



Mechanical harvester at work.

The Tobacco Franchise for Whom?

by Charles K. Mann

The tobacco program is geared to benefit not the tobacco farmer but rather those who own farms on which tobacco happened to have been raised in 1933. These beneficiaries may be farmers, but they are also doctors and lawyers, churches and banks, millworkers and truck drivers, and in many cases, widows. This federal assistance program no doubt helps many people in relatively low-income brackets. The current program, however, benefits very little the tobacco farmer who does not own an allotment. If one is to have a tobacco "farm program," including all tobacco farmers in the program, even tobacco farm laborers, seems a reasonable policy objective.

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It is in society's broad interest to ensure that amendments to the tobacco program allow to stay on the farm those who wish to continue growing tobacco and equip to leave those who wish to find other employment. While blocking continued shifts in production patterns — from the Piedmont to the coastal plains, from small farms to large, consolidated units — may be impossible, at least political forces can prepare for them. For tobacco towns affected by these changes, the federal program should help breathe new life as it takes the old. No program narrowly focused on the heirs to the tobacco farms of the 1930s will do these things.

Specific programs of economic assistance to stranded communities and to displaced farmers and laborers can buffer the transitions that are ahead. Anyone who can demonstrate a history as a tobacco grower should be granted an allotment in relation to that history. There is some precedent in the rice program for vesting allotment rights with an individual and not in land. In Texas and California, the rice allotment belongs to the producer, not to the farm. He may take it where he likes, hence the term "hip-pocket allotment." It is, after all, the people who face the adjustment hardship, not the land.

In order to facilitate the adjustment for allotment owners wishing to quit growing tobacco and to avoid simply "printing" new allotment, the government could, if necessary, purchase allotment from present owners before parceling it out to actual tobacco growers. But the precedent of such government compensation should be studied carefully as it could represent an important and potentially costly precedent; other allotment programs have been terminated without compensation. Even if those wishing to surrender allotment were compensated, however, the costs of providing allotment to tenant growers would probably be considerably cheaper than the costs to society of driving them from the farms they are operating, perhaps into the ranks of the unemployed. The needed funds could come from general revenues or by earmarking a modest share of cigarette tax revenues for the purpose.

Owning the asset of the allotment would help the tenant farmers who remain to acquire land on which to grow tobacco. Compared to allotment cost, land cost even today is cheap. Furthermore, owning allotment, a farmer could then lease added allotment from others in order to expand. The program could include special credits for helping with the purchase of farmland. Such an innovation in the tobacco program would make sure that all persons actually growing tobacco benefit by the program.

As to hired labor, the counties of likely severe labor displacement can be identified. The tobacco

program should be expanded to encompass retraining and other worker-oriented assistance to former tobacco workers who are unemployed because of technology or shifts in production.

Under major program modifications, allotments would migrate out of some communities. In areas such as the Raleigh-Durham-Chapel Hill complex, there may be some individual hardships but leaf tobacco has ceased to provide the economic base. In these situations, special assistance programs may not be needed. However, some exporting counties have few alternative opportunities. For those, special rural development assistance should be provided explicitly under the tobacco program. This is particularly true of tobacco counties fringing the main production areas.

Understanding the tobacco economy means understanding the system of rights under which tobacco is grown and marketed. Rather than focusing exclusively on farm economics to discern major transitions in tobacco production, one must look toward the political process through which the system of rights was devised and continues to be modified. The franchise to grow and market tobacco retains high value. The rules of the allotment system determine how this value changes over time and how it is distributed among individuals and regions. In seeking constructive ways to reconcile efficiency of production with equity toward individuals and communities, one must focus on how changes in the rules of the system affect the distribution of program benefits. □

