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UNITED STATES DEPARTMENT OF AGRICULTURE

PROGRAM

34th ANNUAL NATIONAL

AGRICULTURAL
OUTLOOK

CONFERENCE

Program 1

34th Annual National

November 26-29, 1956
Washington 25, D. C.

Agricultural Marketing Service
Agricultural Research Service
Commodity Stabilization Service
Foreign Agricultural Service
Forest Service
and
Federal Extension Service Cooperating

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CATALOGING - PREP.

November 26-29, 1956

MONDAY (November 26) MORNING

(Thomas Jefferson Auditorium - South Building)

C. M. Ferguson, Administrator
Federal Extension Service, Chairman

9:00	Registration	
9:30	Opening of Conference	✓ C. M. Ferguson, FES
9:45	World Outlook	✓ Clarence B. Randall Special Consultant to the President <i>P.R. → address</i>
10:15	Discussion	
10:30	Intermission	
10:45	Problems of Economic Policy	✓ Herbert Stein Acting Director of Research Committee for Economic Development <i>P.R. → address</i>
11:15	Discussion	
11:30	General Economic Outlook for 1957	✓ Nathan M. Koffsky, Chief Farm Income Branch, AMS
12:00	Discussion	
12:30	Lunch	

MONDAY (November 26) AFTERNOON

(Thomas Jefferson Auditorium - South Building)

Bushrod W. Allin, Chairman of
Outlook and Situation Board, AMS, Chairman

2:00	Outlook for Agricultural Exports and Foreign Demand	✓ Clayton E. Whipple Deputy Administrator, FAS
2:40	Discussion	
2:55	Family Living Outlook	✓ Gertrude S. Weiss, Chief Household Economics Research Branch, ARS
3:25	Discussion	
3:40	Intermission	
3:50	Agricultural Outlook for 1957	✓ Fred V. Waugh, Director Agricultural Economics Division, AMS
4:20	Discussion	
5:00	Adjournment	

AEP-240 (11-56)

TUESDAY (November 27) MORNING

(Thomas Jefferson Auditorium - South Building)

Longer-Term Outlook

Omer W. Herrmann, Deputy Administrator
Marketing Research and Statistics, AMS, Chairman

- 9:15 Trends in Consumer Demand ✓ James P. Cavin, Chief
Statistical and Historical
Research Branch, AMS
- 9:45 Trends in Production, Costs, ✓ Carl P. Heisig, Chief
and Technology Production Economics Research
Branch, ARS
- 10:15 Trends in Marketing Costs ✓ Kenneth E. Ogren, Head
and Practices Marketing Information and
Statistical Section, AMS
- 10:45 Discussion
- 11:00 Agriculture and Economic Growth ✓ O. V. Wells, Administrator
Agricultural Marketing Service
(Release)
- 11:30 Discussion
- 12:15 Lunch

TUESDAY (November 27) AFTERNOON

Commodity Outlook Sessions for Producers, Handlers, and Consumers

- 1:30 - 4:15* Feed, Livestock and Meat - Thomas Jefferson Auditorium
J. B. Claar, FES, Chairman
Outlook Statement: Harold F. Breimyer, AMS ✓
Malcolm Clough, AMS ✓
- 4:20 - 5:20 Grass and Legume Seeds - Room 331 W. Administration Building
T. E. Hall, FES, Chairman
William H. Youngman, FAS, Outlook Statement ✓
- 4:20 - 5:20 Forest Products - Room 3106 South Building
M. M. Bryan, FS, Chairman
○ Horace R. Josephson, FS, Outlook Statement
- 4:20 - 5:20 Peanuts - Room 3115 South Building
W. E. Jones, CSS, Chairman
George W. Kromer, AMS, Outlook Statement ✓
- 5:20 Adjournment
- 5:30 State Specialists Dinner - 4th Wing Cafeteria
South Building

*issued as "The Demand
and Price Situation for
Forest Products"*

* Sessions formally end at this time but conference room will be free for those who wish to continue the discussion.

