

### The Cigarette Age

Per Capita Consumption is 856 a Year, or 43 Packages for Each Inhabitant

The per capita consumption of cigarettes in the United States last year was 856, or almost 43 packs of 20 cigarettes each for every inhabitant, the Commerce Department revealed. The total compares with a per capita consumption of 820 in 1927.

Total consumption for the year amounted to 102,765,000,000, by far the greatest of any country in the world, although Cuba, according to unofficial estimates, still holds the record per capita with 1,432.

The United Kingdom is believed to rank next to the United States, its factories consuming 138,150,127 pounds of tobacco for all purposes in 1927, as against 290,464,000 pounds for the United States. In Germany and Japan the annual consumption of cigarettes amounted to 32,000,000,000 and 28,000,000,000, respectively, and in Czechoslovakia and Italy each about 1,000,000,000.

## Farmer's 20-Cent Pound of Tobacco Reaches Ultimate Consumer at \$2.00 Pound

### When Various Taxes Have Been Added to Manufacturing and Marketing Costs, Price Bears Little Resemblance to Grower's Return

#### SELLS ABOUT 10 TIMES FIRST COST

By Bion H. Butler

So much has been said about the price of tobacco, and the cut the tobacco manufacturers take, and the various other things that enter into the cost of getting the crop from the farmer to the consumer that I have been asking folks some impudent questions about their affairs, and looking up some figures here and there and here are some of the answers I get.

North Carolina bright leaf tobacco is looked upon as a cigarette tobacco and some of it is. Some is used for plug manufacture, some for wrappers and

some for pipe smoking, but as this state is a cigarette state, and our product is almost exclusively bright leaf the best I could do in the way of information is to deal with cigarettes and to base the information gathered on cigarettes, even though it may not apply entirely.

The crop last year totaled 484,000,000 pounds of leaf, and sold for an average over the state of about 19 cents, bringing almost a hundred million dollars. The year before it sold for slightly less, for while the crop was smaller the price was a little larger. So I will use the figures of a hundred million dollars as that is an easy unit from which to work. The average price of all leaf sold in the state for the two years is just above 20 cents, so for ease of figuring we may say the crop of the two seasons was passed along to the buyers for that price. It is near enough for the deductions to be drawn. Twenty cents a pound is not a hard figure to keep in mind.

#### Marketing Costs

Cigarettes sell in the market in this community for twelve and a half to fifteen cents a package for the ordinary types, depending on where you buy them. The package has marked on its cover ten ounces as the net weight of the contents. That means that a pound which is sixteen ounces sells in cigarettes for from \$1.92 to \$2.40, or from nine and a half to twelve times as much as is paid the farmer for growing the crop and delivering it to the warehouse floors. Dealers in tobacco say they pay \$1.08 to \$1.14 for ten packages of cigarettes, depending on the method of buying, which means the profit runs from 11 cents to 36 cents on the pound of tobacco, depending also on how the stock is bought and how it is sold. I don't know much about buying and selling goods but a margin of 11 cents on \$1.08 or \$1.14 does not look very big to me. The higher figure of 36 cents may sound more alluring to the retailer. But he has to pay license taxes on selling tobacco, and it seems that pretty nearly every time anybody having anything to do with tobacco turns around he has to pay a special tax of some sort.

There I reached the end of my string as far as reliable figures are concerned for I have no contact with jobbers and distributors of manufactured tobacco, and they want a profit, and have taxes to pay on handling tobacco. Then comes the freight rates, and the distribution costs all along the line. Then we get to the factory. It is assumed that the tobacco factories earn enormous fortunes. Probably they do right well. I do not follow the industrial figures, but I notice that American Tobacco stocks sell around \$200.00 and pay eight per cent on a par of \$100, or four per cent on the investment. The Reynolds company sells for about \$60, with a dividend rate of \$2.40. These stocks can be bought by anybody who wants to share in the gains of the companies. I am not recommending the purchase of stocks in anything. Stocks are much like the Duke of York, who with ten thousand men, marched up the hill and then marched down again.

#### License Taxes

The tobacco companies pay big license taxes to the state. The rates for making cigarettes is from \$70 up to \$75,000. Every dealer is taxed from five to ten dollars. Warehouses pay from \$25 to \$500. And then comes your good Uncle Sam who takes away a couple of hundred million dollars from the North Carolina manufacturers of tobacco, and by the time all the tax is paid the pound of tobacco that the farmer sold for twenty cents a pound has a bill piled up on it that makes it look as if frogeye had hit it early in the season and stayed with it all through the year and into the curing barn.

After all is said about the manufacturers I suspect that both manufacturer and farmer as well as the dealers in tobacco, wholesale and retail, have little occasion to quarrel with each other. It looks to me as if they ought to get together and hunt out that common burden of taxation, which takes such a tremendous toll of the crop from the time it has been harvested until it has passed into the hands of the final consumer. Any industry in which the taxes are several times higher than the first cost of the product necessarily bears with insufferable severity on the producer.

### SPEND \$63,000 IMPROVING STATE FAIR GROUNDS

The gang of convicts which has been engaged in top soiling the State Fair grounds, and sowing grass in preparation for the crowds which are expected there from October 14 to 19, has now begun putting the race track in condition for the five-day program of horse racing from Monday through Friday of fair week.

Over 100 horses are already entered in the races, and the purses will total \$7,200, \$400 more than last year purses. Because of the better condition of the track, better records are expected to be made than were made last year.

The work on the fair grounds included grading, laying drainage tile and covering the entire grounds with a four inch layer of rock crushing, sand, top soil and gravel. Over \$63,000 has been spent putting the grounds in condition.



W. C. ROUNTREE, M. D.

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