The Burley Tobacco Program

— Chronology of Legislation; Administrative Policy, Practice and Operation, 1933-52

The burley tobacco control programs and the legislation and policies shaping them are important to nearly every Kentucky farmer. This circular contains summaries of the legislation and policies, and brief descriptions of how the programs were set up and operated each year since 1933. It also contains references to the laws so that anyone who desires to do so may find and study them. Two other publications, Kentucky Agricultural Experiment Station Bulletins 580 and 590, contain more detailed information on the programs. Those who desire a more complete account may have these bulletins by asking for them at their County Agent's office or writing the Bulletin Room, Kentucky Agricultural Experiment Station, Lexington, Kentucky.

Circular 509

Cooperative Extension Work in Agriculture and Home Economics

College of Agriculture and Home Economics, University of Kentucky and the U. S. Department of Agriculture, cooperating

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1933

Legislation

Pub. Law 10—73rd Congress—Agricultural Adjustment Act (of 1933) defined the "fair exchange value" (later called parity price) of burley as that price which would give burley the same purchasing power it had in the period August 1919-July 1929. Tobacco was defined as a "basic" commodity. Provision was also made for adjustment of supply to demand by means of (1) acreage and poundage allotments, and (2) marketing orders and agreements. Burley handlers could be licensed under the 1933 AAA. Provision was also made for rental and benefit payments for reducing production of surplus, soil-depleting commodities (including burley), as a means of insuring compliance with acreage allotments.

Administrative Policy, Practice, and Operation

Under the Agricultural Adjustment Act (of 1933), the policy of the Agricultural Adjustment Administration, with respect to burley, included: (1) control of 1933 price through marketing agreements, as the act was passed too late to permit application of acreage restrictions in 1933; (2) preparation for adoption of acreage allotments in 1934 including apportionment of base acreages among producers on the basis of historical production records, and administration of the program through state, county, and community tobacco committees; (3) payment for reduction of burley acreage.

The state, county, and community tobacco committees set up to administer the tobacco program were assigned the following functions: (1) base apportionment, (2) performance checking, and (3) supervision of county and community committees by state and county committees.

A marketing agreement, predicated on acreage reductions in 1934, was reached under which tobacco buyers agreed to a minimum price of 12 cents a pound for a certain proportion of the 1933 crop. This agreement became effective December 11, 1933, and was terminated on April 15, 1934. Benefit payments amounting to 3.2 million dollars were made to burley producers.

1934

Legislation

Pub. Law 483—73rd Congress—Kerr Tobacco Act—provided for imposition of a tax of 25 to 33⅓ percent of the sale price of tobacco. This tax was to be paid by farmers with cash or *with warrants issued free to cooperators.* It was provided that additional warrants amounting to 6 percent of the warrants issued to contracting producers in a county could be issued to correct inequities in computed allotments provided that two-thirds of the poundage covered by the warrants so allotted should be issued to growers whose authorized poundage was for 1500 pounds or less. The tax was designed as a means of preventing noncooperators from benefiting from the program and was mandatory for the 1934 and 1935 crops; thereafter the tax was to be imposed whenever persons owning, renting, share-cropping, or controlling 75 percent of the *land customarily engaged in producing* burley favored the tax and the tax was considered necessary for orderly marketing.

Administrative Policy, Practice, and Operation

The tax under the Kerr Tobacco Act was placed at 25 percent of the sales price as a matter of administrative policy. This tax became the tooth used to enforce acreage allotments. The policy of setting allotments as a percentage of the base acreage was inaugurated as was the policy of determining base acreages with primary regard to production history.

The national burley base was set at 431,473 acres and the Kentucky base was set at 308,137 acres. The base was apportioned to individual farms by the local committees. Farmers were given a choice of cutting their production to either 50 or 66⅔ percent of their base acreage. Benefit payments were paid at rates adjusted accordingly. U.S. farmers harvested 303,500 acres and Kentucky farmers harvested 220,000 acres. A base production which paralleled the base acreage was determined for each farm and enforced with the tax. Around 18 million pounds of the 1934 crop were not utilized due to the AAA program, 14.6 million pounds of this quantity being produced in Kentucky. No marketing agreements with buyers were consumated.

