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C. R. Sayre testimony

Charles Richard Sayre

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DELTA Council

THE ORGANIZATION OF THE YAZOO-MISSISSIPPI DELTA

PROMOTING AND DEVELOPING THE ECONOMY AND SOCIETY OF ITS AREA

STONEVILLE, MISSISSIPPI

November 9, 1955

To: Senate Committee on Agriculture and Forestry

Mr. Chairman and Gentlemen:

My name is C. R. Sayre, a cotton grower, from Scott, Mississippi. I am chairman of the Delta Council Cotton Economics Committee. Delta Council is an organization representing the interests of the 650,000 people of the 18 Delta and part-Delta counties in Mississippi.

Mississippi Delta cotton producers are keenly interested in the problem being considered by this committee at these hearings. In fact, the economic future of Mississippi and a large part of the South hinges upon the course of action to be determined by this group.

We want to emphasize the probable loss of our reasonable and fair share of the world cotton export trade. Had we continued to export at reasonable levels, we would not now be faced with accumulated supplies of cotton.

Cotton Market Losses Critical for Mississippi

In spite of advances in industry 61 percent of the people in Mississippi depend upon agriculture for a livelihood. Even with great progress in crop diversification, income from lint and cottonseed accounts for approximately two-thirds of the cash income from farm marketing in Mississippi. Severe cuts in cotton acreage have created new problems--diverted acres, displaced labor, reduction in gross farm incomes, high production costs, and insecurity for the future.

Our state is made up primarily of small farms--averaging between 80 and 85 acres in size. Results of a survey made by the United States Department of

Agriculture show that reductions of cotton acreage from 1954 to 1955 displaced 11,981 farm families in Mississippi.

The 1956 cotton allotment will mean another reduction in acreage for Mississippi, as shown by the following table:

	<u>Acres</u>	<u>Percent Reductions</u>
Acreage in cultivation, July 1, 1953-----	2,554,000	100
Acreage allotment, 1954-----	2,079,833	28.6
Acreage allotment, 1955-----	1,750,852	+ 12.9
Acreage allotment, 1956-----	1,646,562	+ 4.1
A reduction in 3 years amounting to-----		45.6

What industry could reduce its output by 45.6 percent and stay reasonably efficient?

Residual Supplier

If we continue to operate as we have in the recent past, United States producers will make the supply adjustments for the entire world. The United States will continue as a residual supplier in world markets. This means continued step-downs in acreage allotments. At the same time, foreign production will continue to increase and become more firmly entrenched. Thus, the U. S. share of the world market will become smaller and smaller. This is confirmed by excerpts from the textile press throughout the world. Examples are attached to this statement.

The October 1955 monthly review of the world cotton situation, published by the International Cotton Advisory Committee, Washington, D. C., summarizes the situation as follows:

"As the season progresses, it becomes increasingly obvious that aggregate free world production outside the United States will set a new record high for the postwar period--indeed, an all-time record."

Here are the International Committee's appraisal statements:

- "(a) Production has increased every year since 1947-48 and in the aggregate has almost doubled over this period.
- "(b) The upward trend in cotton production is apparent in virtually all countries.
- "(c) The rate of increase has accelerated in the last two seasons.
- "(d) Of late this increase has occurred despite the tendency to lower cotton values.
- "(e) Cotton production has now become entrenched as a major industry in many countries where cotton was relatively unimportant a few years ago.
- "(f) The continuous upward trend in cotton production has exploded the myth that the production potential for cotton outside the United States is limited.
- "(g) If present trends continue, in two more seasons cotton production outside the United States may be sufficient to meet all consumption requirements outside the United States without any imports from that country.

"An increase in production expected this season is based on the following considerations:

- "(a) An increase in production in Mexico by some 300,000 bales.
- "(b) An over-all increase in acreage in the Middle East and Pakistan.
- "(c) The fact that yields last season were less than normal in Brazil, Argentina and Uganda.
- "(d) The continuing expansion of irrigation in Mexico, Pakistan, Turkey, and Syria and in some of the smaller countries.
- "(e) Indications that interest in cotton production will remain high in South America."