TUESDAY (November 27) AFTERNOON

(Freer Art Gallery Auditorium -
Entrance on Independence Avenue)

Family Living Sessions

1:30 - 4:30 Outlook for Consumer Goods
Starley M. Hunter, FES, Chairman

Durable Goods

✓ L. Jay Atkinson
Office of Business Economics
Department of Commerce

Clothing and Textiles

✓ Harry Kahan
Bureau of Labor Statistics
Department of Labor

Food

✓ Harry Sherr
Agricultural Economics
Division, AMS

Trends in Farm Family
Food Practices

✓ Mollie Orshansky
Household Economics Research
Branch, ARS

4:30 Adjournment

5:30 State Specialists Dinner - 4th Wing Cafeteria
South Building

WEDNESDAY (November 28) MORNING

(Freer Art Gallery Auditorium)

Family Living Sessions

9:30 - 12:30 Consumer Credit
Gertrude S. Weiss, ARS, Chairman

Trends in Consumer Credit ✓ Margaret L. Brew
Household Economics
Research Branch, ARS

Who Uses Consumer Credit? ✓ Emma G. Holmes
Household Economics Research
Branch, ARS

The Cost of Installment
Credit to the Consumer ✓ Robert Johnson
Assoc. Professor of Finance
University of Buffalo

○ Panel: Impact of Consumer Credit on
the Economy and the Family

Nathan Bailey Dean, School of Business Administration
American University

Allan Fisher Director of Legal Aid Bureau of
District of Columbia

Robert Johnson Assoc. Professor of Finance
University of Buffalo

Loughlin F. McHugh Office of Business Economics
Department of Commerce

Dorothy Thomas Director of Case Work Services, Family
and Child Services of Washington, D.C.

12:30 Lunch

WEDNESDAY (November 28) AFTERNOON

(Freer Art Gallery Auditorium)

Family Living Sessions

2:00 - 3:30 Economic Principles of Outlook
Frances Scudder, FES, Chairman

Implications of Outlook for Family Living ✓ Starley M. Hunter
Division of Home Economics
Programs, FES

○ Panel: Methods of Using Outlook

Susan Christian Florida State University
Patricia Middleton University of Delaware
Mabel Spray Ohio State University
Lila Dickerson State College of Washington

4:00 - 6:00 Housing Supplies - National Housing Center, 1625 L St., N.W.

Commodity Outlook Sessions for Producers, Handlers, and Consumers

- 9:15 - 11:00* Dairy - Thomas Jefferson Auditorium
Max K. Hinds, FES, Chairman
✓ Herbert C. Kriesel, AMS, Outlook Statement
- 11:05 - 12:30* Fats and Oils (Special Emphasis on Soybeans) - Room 3106
Karl G. Shoemaker, FES, Chairman South Building
✓ George W. Kromer, AMS, Outlook Statement
- 11:05 - 12:30* Fruits and Tree Nuts - Room 218 Administration Building
Lloyd H. Davis, FES, Chairman
✓ Ben H. Pubols, AMS, Outlook Statement
- 11:05 - 12:30* Rice - Room 5860 South Building
J. A. Satterfield, CSS, Chairman
✓ Robert E. Post, AMS, Outlook Statement
- 12:30 Lunch

WEDNESDAY (November 28) AFTERNOON

Commodity Outlook Sessions for Producers, Handlers, and Consumers

- 2:00 - 3:30* Poultry - Thomas Jefferson Auditorium
Homer S. Porteus, FES, Chairman
✓ Edward Karpoff, AMS, Outlook Statement
- 3:35 - 5:15 Vegetables & Potatoes - Room 218 Administration Building
R. L. Childress, FES, Chairman
✓ Will M. Simmons, AMS, Outlook Statement
- 3:35 - 4:45 Sugar - Room 4966 South Building
○ Lawrence Myers, CSS, Chairman — [not published]
- 5:15 Adjournment

* Sessions formally end at this time but conference room will be free for those who wish to continue the discussion.