1935

Legislation

Pub. Law 320—74th Congress—amended the Kerr Tobacco Act (1) to require that 66⅔ rather than 75 percent of the land engaged in producing burley in the preceding year be voted in favor of the tax before its adoption; (2) to permit the Secretary of Agriculture to issue tax warrants, to cover growers who could not receive equitable allotments under regular contracts and to correct inequities, not in excess of 3 percent of the contracted acreage in a given county provided that 66⅔ percent of the increase was allotted to farms receiving warrants for not more than 1,500 pounds of tobacco; and (3) to set aside 30 percent of gross receipts under the customs laws (a) for encouraging agricultural exports, (b) for encouraging domestic consumption by diversion, and (c) to finance adjustments in quantities of agricultural products planted and produced.

Administrative Policy, Practice, and Operation

In the tax referendum of 1935, persons in control of 96 percent of the burley acreage favored the tax which was set at 33⅓ percent of the sales price.

The national burley base was set at 488,840 acres and the Kentucky base was set at 343,613 acres. Farmers were permitted to plant 60 percent of their base acreages. U.S. farmers harvested 279,800 acres and Kentucky farmers harvested 202,000 acres. Marketings were restricted to base production through part of the marketing year, i.e., until the Supreme Court decision of January 6, 1936.

1936

Legislation

Supreme Court decision of January 6 invalidated sections of 1933 AAA providing for production controls and processing taxes.

Pub. Law 433—74th Congress—Kerr Act repealed February 10.

Pub. Law 440—74th Congress provided for payment of rental and benefit payments in connection with adjustment contracts entered into prior to January 6, 1936.

Pub. Law 461—74th Congress—Soil Conservation and Domestic Allotment Act—enacted on February 29 to supplement the remainder of the AAA (of 1933), authorized payments to farmers for soil-conservation practices and adjustment of acreages of soil-depleting crops, including tobacco. These provisions became the basis for burley acreage allotments.

Administrative Policy, Practice, and Operation

Benefit (adjustment) payments, except for those provided for in Pub. Law 440, ended with the Supreme Court decision.

U.S. Department of Agriculture policy became one of attempting to adjust tobacco production with allotted acreages, under the Soil Conservation and Domestic Allotment Act with conservation payments as an inducement to cooperation.

The national burley base acreage was set at 520,564 acres and the Kentucky base acreage was set at 367,994 acres. Farmers were permitted to harvest up to 70 percent of their base acreages without losing their conservation payments. U.S. farmers harvested 302,500 acres and Kentucky farmers harvested 225,000 acres.

1937

Legislation

Pub. Law 137—75th Congress—The Agricultural Marketing Agreement Act of 1937—reenacted those sections of the 1933 AAA dealing with marketing agreements and not intended for the control of production.

Administrative Policy, Practice, and Operation

Policies originated under the Soil Conservation and Domestic Allotment Act of 1936 were continued.

The national burley base acreage was set at 523,914 acres and the Kentucky base was set at 370,865 acres. Farmers were permitted to plant 75 percent of their base acreages. U.S. farmers harvested 443,000 acres compared with 302,500 in 1936. Kentucky farmers harvested 309,000 acres in 1937 compared with 225,000 in 1936 with the base acreage virtually unchanged. The U.S. season average price of burley fell from 35.7 to 20.1 cents per pound and 182 million extra pounds of tobacco added only a little more than two million dollars to the gross income of burley producers.

1938

Legislation

Pub. Law 430–75th Congress–The Agricultural Adjustment Act of 1938–defined tobacco marketing, parity price, marketing year, normal supply, normal year's domestic consumption, normal year's exports, and reserve supply level. The reserve supply level of tobacco, including burley, was defined as normal supply plus 5 percent thereof. Normal supply was defined as a normal year's disappearance plus 175 percent of a normal year's domestic consumption and 65 percent of a normal year's exports. Each normal was defined as the actual average for the preceding ten years adjusted for current trends. Total supply for any marketing year was defined as carry-in plus estimated U.S. production for the calendar year in which the marketing year begins. The parity price for tobacco was defined as in the 1933 AAA. The Secretary was directed to give due regard to maintaining adequate supplies at prices fair to both consumers and producers. Marketing quotas on a poundage basis were provided for when (1) total supply exceeded the reserve supply level, and (2) two-thirds of the *producers* (not necessarily persons controlling ⅔ of the tobacco acreage) favored quotas. The national marketing quota for any marketing year was defined as that quantity which would make available, during such current marketing year, a supply equal to the reserve supply level. The Secretary was authorized to make parity payments (to extent of available appropriations) to make up the difference between the actual and parity prices. Provisions for enforcement of farm marketing quotas included a penalty of 50 percent of market price or 3 cents per pound (whichever was higher) on marketings of excess tobacco. No marketing quota for any farm was to be less than the smaller of (1) 2400 pounds, or (2) average production for the farm in the preceding three years plus the average normal production of acreages diverted under agricultural adjustment and conservation programs during such preceding three years. Five percent or less of the national marketing quotas was to be made available for marketing quotas (1) to farms in any state (whether it had a state quota or not) on which tobacco is produced for the first time in five years, and (2) to increase allotments to small farms. The

CCC was specifically authorized upon the recommendation of the Secretary and approval of the President to make nonrecourse loans available on tobacco.

