 43 Zimmer
 44 Dulch
- CIGAR-BINDER**
 51 Connecticut Broadleaf
 52 Connecticut Havana Seed
 53 New York-Pennsylvania Seed
 54 Southern Wisconsin
 55 Northern Wisconsin
- CIGAR-WRAPPER**
 61 Connecticut Shade Grown
 62 Georgia-Florida Shade Grown

PRODUCTION AND MARKETING ADMINISTRATION
 United States Department of Agriculture
 September 1950

FEDERAL GRADING, MARKET NEWS, DEMONSTRATION FURNISH QUALITY AND PRICE GUIDES

FEDERAL GRADING

Having produced a crop of tobacco, the farmer is still faced with the problem of selling it for the best possible prices.

First, he needs to prepare his tobacco for market so that it meets the requirements of prospective buyers. But unless he knows about how much each lot is worth at current market prices, he has no reliable method of determining if offers are reasonable.

When a lot of tobacco is sold at auction, many factors other than type and quality may influence the selling price. As a result, it is not unusual to see parts of a split lot sold for different prices. Nor is it uncommon for selling prices of tobacco of the same quality and other identical characteristics to vary considerably among different auction markets. This price behavior is to a large extent inherent in the system of auction selling.

The situation has been even worse outside the auction market areas, where a farmer must wait for buyers to come to his farm. He must then decide whether to accept or reject an offer, with little or no information upon which to base his decision.

For many years, this situation has created considerable uncertainty and confusion and, at times, extreme bitterness among farmers. To help overcome the problem, farmers found that they needed:

1. A system of standard grades, uniformly applied, for classifying their tobacco according to type, quality, and other significant characteristics.
2. A good working knowledge of how properly to prepare their tobacco for market.
3. Reliable reports on current market prices according to standard grades.

These needs are met by the services authorized in The Tobacco Inspection Act of 1935. The Federal inspection, demonstration, and market news services of the U. S. Department of Agriculture, which are based on Government standard grades, provide an impartial and relatively accurate measuring stick of grades and prices which each grower can use.

U. S. standard grades for tobacco are determined by division and subdivision according to type, quality, and other significant characteristics until a point is reached at which further subdivision is neither essential nor desirable. Each final subdivision is called a grade.

Of necessity, there must still be a limited quality range within each grade which may be reflected in the prices bid in the auction. But when a load of well-cured tobacco has been properly sorted, bulked, and delivered to an auction market, and each basket has been graded by an experienced and unbiased Federal tobacco inspector, the grower has only to refer to the current market news report to determine if the bid on a particular basket is within the normal price range for the grade. In short, he is equipped to make an intelligent decision as to whether he should accept or reject the bid. Services are available throughout the auction market areas.

In nonauction areas, inspection and market news services are not yet generally available. As tobacco is sold at the farm rather than through central markets, operations are much more difficult. Legislatively, the system was designed for the auction method of selling. But plans under consideration may make these services available to growers in nonauction areas, at least on a limited scale.

It should be realized, however, that both services furnish information only. Grades placed on tobacco by the inspection service do not govern buyers' bids or offers; they supply information for use by growers regarding the quality of tobacco offered for sale. The market news service does not establish prices; it only records and reports current average prices established by sales. But if the service is used properly, it can go far toward preventing losses suffered by growers when the price offered for tobacco is less than its current market value.

Federal grading has another very important function. It is the basis for the Federal price-support loan program. The Federal grade, recorded by the Federal inspector on the auction warehouse ticket, establishes the rate of "advance" for the basket. By referring to the schedule of "advance"

rates, by grades, each grower can quickly determine the loan rate per pound for the basket. He need not take less than this price if he is otherwise eligible to participate in the Federal price-support program.

When it is possible to expand grading services in the nonauction areas, these advance rates may well be used by growers in conjunction with grade information in deciding whether to accept or reject offers.

So that growers may understand and take full advantage of Federal inspection and market news, the U. S. Department of Agriculture provides demonstrations and other educational services when growers request them.

The Department works with agricultural colleges, county agents, vocational agriculture teachers, chambers of commerce, and other civic and farm organizations in providing this service.

Usually, a demonstration is arranged by the county agent or agricultural teacher and is held on a tobacco farm at the time the crop is being prepared for market. PMA makes available a Federal tobacco inspector to conduct the demonstration. The inspector explains how grades are determined, how

to use the market news service, and demonstrates how to strip, sort, and bulk the tobacco so it can be sold at the highest price consistent with quality.