Commodity Outlook Sessions for Producers, Handlers, and Consumers

- 9:15 - 12:30* A Resume of the Outlook for - Thomas Jefferson Auditorium
Producers, and the Outlook for Consumers
(By commodities and a discussion of the use of
consumption data in consumer marketing programs)
Sharon Q. Hoobler, FES, Chairman
Outlook Statement: Harold F. Breimyer, AMS
Edward Karpoff, AMS
Herbert C. Kriesel, AMS
Will M. Simmons, AMS
Ben H. Pubols, AMS
Malcolm Clough, AMS
Frank Lowenstein, AMS
✓ Marguerite C. Burk, AMS
- 9:15 - 11:00* Wheat - Room 3106 South Building
T. E. Hall, FES, Chairman
✓ Robert E. Post, AMS, Outlook Statement
- 9:15 - 11:00* Tobacco - Room 331 W. Administration Building
✓ S. E. Wrather, AMS, Chairman
✓ Arthur G. Conover, AMS, Outlook Statement
- 11:05 - 12:30* Cotton - Room 509 Administration Building
E. P. Callahan, FES, Chairman
✓ Frank Lowenstein, AMS, Outlook Statement
- 12:30 Lunch

* Sessions formally end at this time but conference room will be free for those who wish to continue the discussion.

THURSDAY (November 29) AFTERNOON

(Thomas Jefferson Auditorium - South Building)

Francis A. Kutish, Iowa State College, Chairman

1:45 - 2:00	A World Outlook Service	Dr. Henry C. Taylor ✓ Former Chief of BAE, USDA
2:00 - Panel:	The General Economic Situation	
	State Department	John W. Evans, Deputy Director Office of Intelligence Research
	Labor Department	Arynness J. Wickens Deputy Commissioner Board of Labor Statistics
	Agriculture Department	O. V. Wells, Administrator, AMS Sherman Johnson, Director Farm and Land Management Research, ARS
	Federal Reserve System	Woodlief Thomas Economic Advisor
4:00	Outlook's Challenge	P. V. Kepner Deputy Administrator, FES
4:30	Adjournment	

MARKETING QUOTA AND PRICE SUPPORT PROGRAM ^{1/}
By Clarence L. Miller, Director, Tobacco Division
Commodity Stabilization Service

Marketing Quotas

The Agricultural Adjustment Act of 1938, as amended, provides for marketing quotas on tobacco to promote, foster, and maintain an orderly flow of tobacco in interstate and foreign commerce, and thereby enable farmers, who cannot do so individually, to work together to maintain supplies in line with demand.

The Act groups the various types of tobacco into eight 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

The Act requires the Secretary to proclaim, not later than December 1 with respect to flue-cured tobacco and February 1 with respect to other kinds, a national marketing quota for each kind of tobacco for each of the next three succeeding marketing years, except that if producers disapprove quotas in referenda held in three successive years subsequent to 1952, no quota will be proclaimed until the end of the 3-year period for which quotas were disapproved (unless prior to November 10 one-fourth of the growers petition the Secretary to proclaim a quota).

The Act requires the Secretary to announce the amount of the national marketing quota for each kind of tobacco in terms of the total quantity of tobacco which may be marketed which will make available during the next marketing year a supply of tobacco equal to the reserve-supply level. The Act defines the total supply as the carry-over at the beginning of the marketing year plus the estimated production during the current year. The 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, plus 5 percent thereof.

The Secretary apportions the national marketing quota among the several States, on the basis of production during the preceding five years, and converts the State marketing quota (pounds) into a State acreage allotment (acres) on the basis of the average yields per acre during the preceding five years. Local Agricultural Stabilization and Conservation Committees allot the State acreage allotment among farms on the basis of the past acreage of tobacco grown on the farm; the land, labor, and equipment available for the production of tobacco; and other factors. Any producer who is dissatisfied with the acreage allotment established for his farm may have such allotment reviewed by a local review committee appointed by the Secretary and by the courts.

The Act directs the Secretary to conduct a referendum to determine whether growers of each kind of tobacco are in favor of or opposed to quotas for the

next three succeeding marketing years. If more than one-third of the growers voting oppose quotas, such results are proclaimed by the Secretary and the quota becomes ineffective. A referendum will be conducted for cigar filler and binder tobacco for the 1957, 1958 and 1959 quota program sometime in February 1957.