Pub. Law 557—75th Congress—amended the 1938 AAA to provide 2 percent of each state's quota for additions in individual quotas.

Administrative Policy, Practice, and Operation

It became the policy of the U.S. Department of Agriculture to further decentralize administration of the act. Authority for acreage allotments was derived from the Soil Conservation and Domestic Allotment Act. Poundage marketing quotas were enforced with the 50 percent penalty provision of the Agricultural Adjustment Act of 1938. No loan, purchase, or parity payment program, was set up as the price of burley was high relative to the parity price of burley on the August 1919-July 1929 base period.

Growers approved marketing quotas for the 1938 crop in a referendum held on April 9, 1938. Marketing quotas were established for each farm.

Special consideration was given to small growers and new growers. County committees determined a "usual acreage" for each farm which they considered a reasonable normal acreage in the light of the farm's production history, its available resources, and other factors which affect tobacco production. An adjustment factor was computed in the state office to adjust the "usual acreages" to a level which would produce the state's marketing quota.

The national marketing quota was distributed among states by the Secretary of Agriculture on the basis of the state's producing history over the preceding 5 years. The 1938 national acreage allotment (which was set up under the Soil Conservation and Domestic Allotment Act, and was calculated to produce the national marketing quota) amounted to 447,812 acres; the corresponding figure for Kentucky was 308,244 acres. The allotments for individual farms amounted to about 75 percent of their old base acreages. U.S. farmers harvested 407,100 acres while Kentucky farmers harvested 286,000 acres.

1939

Legislation

Pub. Law 159—76th Congress—provided funds for parity payments not in excess of the difference between 75 percent of the parity price and the average farm price of burley, such payments to be made only to cooperating producers.

Pub. Law 336—76th Congress—authorized the Secretary before December 31, to increase the U.S. marketing quota up to 10 percent to meet market demands.

Pub. Law 337—76th Congress—an amendment to the AAA of 1938—authorized the Secretary to convert state marketing quotas into acreage allotments on the basis of 5-year average yields and to allot same to farms; authorized a change in marketing quotas for individual farms to the actual production from allotment; directed that the acreage allotment for each farm be increased by the smaller of (1) 20 percent, or (2) the percentage by which its normal yield is less than 2400 pounds, and provided for reduction of allotment next established for the farms involved for (1) false identification of tobacco, or (2) for failure to account properly for disposition of tobacco.

Pub. Law 338—76th Congress—an amendment to the AAA of 1938—changed the penalty on marketings of excess tobacco to 10 cents per pound.

Administrative Policy, Practice, and Operation

Acreage allotments were made under authority of the Soil Conservation and Domestic Allotment Act of 1936, but, with grower rejection of marketing quotas, were not very effective. Without quotas the marketing penalties were not in effect. No loan, purchase, or parity payment program was set up as burley prices were high relative to the burley parity price as defined at that time. Thus, the only penalty imposed on the noncooperator was nonreceipt of benefits under the Soil Conservation and Domestic Allotment Act of 1936. Growers approved marketing quotas for the 1940 crop by referendum.

Producers disapproved marketing quotas for the 1939 crop. The 1939 national acreage allotment under the Soil Conservation and Domestic Allotment Act was 407,217 acres and the Kentucky allotment was 282,276 acres compared with 447,812 and 308,244 respectively for 1938. With producer disapproval of marketing quotas, growers expanded acreages to harvest 424,700 acres in the U.S. and 300,000 in Kentucky. The season average price fell from 19 cents in 1938 to 17.3 cents in 1939 with cash receipts to growers increasing 4 million dollars for an additional 56 million pounds of tobacco.

1940

Legislation

Pub. Law 876—76th Congress—amended the Agricultural Adjustment Act of 1938 to change the base period for computing the parity price of burley from August 1919-July 1929 to August 1934-July 1939.

