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Statement on tobacco varieties and price differentials before Tobacco Subcommittee of the House Agriculture Committee

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STATEMENT BY SENATOR STROM THURMOND (D-SC) ON TOBACCO VARIETIES AND PRICE DIFFERENTIALS BEFORE TOBACCO SUBCOMMITTEE OF THE HOUSE AGRICULTURE COMMITTEE, AUGUST 6, 1957.

MR. CHAIRMAN AND GENTLEMEN OF THE SUBCOMMITTEE:

I appreciate your courtesy in giving me an opportunity this morning to testify on some of the major problems confronting our tobacco growers in South Carolina. I hope the Subcommittee will give most careful attention to the testimony which will be presented by the representatives of our South Carolina tobacco growers during the hearing. We are fortunate in having with us these gentlemen who have been in close touch with the situation in South Carolina and who will be able to furnish us with first-hand information on the effects that these problems are having on the individual tobacco growers.

Congressman McMillan, a distinguished member of this Subcommittee, represents South Carolina's largest tobacco-producing district. He has been representing this district for approximately nineteen years, and he is, therefore, most familiar with the problems of our tobacco farmers. He has always manifested a deep interest in the welfare of these farmers and the tobacco industry of South Carolina. I am sure he will have some enlightening facts to present to the Subcommittee.

Tobacco markets in South Carolina opened on Tuesday of last week, and since that date, I have received a number of strong complaints from growers who feel they are being discriminated against by the tobacco companies.
These growers are greatly concerned about the lack of a price differential between tied and loose tobacco. They have reported to me that for a period of several years they have been encouraged to tie their tobacco with the general understanding that they would be compensated for this additional expense. I have also been told that the tobacco companies could not handle the entire South Carolina tobacco crop unless a substantial portion of it was tied.

I feel, therefore, that it is grossly unfair to these farmers to be encouraged and practically required to go to the additional expense of having their tobacco tied, and then arrive at the market to discover that no price differential is being shown between tied and loose tobacco. Many South Carolina tobacco growers have been hauling their tobacco more than two hundred miles to Georgia markets where they receive the same price for loose tobacco that is being paid for tied tobacco on the South Carolina markets. It has even been reported to me that in some instances, loose tobacco on the Georgia markets has brought six cents more per pound than has tied tobacco on the South Carolina markets.

The Department of Agriculture informed me yesterday that, historically, tobacco prices have reflected a differential in favor of those farmers who incurred the additional expense of tying their tobacco. In fact, the support price on tobacco provides for a five-cent per pound differential between loose and tied tobacco. It appears, however, that under the present circumstances
the price differential is working in reverse on our South Carolina farmers.

In view of these facts, I find it easy to understand why our tobacco growers feel they are being discriminated against. I would urge, therefore, that the earliest possible consideration be given to a complete investigation of this situation. I have here several communications which I have received on this subject and I request that they be included in the record of this hearing at this point in my remarks.

In the fall of 1955, I received complaints from South Carolina that certain varieties of tobacco were being downgraded for the purpose of government loan support prices. I immediately conferred with officials at the Department of Agriculture and received assurances that it was not contemplated that any change would be made in the policy of fixing price support levels on the basis of the grade of tobacco.

However, on December 18, 1956, the Department of Agriculture made an announcement outlawing three of the leading varieties of tobacco being planted in South Carolina.

Communications received from tobacco growers in my state indicated at that time that this order would result in a serious reduction in their income. They stated also that the order would result in the Agriculture Department's sending inspectors to run rampant over our tobacco fields/trying to discover the blacklisted varieties for labeling purposes. You will find that their fears were well grounded, Mr. Chairman, when you hear
the testimony of the South Carolina witnesses who will follow me.

I am told that tobacco companies have bid on some lots of tobacco, discovering later that the Agriculture Department had subsequently tagged the tobacco as a blacklisted variety. The companies then refused to accept the tobacco and the farmers had to place their tobacco in the government loan at 50 per cent of the price support level.

Additionally, the Agriculture Department has been sending what our people call "three-day inspectors" into the fields to snoop and check on our tobacco farmers. Mr. Chairman, our farmers resent this method of enforcing a policy which is based on the erroneous assumption that tobacco price support levels should be determined on the basis of variety rather than grade. Aside from this, Mr. Chairman, our people in South Carolina are getting a bit weary these days over attempts by the Federal Government to further regiment and regulate our lives.

I understand the objective of the Department is an effort at reducing the tobacco surplus and also to bring about an increased supply of heavier bodied, more flavorful tobacco. However, I do not believe the Department should have attempted to attain this objective in this manner. To borrow an oft-repeated phrase from the tobacco industry, men who know tobacco best will tell you that tobacco should be classified on the basis of grade and not variety.

Although the Department states that it cannot accurately grade the varieties of tobacco which it has outlawed, there are a number of tobacco experts, including those at Clemson
Agricultural College in South Carolina, who disagree with the Department. They hold the view that these varieties of tobacco can be graded accurately enough to serve the purposes of fixing price support levels.

In fact, the Dean of Agriculture at Clemson, Dr. M. D. Farrar, has submitted a statement to the Agriculture Department which points out that tests made by experts at Clemson proved the outlawed South Carolina varieties of tobacco to be superior to other varieties tested there.

Mr. Chairman, I commend your Subcommittee for launching this worthwhile investigation. I hope that your studies on tobacco problems will result in legislation that will provide simple justice for our tobacco growers. I believe that two steps can be taken by your Subcommittee which will go a long way toward providing this justice.

First, I recommend that your Subcommittee look into the matter of price differentials for tied and loose tobacco while conducting this investigation. Secondly, I recommend that in the course of this investigation you give most serious consideration/to the feasibility of amending the law relating to the grading of tobacco/so as to remove the discretionary authority now vested in the Secretary of Agriculture. I want to urge, however, that it be taken into consideration that planting dates vary in different sections/and that if a change is made in the law/ the effective date should be fixed so as not to discriminate against the planters of any section.

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