The County ASC Committee arranges for the measurement of the acreage of tobacco grown on each farm. If the acreage is not greater than the allotted acreage, all tobacco produced on the farm may be marketed free of penalty and is eligible for Government price support. If the acreage harvested on the farm is in excess of the allotted acreage, no tobacco from the farm is eligible for price support and the tobacco is subject to penalty.

The present quota program was fairly successful in maintaining supply near a balanced position with demand for several years. Because of the sharp increase in yields per acre in recent years, coupled with a decline in domestic consumption, supplies of flue-cured and burley tobacco are now excessive. Production of flue-cured tobacco in the past 2 years has exceeded the marketing quota by more than 450 million pounds. Burley production in the same period following a 25-percent reduction in quota has been slightly below annual disappearance. Stocks of fire-cured and dark air-cured tobacco continue to be excessive in relation to current usings and exports.

The 1956 marketing quota as proclaimed by the Secretary called for a 15-percent reduction for burley, fire-cured and Maryland and a 20-percent reduction for dark air-cured tobacco. However, legislation passed by the Congress restored reductions in the acreage for these kinds of tobacco.

Proposed legislation to further reduce the flue-cured acreage after it became apparent that the size of the 1955 crop was much larger than earlier estimated failed to be reported out by the Agricultural Committee.

The 1957 marketing quota for flue-cured tobacco must be announced by the Secretary prior to December 1, 1956. For all other kinds of tobacco, the quota must be announced prior to February 1, 1957, as now required by Public Law 609, approved June 22, 1956. In moving the date forward by 2 months, hearings before the subcommittee indicate that the latter date is a mandatory time for announcing the quota so that a more accurate forecast of the crop can be achieved, and that the formula for computing the national marketing quota can be placed on a sounder basis.

The Soil Bank Act approved in May of 1956 provides for compensation to producers of certain kinds of tobacco for participating in an acreage-reserve program. However, the activities authorized in this program are supplementary to the acreage allotments and marketing quotas authorized under the Agricultural Adjustment Act of 1938, as amended, and together with such acreage allotments and marketing quotas, constitute an over-all program to prevent excessive supplies of agricultural commodities from burdening and obstructing interstate and foreign commerce.

Price Support

Price supports are mandatory on tobacco at (a) 90 percent of parity when marketing quotas are in effect, (b) zero if quotas have been disapproved,

and (c) on a sliding scale if quotas are not in effect but have not been disapproved. The Agricultural Act of 1949 which established the present method of calculating parity also made provisions for the announcement of minimum support levels prior to planting time. Effective support levels for each kind of tobacco are the higher of the minimum announced levels prior to planting time or the actual level based on parity as of the beginning of the marketing season. The effective support levels for the 1956 crop of tobacco compared to the previous year are as follows:

<u>Type of tobacco</u>	1955 average loan level (Cents per lb.)	1956 average loan level (Cents per lb.)
Flue-cured, types 11-14	48.3	48.9
Burley, type 31	46.2	48.1
Fire-cured, types 21-23	34.6	36.1
Dark air-cured, types 35-36	30.8	32.1
Virginia sun-cured, type 37	30.8	32.1
Maryland, type 32	No support	47.0
Ohio filler, types 42-44	24.7	23.4
Conn. Broadleaf, type 51	53.9	52.5
Conn. Havana Seed, type 52	50.8	49.0
N. Y. & Pa. Havana Seed, type 53	25.0	23.6
Southern Wisconsin, type 54	24.5	22.8
Northern Wisconsin, type 55	32.0	29.6
Puerto Rican, type 46	31.9	31.4

Alternative Methods of Marketing Controls

Extensive efforts to generally tighten up the administration of the marketing quota program have diverted attention to various methods of marketing controls which could be made applicable to tobacco. Public Law 96 passed in the last Congress directed the Secretary to make a study and report on the various methods of marketing controls which have been or could be made applicable to burley tobacco. The method of operating a quota program based on acreage restrictions alone has served to intensify the effort to increase yields per acre, which at the same time decreases the proportion of the crop having the flavor and aroma characteristics currently in demand. As acreage allotments are further reduced to off-set increased yields, the pressure to further increase yields can be expected to become more intense. Therefore, there seems to be an urgent need to consider some method of administering the quota program which will reduce the likelihood of continued reduction of acreage allotments to off-set increasing yields.