Pub. Law 628—76th Congress—amended the Agricultural Adjustment Act of 1938 to increase from 10 to 20 the percentage by which the Secretary was authorized to increase the national marketing quota to meet market demands and to provide that such increase might also be made to avoid undue restriction of marketings in adjusting the total supply to the reserve supply level; to authorize the approval by farmers voting in a referendum of quotas for a 3-year period; to provide that if a national marketing quota for any of the 1941-42, 1942-43, and 1943-44 marketing years was proclaimed it could not be reduced below the 1940-41 quota by more than 10 percent; to provide that farm acreage allotments for those 3 marketing years would be determined by increasing or decreasing the farm allotment for the last previous year by the same percentage as the national quota was increased or decreased from the quota for the last previous year, except that certain minimum allotments were prescribed, and up to 2 percent of the total acreage allotted in 1940 was made available for adjustments in farm allotments; to provide that the normal yield of the acreage of tobacco harvested in excess of the acreage allotment would be deemed to have been marketed in excess of the quota and subject to penalty if the producer falsely identified or failed to account for the disposition of tobacco; to direct the Secretary to collect penalty on a proportion of each lot of tobacco marketed equal to the proportion which the tobacco available for marketing in excess of the farm marketing quota was of the total amount of tobacco available for marketing from the farm unless satisfactory proof of disposition of excess tobacco was made prior to the marketing of any tobacco from the farm; and to provide a fine of not more than $5000 for failure of warehousemen and dealers to keep proper records and make proper reports.

Administrative Policy, Practice, and Operation

The policy under existing legislation was to reduce production to bring actual supplies into line with the desired supply level. It became the policy of the Department to establish marketing quotas on the basis of the production of allotted acreages in accordance with Pub. Law 337—76th Congress. With the legislative redefinition of tobacco parity prices, including burley, the growers' approval of marketing quotas for 1941-43, it became the *policy of the Department* to actively support the price of the 1940 crop at 75 percent of the new parity price in contrast to 75 percent of the old parity price. The support level was 16.4 cents which was 0.2 cents above the season average price of 16.2 cents for the preceding year's crop.

Thus, agreements were established between the Commodity Credit Corporation and farmers' cooperatives to support burley prices with nonrecourse loans or purchases at a specified set of prices for the different grades of burley. This change to direct price support followed from the redefinition of the burley parity price which raised the parity price for burley by more than 5 cents per pound. Overall burley price support policy began to take definite form under the developing legislative pattern. Acreage control became the long-run price-supporting technique with loans and purchase programs to handle short-run situations until acreage controls could be used to increase prices to the desired level.

Acreage allotments were cut as a result of high production in 1937, 1938, and 1939. Few new allotments were granted. Producers approved marketing quotas for 1941, 1942, and 1943 with 79.6 percent of the producers voting in favor of marketing quotas on November 23. The 1940 national acreage allotment was 374,605 acres; the Kentucky allotment was 260,306 acres. The amount of tobacco pledged as security for CCC loans amounted to 26 million pounds at an average of 14.6 cents per pound. The average U.S. loan rate was somewhat higher than the average amount loaned due to the quality of tobacco moving into loans; in addition, the 14.6 cents included drying and packing costs. The loans were administered by the local burley tobacco growers associations. No purchases were made. U.S. production totaled 18.6 million pounds less than in 1939.

1941

Legislation

Pub. Law 74—77th Congress—directed the Commodity Credit Corporation to make loans available on the 1941 crop to cooperators at 85 percent of parity and to noncooperators at 60 percent of the rate applicable to cooperators on that part of their crop subject to penalty if marketed.

Administrative Policy, Practice, and Operation

Long run adjustment of supply to attain desired prices was sought through continued marketing quotas and acreage allotments. Direct price supporting activities were confined to loan operations.

Acreage allotments were held at 381,552 acres for the U.S. as a whole and at 264,275 acres for Kentucky. With the loan rate averaging about 20.0 cents growers pledged 5.9 million pounds of low quality burley for nonrecourse loans at an average of 14.9 cents including drying and packing costs. The season average price was 29.2 cents per pound.

1942

Legislation

Pub. Law 421—77th Congress—Price Control Act of 1942 provided that no ceiling price could be established for farm products (including burley) below the highest of the following: (1) 110% of parity, (2) the prevailing market price on October 1, 1941, (3) the prevailing market price on December 15, 1941, or (4) the average price for the commodity in the period July 1, 1919-June 30, 1929.

