



# TOBACCO NEWS of the CAROLINAS

## Emergency Hearings Held September 9th On Processing Taxes

### Rates Provided Under Amendments May Cause Reduction In Consumption

An emergency hearing on September 9 was called to determine whether the processing tax rates provided under the amendments to the Agricultural Adjustment Act will cause a reduction in the consumption of certain types and uses of tobacco, and, if so, what rates would not cause such reduction. The types and uses of tobacco to be considered are: cigar leaf tobacco generally and cigar leaf used in the manufacture of scrap chewing and smoking tobacco, and Burley tobacco used in chewing and smoking tobacco products.

The present rate on cigar leaf tobacco is 3 cents per pound except on that used in scrap chewing and smoking tobacco, for which the rate is 2 cents per pound. Under the Agricultural Adjustment Act, as amended, these rates will be increased on October 1 to 3.3 cents unless it is determined that the higher rates would cause such reductions in the domestic consumption as to result in the accumulation of surplus stocks or the depression of the farm price.

#### Rates On Burley

The present rate on Burley tobacco is 6.1 cents per pound, except Burley used in chewing tobacco, for which the rate is 2.5 cents per pound. On October 1, the rate on Burley used in all classes of products will be adjusted to 3.5 cents per pound unless it is determined that such a rate would cause such reductions in the domestic consumption as to result in the accumulation of surplus stocks or the depression of farm prices.

The hearing on cigar leaf tobacco started September 9 at 9:30 a. m. in hearing room No. 1 bureau of internal revenue building, Twelfth and Constitution Avenue, Washington, and the hearing on Burley tobacco was held in the same room at 11 a. m.

It was also announced that the tax rate on flue-cured tobacco will be reduced to 1.9 cents per pound on October 1. The present rate on this type is 4.2 cents per pound except for chewing tobacco for which the rate is 2 cents. The rate on dark air-cured tobacco which is 2 cents per pound on chewing tobacco and 3.3 cents on other products will remain unchanged. The present rates on flue-cured tobacco are 2 cents per pound when used for chewing tobacco and 2.9 cents per pound when used in other products. Under the amendments, these rates will be adjusted to 2.1 cents per pound on October 1.

## Asks Wallace To "Do Something" On Prices For Bright Tobaccos

Congressman Frank Hancock of the fifth district, North Carolina, has urged Secretary Wallace to consider some measure to raise the present average price of tobacco, according to the Raleigh Times. His telegram to the Secretary read as follows:

"Average tobacco prices, in my judgment are unjustifiably below level that general conditions in trade and industry warrant. Reasonably certain that poundage will not come up to earlier predictions and estimates. Cost of making crop is greater than recent previous years and unless prices for flue cured average 25 cents or better, there will be little increased purchasing power among growers and consequently no substantial recovery in our State this year as the result of tobacco program. Will appreciate you placing this message before Hinson and urging his best consideration. Cooperating growers must and will continue to look to you for protection by the proper exercise of power Congress gave you."

Prices so far have been ranging from 17 to 20 cents a pound.

## Golden Flow Of New Tobacco Crop Starts

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harvest these past few weeks and the outlook is for a good crop. Harvesting and housing of the early crop is now under way and proceeding rapidly.

For the most part conditions have been favorable in New England and Pennsylvania although these states are not big producers as compared with the Carolinas or some of the other Southern states.

The Kentucky crop went through a long period of dry weather which was detrimental to the early crop. This crop ranges from poor to good, depending on the amount of drought injury. Rain in mid-August helped the late crop, however, and it has developed rapidly since the rains. There will be doubt as to a good crop of the late crop. Harvesting of the early crop is now in progress.

Tennessee also had a long spell of dry weather which did not help the crop any but some scattered showers fell during August and aided growth to some extent. Conditions are favorable throughout the State and rain from now to good cutting is progressing steadily.

## New Device Designed To Trap Cigarette Beetle



W. D. Reed, U. S. Department of Agriculture entomologist attaches glass container to suction light trap developed for cutting down cigarette beetle infestations in cured tobacco warehouses.

## Good Results From AAA Tobacco Adjustment Program Seen In S.C.

### Flue-Cured Area Finding Real Benefits, Both Financial And Otherwise In Plan For Controlled Production

By A. E. BRYAN

Agricultural Editor, Clemson College

What do the tobacco growers of South Carolina think of the tobacco program of the Agricultural Adjustment Administration and what has the program accomplished? To this double-barrel question the writer sought to find the answer in a recent business visit to the great Lee Dec. section in the eastern part of the state where tobacco is an important cash crop. Confering with county farm agents and with J. T. Lassar, district agent of the Extension Service at Florence who supervises the AAA tobacco program in South Carolina, and talks with farmers and other citizens left no doubt as to the answer.

