7-30-1955

Senate bill regarding cotton export program

Strom Thurmond

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Recommended Citation
Thurmond, Strom, "Senate bill regarding cotton export program" (1955). Strom Thurmond Collection, Mss100. 1211. https://tigerprints.clemson.edu/strom/1211

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WASHINGTON, JULY 30—Sixty-three senators, headed by Senators James O. Eastland (D-Miss) and Strom Thurmond (D-SC) today introduced a bill aimed at selling on the world market surplus cotton held by the Commodity Credit Corporation.

The proposed legislation would, first, instruct the CCC to use its present authority to encourage export sales of such quantities of the present surplus of cotton as will reestablish and maintain for the United States its fair historical share of the world market. This authority is now being used to sell surplus stocks of 19 other agricultural commodities.

Second, the bill would direct the Secretary of Agriculture to limit the volume of cotton textiles imported into the United States so that the total will not exceed 50 per cent more than the average annual quantity of such imports during a representative period of two consecutive years.

In a statement introducing the bill, Senator Thurmond said:

"The cotton industry of the United States, from producer through manufacturer, is facing the most critical period in history. Our share of the world cotton export market has dropped from approximately 60 percent to less than 30 percent of the world total and is in danger of being lost.

"Cotton acreage in this country has been reduced from 25,244,000 acres on July 1, 1953, to 17,096,100 acres on July 1, 1955. During this period that we have attempted to adjust supplies through use of domestic production controls, foreign production has expanded rapidly with a large part of this expansion being American-financed. A further increase in foreign acreage is planned for 1956.

"American producers stand alone in their sacrifices to bring the world supply of cotton into balance with demand, and it has now been fully demonstrated that we cannot adjust world supplies by curtailment of acreage in the United States. Already, thousands of farm families have been seriously affected. By reason of the drastic cut in cotton acreage in 1955 alone, according to records of the United States Department of Agriculture, 55,000 cotton farm families were put out of business and 130,000 additional farmers already making less than $1,000 per year were reduced in income by more than $100.

"This deplorable situation is the direct result of our foreign agricultural policy, which has failed to take note of the fact that this problem is of a world-wide nature. The loss of our historical and necessary foreign markets promises to be permanent, and unless corrective action is taken immediately, cotton farm incomes, already among the lowest in the nation, will be pushed to new lows.

In addition, the world cotton surplus is accumulating in the hands of the Commodity Credit Corporation.
The present Cotton Export Advisory Committee, appointed by the Secretary of Agriculture, has by overwhelming majority strongly urged that U. S. cotton be offered for sale in world markets. The Commodity Credit Corporation Charter specifically authorizes the sale of commodities owned by the Corporation, or acquired for export purposes, in world trade at competitive prices. Furthermore, there is ample precedent for such action in the export programs of 1939-40 and 1944-45, and the fact that Commodity Credit Corporation is selling or has sold approximately nineteen other agricultural commodities for export on a competitive price basis.

To cope with the problem of dwindling exports of U. S. cotton and to prevent further drastic cuts in U. S. cotton acreages which would be made necessary if we do not reestablish and maintain a fair share of the world fiber market for cotton, the Department of Agriculture has been attempting to develop an export sales program under which U. S. cotton may be sold competitively in the markets of the world. Any program to be effective and beneficial to farmers must augment the total available market and not merely serve to displace outlets which would otherwise be available. The position of the domestic mills as customers of the American farmer is already endangered by the foreign trade policies and actions of the U. S. Government. This grave situation in itself calls for immediate corrective action.

There has been in effect for a number of years for raw cotton, as there has been for wheat, an import quota under section 22 of the AAA to protect the higher price paid to domestic farmers. But, unlike flour, there has been no corresponding quota on cotton textiles. Therefore, if U. S. cotton is sold in the world market at prices below those paid by domestic mills, it would be certain to result in increased imports of cotton textiles not only displacing cotton which farmers would otherwise sell to domestic mills, but also destroying the ability of the domestic mills to remain in business and continue to serve as the principal outlet for U. S. cotton.

Adequate cotton acreage is essential for a healthy agricultural America, and vital to our cotton-economy mills and producers.

If farmers are to have the opportunity to maintain their fair share of the world market without destroying their market at home, it is essential that there be established an integrated program. Such a program would assure cotton sales in the world market at competitive prices and provide a textile import quota under section 22 which would permit foreign exporters of cotton textiles a fair share of the domestic market on an historical basis and at the same time prevent the
excessive textile imports which would result if foreign mills were to be given lower priced cotton than American mills.

"This bill directs the adoption of such an over-all integrated program. A program of this nature is essential if we are to prevent complete disruption of the economy of the cotton producing and manufacturing areas."

A copy of the bill is attached.