Pub. Law 729—77th Congress—amended the Price Control Act of 1942 to provide loans, to cooperators, on basic commodities (defined to include burley) for a period of two years from the January 1st following the President's or Congress's declaration that hostilities in the then current war had terminated. It further required that the CCC support prices at 90 percent parity. It also provided that no ceiling price could be established below the highest price received by producers from January 1, 1942 to September 15, 1942.

Administrative Policy, Practice, and Operation

It became the policy of the U.S.D.A. to adjust production of burley through acreage controls so as to secure an equilibrium price at least as high as the price goals set legislatively. Loaning powers were available to support prices (if production proved too large for the minimum price) and price controls and supplemental rationing and allocation controls were available (if production proved too small for the maximum price); however, integration of price control policy with production control policy was hard to attain because two different agencies (the U.S. Department of Agriculture and the Office of Price Administration) were involved. It appeared desirable, early in 1942, to reduce tobacco acreages for two reasons: (1) to get more resources devoted to production of war essentials and (2) to raise burley tobacco prices. A small purchase program was carried out by CCC for foreign supply purposes only; under this program 500,000 pounds of burley were purchased before the end of the 1942 marketing season. It also became the policy of U.S. Department of Agriculture to allocate burley purchases among purchasers, this change in policy was made necessary by increased wartime demand and the price ceilings imposed under Maximum Price Regulation 283 on December 4, 1942.

The national acreage allotment was 382,324 acres of which Kentucky received 265,183 acres. Despite the opening of hostilities, the national allotment was increased only about 870 acres which went to correct inequities and to a few new growers. No burley moved into loan and the season average price under price control order was 41.8 cents per pound compared with 29.2 cents per pound in 1941. War Food Order No. 4 limited purchases of burley manufacturers to 90 percent of their average purchases from the 1939-41 crops. This order was effective January 7, 1943 and markets did not open following the holiday until January 11,1943.

1943

Legislation

Pub. Law 43—78th Congress—approved April 29—amended the Agricultural Adjustment Act of 1938 to establish a minimum allotment of .5 acre for any farm for which an acreage allotment was established for 1942.

Pub. Law 118—78th Congress—amended the Agricultural Adjustment Act of 1938 to provide that, notwithstanding the provisions of the AAA of 1938 concerning total supply, reserve supply levels and the amount of the national marketing quota, marketing quotas for the 1944-45 marketing year be proclaimed as for the preceding year, with an additional acreage not exceeding 2 percent of the total acreage for 1940 to be allotted to old growers and an additional acreage up to 5 percent of the national allotment to be made available for allotment to new growers.

Administrative Policy, Practice, and Operation

Heavy wartime demand, the need for allocation for the 1942 crop and the high price of burley indicated that production of burley should be expanded. As a result the U.S. Department of Agriculture adopted a policy of expanding acreages. Despite an increase in production from 343.5 million pounds in 1942 to 392.1 million pounds in 1943, allocation of burley among purchasers continued to be necessary at existing price ceilings. Maximum Price Regulation 500, effective December 4, 1943 placed price ceilings on burley tobacco which averaged about $3 per hundred higher than those for the 1942 crop; increases for a small proportion of the grades varied from $3. In a referendum held October 23, burley growers approved continuance of marketing quotas on the 1944-46 crops; about 90 percent of the voting growers voted in favor of the quotas.

Acreage allotments were increased two times in 1943. The first increase amounted, on a per farm basis, to 10 percent of the existing allotment, or .1 acre whichever was larger. The second increase amounted, on a per farm basis, to the larger of 5 percent of the existing allotment or .1 acre. As a result of these increases the national acreage allotment amounted to 470,533 acres compared with 382,324 acres in 1942. The Kentucky acreage allotment was increased from 265,183 in 1942 to 318,513 acres. The acreage of burley harvested increased from 350,600 in 1942 to 399,300 in 1943. Under F.D.O. No. 4.5 a manufacturer was permitted to purchase not more than 90 percent of the amount of tobacco used during the 12-month period ended September 30, 1943 with purchases below ceiling prices at auction not chargeable to his allocation; also a manufacturer could not purchase more than his average purchases from the 1939-41 crops. A buyer, not a manufacturer, who redried or hired redrying done was permitted to buy 115 percent of the amount allocated from the 1942 crop in addition to purchases, at auction below ceiling prices. The season average price of burley increased an average of $3.80 a hundred indicating that the "free" price of burley was pressing hard on the ceiling price.