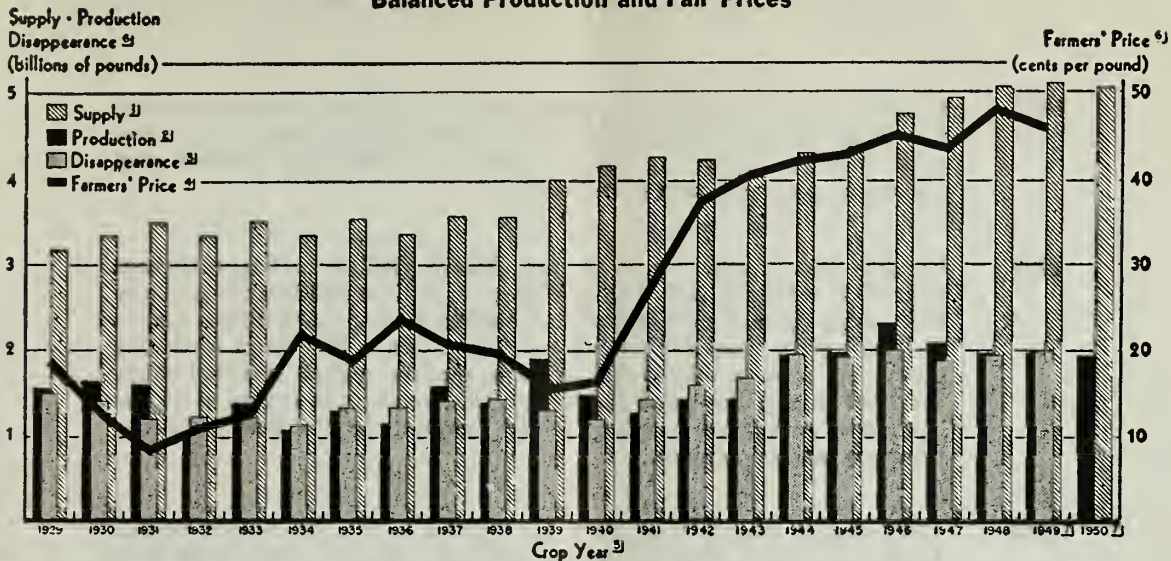
The Tobacco Inspection Act provides that grading, demonstration, and market news services shall be made available, free of charge, on auction markets where farmers want them. To obtain these services, growers request a referendum to be held covering a market or group of markets. If approved by two-thirds of those voting, the market or markets are designated by the Secretary of Agriculture for free and mandatory inspection.

Inspection is made available on a reimbursable basis, in nonauction areas, on markets that have not qualified for the free service, and under other special circumstances when it is feasible to do so or when inspection is necessary to the operation of the Federal price-support program.

By the 1950-51 marketing season, all but 2 of the 170 active auction markets had requested and qualified for free inspection. Altogether, over 90 percent of the 1950 crop will have been graded by Federal inspectors by the end of the marketing season.

TOBACCO - TWENTY YEARS OF PROGRESS

Growers Use Federal Farm Programs to Achieve
Balanced Production and Fair Prices



¹ Carry-over from previous crop year plus current crop.

² Total production for current crop year.

³ Total supply minus stocks at end of crop year.

⁴ Season average farm price per pound.

⁵ Crop year begins July 1 of the calendar year in which the crop is harvested for flue-cured, Connecticut Valley shade-grown, and Georgia-Florida shade-grown; all other types, October 1.

⁶ All domestic types.

⁷ Preliminary.

1920-28 Supplies and prices fluctuate widely. Gains in good years more than wiped out in poor ones. Small 1927 crop brings relatively good price but larger 1928 crop starts price decline.

1929-32 Record 1929 and 1930 crops create tremendous surplus, driving prices to lowest point since before World War I. Near-record 1931 crop causes market collapse, bankrupting thousands of growers.

1933-35 Congress passes Agricultural Adjustment Act of 1933. Complying with production adjustment contracts, growers make substantial progress toward eliminating price-depressing surpluses. Improved supply-demand ratio and stabilizing and price-supporting effect of marketing agreements bring farm price increase. By 1935, farm income from tobacco approximates pre-depression level.