The following example of an "acreage-poundage" farm marketing quota system is one approach which may offer some possibility in connection with this problem. Legislation authorizing such a system and a referendum of the growers would need to be conducted before the system could be incorporated in the administration of the present program. Further details with respect to suggested mechanics of the system may be received from the Tobacco Division, CSS.

461

Example of a tobacco "acreage and poundage" farm marketing
quota calculation

	<u>1st year</u>	<u>2nd year</u>	<u>3rd year</u>	<u>4th year</u>
1. Base acreage allotment (Existing acreage quota).....	4.00	4.00	4.00	4.00
2. Acreage brought forward (Item 9 for preceding year)....	xx	-.20	-.10	*.20
3. Annual acreage allotment (Item 1 ÷ or - Item 2).....	4.00	3.80	3.90	4.20
4. Yield per acre (Present Soil Bank yield).....	1500	1500	1500	1500
5. Base poundage allotment (Item 1 X Item 4).....	6000	6000	6000	6000
6. Annual poundage allotment (Item 3 X Item 4).....	6000	5700	5850	6300
7. Actual sales (and Soil Bank) Lbs. (Tabulated in county office).....	6300	5850	5550	6300
8. Over (+) or under (-) Lbs. (Difference between 6 and 7)...	*300	*150	-300	0
9. Over or under in acres (Item 8 divided by Item 4).....	*.20	*.10	-.20	0

Explanation

The proposed method involves starting with the existing acreage allotment which would become the "base acreage allotment". The acreage allotment for any given year, called the "annual acreage allotment", would be the base acreage allotment plus or minus an acreage equivalent to the amount by which the sales of the preceding year exceeded the poundage allotment for the farm.

The first step in establishing a poundage allotment for each farm is the establishment of a yield per acre. Under the Soil Bank program, a yield per acre was established for each farm. Generally speaking, the yield per acre was the average of the three highest yields obtained for each farm during the six year period 1950-55, with a maximum limit of 125 percent of the county average yield and a minimum of 80 percent of the county average yield. The "base poundage allotment" is the poundage obtained by multiplying the base acreage allotment by the yield per acre. The annual poundage allotment is obtained by multiplying the annual acreage allotment by the yield per acre.

At the close of each season, the actual sales are tabulated from the Memoranda of Sale and a determination made as to the poundage by which the actual sales are over or under the annual poundage allotment (any poundage for which payment is received under the Soil Bank program is included as "sales" for this purpose). The amount by which sales are over or under the annual poundage allotment is converted to acres by dividing the overage or underage by the yield per acre. During the first year of operation under the program, the base acreage allotment and the annual acreage allotment will be the same, as will the base poundage allotment and the annual poundage allotment. In subsequent years the annual acreage allotment would be reduced

below or increased above the base acreage allotment by the acreage equivalent of the overage or underage for the preceding year. Similarly, the annual poundage allotment would be the annual acreage allotment multiplied by the yield per acre and, therefore, reflects the extent of the overage or underage for the preceding year.

Under this system, the base acreage allotment for each farm would be established based on the proclamation of the amount of the national marketing quota by the Secretary. The annual acreage allotment and the annual poundage allotment would, however, be established by the grower or growers on each farm. Therefore, increases in yields per acre on individual farms would not necessitate across-the-board reductions of acreage allotments. This system assumes that the yields per acre for the individual farms would be fixed one as to the other to the same extent that acreage allotments are fixed one farm as to another. Therefore, failure on any farm to produce the amount of the annual poundage allotment because of adverse weather or underplanting would increase the allotment for that farm for the next year. Conversely, the production of more than the annual poundage allotment would reduce the allotment for the next year. Accordingly, the incentive to plant more than the allotment with the expectation of destroying the excess would be largely eliminated. Also, the extraordinary incentive which is present under acreage controls only to maximize the yield per acre without regard to quality and other factors would seem to be eliminated.

463