1944

Legislation

Pub. Law 276—78th Congress—established a policy of expanding burley production on small farms to meet expanded wartime demand by providing that the minimum burley acreage allotment for farms having an allotment in 1943 should be not less than the smaller of one acre or 25 percent of the cropland, and that the acreage required for this apportionment be in addition to the national and state acreage allotments. This law also amended Pub. Law 118—78th Congress—to apply to the 1945 and 1946 crops as well as to the 1944 crop; this amendment prohibited reduction of allotments below those of each preceding year.

Administrative Policy, Practice, and Operation

The policy of expanding allotted burley acreages to meet increasing demands was continued as well as the policies of allocating sales to purchasers and controlling prices.

The national acreage allotment was increased over 30 percent in 1944 over 1943. Thus, the national acreage allotment for 1944 was 588,833 acres with Kentucky's allotment increasing to 394,700 from 318,513 acres in 1943. Harvested acreage expanded from 399,300 to 496,600 acres with production increasing to 590.6 million pounds from 392.1 million pounds in 1943. Supplies of burley were allocated among purchasers by a government order under which burley manufacturers were permitted to acquire 475.9 million pounds, 417.9 million at auction and 57.7 million from dealers. Price ceilings for the 1944 crop were the same as for the 1943 crop but with expanded production, somewhat larger stocks and lower quality, the season average price fell from 45.6 to 44.0 cents per pound. An acreage equivalent to 2 percent of 1940 allotments was made available to local committees for the adjustment of inequities.

1945

Legislation

Administrative Policy, Practice, and Operation

The threefold policy of expanding burley acreage allotments, allocating sales to purchasers and controlling burley prices was continued. In accordance with Pub. Law 729—77th Congress, a price supporting loan program was maintained.

The national acreage allotment was increased to 610,672 acres of which Kentucky received 411,563 acres. As in 1944, an acreage equivalent to 2 percent of 1940 allotments was available for increasing allotments to individual farmers whose allotments were determined to be inequitable by the local AAA committees. The acreage available for new farm allotments was increased from 2 to 5 percent of the U.S. allotment. Growers harvested 512,300 acres in 1945 or 577.2 million pounds which they sold at an average of 39.4 cents per pound. The lower 1945 price is attributable to reduced demands, lower quality, higher stocks, and high production. Approximately 18.9 million pounds of the 1945 crop of burley were pledged for price supporting loans. Maximum prices for the 1945 crop were the same as for the 1944 and 1943 crops.

1946

Legislation

Pub. Law 302—79th Congress—amended the Agricultural Adjustment Act of 1938 to require the proclamation of marketing quotas for the 1947 crop with uniform reductions in the 1946 and 1947 national marketing quota and state and farm acreage allotments; to raise the penalty on marketings of excess tobacco from 10 cents per pound to 40 percent of the preceding year's average market price, and to provide that no allotment of one acre or less should be reduced by more than 10 percent. This law also made possible reductions in acreage allotments for the 1946 crop despite the fact that such reductions had been prohibited by Pub. Law 118 passed in 1943, as amended by Pub. Law 276 in 1944.

Administrative Policy, Practice, and Operation

With the end of the war, the expanded level of burley production, and the weaker price of burley required the inauguration of a policy of curtailing burley acreages. This reduction in acreage allotments was made possible by Pub. Law 302—79th Congress. Burley growers approved by referendum vote, on October 25, 1946, marketing quotas for the 1947-49 crops. With the weakening of burley prices, the policy of supporting prices with nonrecourse loans through the marketing associations became more important.

The national acreage allotment was reduced to 557,335 acres from 610,672 acres. The acreage available for new farm allotments was reduced to 2 percent of the U.S. allotment. Kentucky acreage allotments were reduced from 411,563 in 1945 to 376,996 acres in 1946. Total supplies of burley increased from 1,336 to 1,467 million pounds. The season average price was maintained at 39.7 cents per pound compared with 39.4 cents for the previous year's crop. Price-supporting loans had to be made on 147.8 million pounds to maintain this price.