- 1936-37 Agricultural Adjustment Act of 1933, invalidated by Supreme Court decision, replaced with Soil Conservation and Domestic Allotment Act. Drought limits 1936 crop. But without effective production adjustment program, 1937 crop shows sharp increase. Supplies reach record level and prices fall.
- 1938 Congress passes Agricultural Adjustment Act of 1938, authorizing farm marketing quotas on poundage basis. Growers of flue-cured, burley, and dark tobaccos approve marketing quotas for 1938 crop. Smaller crop reduces surplus and halts price decline.
- 1939 Growers reject quotas for 1939 crop. Record yield from largest acreage since 1930 results in record crop. War starts in Europe. Blockade virtually halts shipping and most importers withdraw from market. Prices tumble to lowest point since 1933. Congress changes act to base farm marketing quotas on acreage allotments. Growers approve quotas overwhelmingly for 1940 crop of flue-cured and burley. CCC arranges to restore to market equivalent purchasing power of major European buyers, thus preventing complete market collapse.
- 1940 Crop reduced sharply from 1939, but supplies continue to exceed demand because of further drop in exports and large carry-over from 1939 crop.
- 1941-45 Domestic consumption, particularly of cigarettes, increases sharply and exports also improve. In May 1941, Congress authorizes loan and purchase program to support price to cooperating producers at 85 percent of parity. Loan rate increased to 90 percent of parity in 1942. Surpluses disappear as demand exceeds production. Farm prices shoot upward and are well above parity for all kinds in 1943-45. Burley and flue-cured quotas are continued in order to prevent overexpansion at expense of "war crops"; are adjusted as necessary to meet requirements. Fire-cured and dark air-cured quotas suspended from 1943 to 1945.
- 1946 Quotas adjusted to fit new pattern of requirements as exports reach postwar peak. Production of all types is highest of record and consumption and farm price also hit new highs.
- 1947 Exports decline sharply owing to dollar shortage abroad. Reduction in 1947 crop is more than offset by large carry-over from 1946 crop.
- 1948 Quotas reduced sharply from 1947 levels to prevent new build-up of surpluses. Exports increase 15 percent largely because of ECA program.

1949

Exports somewhat above 1948. Domestic cigarette consumption continues upward trend, with resulting strong market for flue-cured, burley, and Maryland types. Quota adjustments allow larger plantings of flue-cured and burley, smaller plantings of dark tobaccos. Production of all types about 2 percent below 1948. Despite smaller total crop, total supply increases largely because of increased production of cigar leaf and decreased consumption of cigar leaf and some dark tobaccos. Virginia sun-cured quotas proclaimed for first time and voted by growers for 1950-52 crops.

Visit *the* COUNTY PMA OFFICE

The county PMA office is headquarters for farm program information.

Its workers are there to serve you.

Under the direction of the farmer-elected county PMA farmer-committee, it performs the day-to-day administrative duties and keeps the records that make it possible for farmers to take full advantage of Federal farm programs.

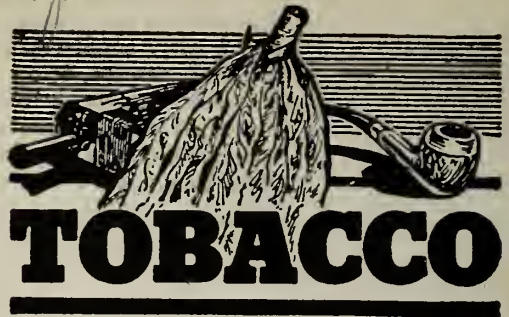
In addition to its work on tobacco, the county PMA office handles:

- ... Acreage-allotment, marketing-quota, and price-support programs that are in effect for other crops in the county.
- ... The Agricultural Conservation Program which provides assistance to farmers in carrying out needed soil- and water-conservation practices that otherwise would not be performed.
- ... The Federal Crop Insurance Program under which farmers may protect their investment in certain crops, including tobacco, against all uncontrollable natural hazards. (In counties where programs have been established.)

PMA farmer committees are often called upon to provide local leadership for related programs in which farmers participate that involve the national security or are otherwise in the public interest.

U. S. Department of Agriculture
Production and Marketing Administration
November 1950

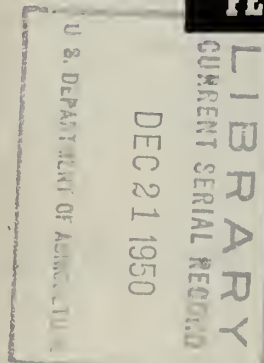
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PRICE SUPPORTS

MARKETING QUOTAS

FEDERAL GRADING



HERE
are the
FACTS

PRODUCTION AND MARKETING ADMINISTRATION
United States Department of Agriculture

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