There are facts and figures which speak eloquently of the financial betterment of individual growers and the economic improvement of all the people resulting from the program. And there are earnest, heartfelt expressions of farmers themselves that speak even more eloquently of their "come-back," their salvation from financial loss, discouragement, and despair, as a result of the program.

No wonder, then, that there is general approval and strong praise as to past and present, and well-nigh 100 per cent demand for continuation of the Adjustment Administration's activities as shown in the recent overwhelming vote for continuation of the tobacco program in 1934 and later. Approximately 95 per cent of the 19,311 tobacco farmers voting asked for continuation—18,745 voters supporting and only 495 voters for discontinuation.

#### Some Tobacco History

But, let's not get ahead of the story. In 1932 South Carolina tobacco growers produced 59,236,000 pounds of flue-cured tobacco on 65,000 acres. That was the first year of damage from blue mold, a destructive disease of tobacco, which explains the low acreage—about two-thirds the average acreage—and the poor quality. This 1932 crop brought only about \$4,000,000 at around 16 cents per pound for the crop of 59,236,000 pounds. A small crop of inferior quality in short brought a low total price and considerable discouragement.

In 1933 South Carolina produced a crop of good tobacco amounting to about 67,000,000 pounds. After the markets had run for about a month, warehouses were closed in South Carolina and North Carolina on account of low prices being paid on the auction floors. The markets reopened September 25 after a marketing agreement had been signed by the manufacturers that would improve the prices on the unsold portion of the crop.

#### Equalization Payment

Since Georgia had sold all of its crop prior to the closing of the market and South Carolina had sold a large portion at the lower prices, the proposed adjustment contract that was to be offered to tobacco growers provided for an equalization payment of 30 per cent of the net sale value of the crop for that portion sold from August 1 to September 1 and 10 per cent for that portion sold from September 25 when the warehouses reopened to October 7, the assumption being that the price would increase at all markets in the same proportion after October 7. The Extension Service kept in close touch with the situation and found that there was very little increase in price as the South Carolina market after October 7, but a marked increase in price on the North Carolina market after that date.

The Extension Service, always seeking to protect the interests of South Carolina farmers, began at once to collect informa-

tion in the way of actual prices being paid and presented the facts found to the Tobacco Section of the AAA and asked that the 10 per cent equalization payment be extended through the entire marketing season.

The Administration finally agreed upon a bank of the facts presented, to extend the period of 10 per cent equalization payment through October 25. This extension from October 7 to October 25 increased the equalization payment by about \$250,000. The total equalization payments to South Carolina growers were \$1,199,268.70.

#### The Benefits Begin

The 1933 crop in South Carolina, remember, was large and good and despite the low prices which caused dissatisfaction and temporary closing of markets, it sold for about \$10,000,000. The equalization payments, as already explained, brought over a million dollars to 15,000 farmers in the state's tobacco belt. This adjustment million was not received by farmers until the spring of 1934, but it was a welcome forerunner of other benefits to come from the production control programs of 1934 and 1935.

Under the 1934 contracts, farmers reduced acreage about 25 per cent. On the reduced acreage the yield was about 68,000,000 pounds which brought about \$11,000,000, the price averaging 20 cents or more. So a smaller and poorer crop brought in 1934 more than a large good crop brought in 1933. Benefit No. 1.

Rental payments for tobacco land taken out of production under the 1934 contract totaled a half million dollars—\$531,589.80—to South Carolina farmers; and adjustment payments averaging about 10 per cent on the crop value totaled somewhat more than another million dollars—\$1,166,254.33. These rentals constitute Benefit No. 2, and the adjustments constitute Benefit No. 3.

For 1935 the contract reduction from the base acreage will average say 15 per cent, and the rentals to the state's tobacco growers will approach a quarter million dollars—\$235,175; and the adjustment payments will be \$1.4 per cent of the net sale value of this year's crop.

#### Tobacco In The Money

What will that value be? Well, that's anybody's guess. But some of those who ought to be "in the know" figure that the crop should run to say 75,000,000 pounds or more. At the 1934 average price that would total perhaps \$15,000,000 for the sale value of the crop, besides the rental and adjustment payments from AAA. That will be big money for the tobacco area of the state, and whether these figures are reached or not, the total returns from the crop under the adjustment program will be a far cry from the four million dollars received for the 1932 crop.