1947

Legislation

Administrative Policy, Practice, and Operation

The policy of attempting to reduce acreages to bring supplies to a level which would yield a "free" price equal to parity was continued; this policy was supplemented with a loan program to support prices in the short run in case production exceeded that amount which would yield a "free" price equal to the support price. With the discontinuance of price ceilings, it was also possible to discontinue the allocations program used during the war years when production did not equal the amount which would yield a "free" price equal to the ceiling price. On the basis of authority in the agricultural adjustment act of 1938, as amended, new small allotments continued to be issued and old small allotments continued to receive a certain degree of immunity from reductions.

The national acreage allotment was reduced to 468,641 acres compared with 557,335 acres in 1946. The Kentucky acreage allotment was reduced from 376,996 in 1946 to 311,953 acres in 1947. Total supplies for the 1947 crop year were reduced to 1,426 million pounds for 1947 compared with 1,467 million for 1946. With the higher quality 1946 crop and disappearance of 43.6 million pounds over the war year of 1945, prices strengthened and the 1947 crop was sold at a season average price of 48.5 cents per pound. At the price-support levels in effect for the 1947 crop 37.7 million pounds of tobacco were pledged for price supporting loans.

1948

Legislation

Pub. Law 897—80th Congress—Agricultural Act of 1948—provided that the price of burley be supported until June 30, 1950, if producers did not disapprove marketing quotas for the marketing year beginning in the year in which the crop is harvested, as follows: to cooperators at 90 percent of parity and to non-cooperators at 60 percent of the rate applicable to cooperators on that portion of their crop subject to penalty, if marketed. The parity price of burley tobacco was redefined, effective January 1, 1950, as follows:

$$\left\{\begin{array}{l}\text{Burley parity price to}\\ \text{be used for price sup-}\\ \text{port purposes for a}\\ \text{given market year.}\end{array}\right\} = \left\{\frac{\text{Average price received by farmers for burley in last 10 years.}}{\text{Average index of prices received by farmers in last 10 years on 1910-14 base}}\right\} \text{X} \left\{\begin{array}{l}\text{Index of prices paid}\\ \text{by farmers at begin-}\\ \text{ning of marketing year,}\\ \text{1910-14 base.}\end{array}\right\}$$

However, notwithstanding the above redefinition, a transitional parity price (to be used until it became lower than the redefined parity) was defined as the parity price as determined prior to this act, less 5 percent of the parity price so determined, multiplied by the number of full calendar years which, as of such date, have elapsed after January 1, 1949.

Normal supply was defined as a normal year's disappearance plus 175 percent thereof plus 65 percent of a normal year's exports as an allowance for a normal carryover. Total supply was defined as carry-in plus estimated production. A schedule was set up whereby the support level for burley of the 1950 and succeeding crops would vary between 90 percent of parity with total supply of 70 percent or normal supply and 60 percent of parity with total supply at 130 percent of normal supply without marketing quotas or 50 percent of parity if marketing quotas are disapproved. The minimum levels without marketing quotas were to be increased by 20 percent if acreage allotments were in effect and marketing quotas were not in effect but had not been disapproved, subject to a maximum limit of 90 percent of parity. The Secretary of Agriculture was directed to proclaim marketing quotas for any year following a year in which such quotas were in effect. If marketing quotas were voted on and approved, the maximum support level was set at 90 percent of parity, regardless of the supply situation.

Administrative Policy, Practice, and Operation

The policy of further reducing acreages was continued with emphasis on price-supporting loans as a short-run measure. The Agricultural Act of 1948 did not result in a change in policy concerning insurance of small new allotments within the total allotment scheme or in the policy of protecting certain small allotments from further reductions.

The national acreage allotment was reduced to 463,192 acres compared with 468,641 acres in 1947 with Kentucky receiving 308,155 acres in 1948 compared with 311,953 in 1947. U.S. farmers harvested 432,000 acres, an increase of 12,000 acres over the preceding year. Supplies of burley increased to 1,505 million pounds compared with 1,426 million pounds in 1947. The season average price of burley was 46.0 cents per pound compared with the support price of 42.4 cents. About 96.7 million pounds of burley were in long supply relative to their price-support loan rate and moved into loan channels despite the fact that the season average price exceeded the average loan rate.

1949

Legislation

Pub. Law 439—81st Congress—Agricultural Act of 1949—provided that the price of burley be supported at 90 percent of its parity price as of the beginning of the marketing year, if marketing quotas or acreage allotments are in effect and marketing quotas have not been disapproved; the act further specified that tobacco prices would not be supported at all if marketing quotas are disapproved by producers. The Secretary was required to announce the level of price support as far in advance of the growing season as possible. Parity price computations remained as provided for in the Agricultural Act of 1948 except that the prices to be used in calculating the "adjusted base price" were to include wartime subsidy payments to producers under programs designed to maintain maximum prices established under the Emergency Price Control Act of 1942. Further, the act provided that wages paid hired farm labor be included in the parity index. Still further, the act provided that the parity price for any basic commodity prior to December 31, 1954, should not be less than its parity price computed in the manner used prior to this act, i.e., as computed prior to the Agricultural Act of 1948 which did not affect the parity computation prior to October 31, 1949.

Administrative Policy, Practice, and Operation

The policy of restricting acreages was continued, though some small new allotments were distributed. Small allotments continued to be given protection from reduction.

The national acreage allotment was increased slightly from 463,192 to 468,338 acres in 1949. Kentucky farmers were alloted 311,689 acres compared with 308,155 in 1948. U.S. farmers harvested 453,000 acres compared with 432,000 acres in 1948 while Kentucky farmers harvested 315,000 acres compared with 303,000 in 1948. The 1949 season average price received by farmers for burley was 45.2 cents, and the support level was 40.3 cents. Around 39 million pounds of the 1948 crop of 602.9 million pounds moved into loan stocks.

1950

Legislation

Pub. Law 774–82nd Congress–Defense Production Act of 1950–Approved September 8, 1950–provided legislative authority for price ceilings on agricultural commodities (including burley) and established minimums for the ceiling prices.

Administrative Policy, Practice, and Operation

Allotments were reduced to a total of 418,250 acres, a 10.7 percent cut. Allotments of 0.9 acre or less were maintained at 1949 levels. Kentucky allotments totaled 273,920 acres. Underplantings were relatively unimportant in the U.S. as 408,300 acres were harvested. Kentucky growers overplanted, harvesting 277,000 acres.

The U.S. season's average price for the 1950 crop was 49.0 cents. The average support price was 45.7 cents and 44.2 million pounds, 8.9 percent of the 1950 crop, were pledged for nonrecourse loans.

1951

Legislation

Administrative Policy, Practice, and Operation

Sales of leaf tobacco were exempted from price ceilings by the price-freeze order of January 25, 1951 as amended February 12, 1951.

The 1951 national acreage allotment was increased to 472,383 acres. This was a 12.9 percent increase over 1950 and, together with the exemption of burley from ceiling prices, indicated administrative agreement that burley prices could be held down by increasing production. Underplantings increased as 456,100 acres were harvested in the U.S. Kentucky allotments totaled 310,459 acres.

The season's average price for the 1951 crop was 51.2 cents. The average support level was 49.8 cents and 97.5 million pounds or 15.8 percent of the crop was pledged for loans.

1952

Legislation

Pub. Law 528—82nd Congress—fixed new minimum allotment sizes for the 1953 and subsequent crops at the smallest of (1) the allotment established for the farm for the immediately preceding year, (2) seven-tenths acre, or (3) 25 percent of the farm's cropland. Also provided that no allotment of one acre or less could be reduced more than one-tenth acre in any one year.

Pub. Law 585—82nd Congress—provided that the parity price for any basic agricultural commodity shall, during the period January 1, 1950 to December 30, 1955, be the higher of: (1) the parity price computed by the old formula prescribed in the AAA of 1938 as amended, or (2) the parity price computed by the new formula prescribed in the Agricultural Act of 1949 (See Legislation, 1948). Also provided that the level of price support to cooperators shall be 90 percent of parity for each of the 1953 and 1954 crops of the basic agricultural commodities for which producers have not disapproved marketing quotas.

Pub. Law 464—82nd Congress—Redefined "Carryover" of any type of tobacco for any marketing year as the quantity of such tobacco on hand in the U.S. at the beginning of the marketing year (October 1), which was produced in the U.S. prior to the beginning of the calendar year in which the marketing year begins.

Administrative Policy, Practice, and Operation

Since 1952 allotments were determined prior to the passage of Public Law 528; this law did not affect the policy regarding small allotments in 1952. Due to a change in interpretation of Public Law 302 (1946) the policy became one of maintaining a minimum allotment size of 1.0 acre. However, since 1952 allotments were increased this policy was inactive.

The average support price was set at 49.5 cents (90 percent of March 1 parity), a decrease from the 1951 price of 49.8 cents. The 1952 national acreage allotment was increased slightly to 474,773 acres. Kentucky allotments totaled 312,263 acres.

Lexington, Kentucky
June, 1953

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