#### Some County Figures

Back for a moment to the figures for 1934 when rental and adjustment payments to farmers in South Carolina added more than one and a half million dollars to the net tobacco sale. It is interesting to note approximately ten million dollars received that many county farmers received a larger share than any other South Carolina county—\$232,231.45 in adjustment payments and \$122,231.45 in rental payments. Next in order was Florence county with \$220,227.15 and \$122,227.15. Then came Dillon with \$117,722.45 and \$117,722.45. Marion with \$117,722.45 and \$117,722.45. Wilkesboro with \$117,722.45 and \$117,722.45. Washington with \$117,722.45 and \$117,722.45. Chester with \$117,722.45 and \$117,722.45. Sumter with \$117,722.45 and \$117,722.45.

## Chant Of Auctioneer Opens Season's Sale Of S. C. And Bright

### Prices Disappointing To Start With But Good Average Is Expected

By A Staff Writer

The singsong chant of the auctioneer has started on the Eastern North Carolina tobacco markets and before it has ended and the last pile sold North Carolina farmers are expected to receive at least \$110,000,000 for the 1935 crop of golden weed which is now estimated at between 475,000,000 and 500,000,000 pounds. Prices did not start off as high as expected.

They'll also receive, according to present estimates around \$5,000,000 from the government in rental and benefit payments.

This total figure of \$115,000,000 may increase to \$125,000,000 through either increased poundage or rise in price—compared favorably with the Tar Heel tobacco growers received for their crop last year.

#### Price Around 25c

Figures compiled by K. J. Shaw, assistant to E. Y. Floyd, tobacco specialist at State College, show that tobacco on the border belt is now averaging around 17 to 21 cents. Mr. Shaw pointed out that farmers usually start selling their lugs or lower grade tobacco first and that it is logical to expect a slight increase in price later. He is expecting the average this year not to miss by far that of 97 cents a pound to Carolina farmers in 1934.

The dark side to this otherwise bright picture is that the crop in the Piedmont is only about two-thirds what it was last year. The quality is off as well as the quantity and the Piedmont tobacco is expected to bring an average price of around 20 cents a pound. This is about the price paid to Georgia growers.

The South Carolina belt markets opened on August 5 and the New Bright belt markets opened on August 26.

Markets in the Old Bright belt will open on September 17, and the following markets will not open until October 1: Madison, Raleigh, Stoneville, Mt. Airy, and Winston-Salem.

A forecast by the Department of Agriculture in Washington estimates a yield of \$11,810,000 pounds of tobacco this year for the State of North Carolina, as compared with a 1934 yield of 417,765,000 pounds.

This is an estimated increase of 93,885,000 pounds over the crop of last year which averaged around 20 cents a pound and bright farmers of North Carolina a total of \$422,142,000.

## Increased Allotment On Flue-Cured To Be Allowed By New Rule

Approval of an amendment to an administrative ruling under which contracting growers of flue-cured tobacco, who have complied with their contracts and who have produced tobacco in excess of their allotments may obtain immediately increased allotments through the offices of county agricultural agents, has been announced by the AAA.

Under previous rulings, growers with production in excess of their allotments could obtain additional allotments only after sales had been completed by contracting growers with allotment officials.

The reason for the amendment is that in some parts of the flue-cured tobacco belt, where markets were opened early, contracting growers with production beyond their allotments are having difficulty in finding producers with details who have completed their marketing. The new ruling permits contracting growers with excess tobacco to purchase additional allotments from other growers either before or after the latter have finished the sale of their tobacco, provided those selling allotments retain a sufficient amount of allotment under their contracts to sell all of their tobacco which has not already been sold.

#### Transfer Of Allotments

In such cases, the transfer of allotments will be made through the offices of county agents but the payments will be made to the growers who sold the allotments.

Georgetown, with \$17,174.07 and \$1,519.75. Other counties receiving sizable payments included Lee and Marlboro, not to mention six or eight counties out of what is usually called the tobacco area. Total from all counties made a grand total of \$1,634,819.13.

#### Producing Better Quality

One thing being accomplished by the adjustment program which nobody thought of at first—is the notable improvement in the quality of the tobacco now being produced by District Agent J. T. Lassar and Extension Tobacco Specialist H. A. Baker. First of all the grower has more time under reduced acreage to give care to the proper production of the crop. When a grower of McGee's tobacco fertilizer formula and cultivation methods are making a better weed and more of it per acre. More attention is given also to proper handling of the crop in harvesting and curing.