Persistent efforts have been made by cotton growers and manufacturers to stimulate administrative use of tools provided by the Congress to re-establish and maintain a fair share of the world cotton market for this country.

At the same time growers have requested action that would keep American mills in a competitive position, particularly in the domestic market. This could be done with existing authority to apply textile import quotas.

Beyond this cotton growers have urged legislation which would provide supplies of cotton at export prices equivalent to the textile exports of our American mills.

Apparently, action has not been taken for fear of upsetting the economies of other free world countries. Foreign cotton producers have been advised more than two years ago that the United States could not stand by if they continued to expand cotton production while we reduced ours through controls. This advice went unheeded and cotton growing has now become entrenched as a major industry in countries where cotton was relatively unimportant.

Proposals for action by the Department of Agriculture have been blocked.

The world cotton situation is one approaching chaos. Producers in these United States must ask the question, do our planners and policy makers consider the cotton industry of the United States to be expendable?

Raw Cotton Exports and Import Quotas

As an initial step we urge the Senate to pass Senate Bill 2702, which directs that present authority be used to re-establish and maintain a fair share of the world's raw cotton market for the United States and, at the same time, provide protection for U. S. mills under Section 22 of the Agricultural Adjustment Act. These same authorities have been used effectively for some several farm commodities. Why not for cotton?

In addition to the above, the Delta Council of Mississippi endorses the statement presented by the American Cotton Producer Associates.

Please accept our grateful appreciation for the opportunity to place our views before this Committee of the Senate of the United States.

Face Loss of Cotton Markets

Government to Sell Soybean Surplus at Market Price

WASHINGTON — The Agriculture Department announced it will offer its remaining stocks of soybeans—about 300,000 bushels—for sale at market price.

Officials said, in effect, would indicate the Government's domestic offering price. Until now, soybeans have been offered for sale in the U. S. at no less than the 1954 price—about 14 1/2¢ per bushel.

Textile Markets

Cotton Mills Fear Imports of Goods From Japan Will Rise on Tariff Cut

By a Wall Street Journal Staff Reporter
NEW YORK — The American textile industry's fear about competition from Japanese cotton fabrics and apparel is growing. Tariffs ranging to 30% go into effect next month.

industry. The Japanese keep on stepping the steel and steel pipe are coming in as when the damage is done."

These U. S. firms fear that such a tariff cut will eventually result in wholesale liquidation of U. S. mills. They point to the steps in removing Japanese textiles that has gone on with tariffs at present levels.

New Production Gains Seen In Foreign Lands

WASHINGTON, Aug. 27 — Further expansion of cotton production outside the United States is indicated for the present year by the International Cotton Advisory Committee reported today.

It reported additional record production of 27 million bales in the free world outside the United States in 1955-56 over 1954-55. And it said that, coupled with continued American production of about 22 million bales, constituted a single year's production record for the free world.

It noted that America's 1955 harvest will give it a total supply of 22 million bales, and that the "new season stocks" will be a record amount in a United States surplus of about 12 million bales.

Textile Markets

Rising Japanese Exports of Cotton Goods, Tariff Cut Haunt U. S. Mills

By a Wall Street Journal Staff Reporter
NEW YORK — U. S. cotton cloth and garment producers are getting jittery over competition from the booming Japanese textile industry.

With low-cost Japanese cloth, shoes and accessories as well as government and tariff-cutting U. S. markets in growing numbers, some domestic producers protest that recent tariff announcements may eventually result in a "transfer of the American textile industry to Japan."

Industry leaders here not hesitated to express their disapproval with those duty cuts to Administration and Congressional officials. The American Cotton Manufacturers Institute, among other trade groups, is urging legislation of import quotas "as the only practical solution in the present."

Manufacturers J. F. Stevens & Co., Inc., a major cotton cloth manufacturer, said two of its executives leave this week for Japan to negotiate "the present capacity and Japanese efficiency of Japanese mills and believe that will be extremely important market after Japanese textile industry."

or related medium weight cotton cloths by about 30%.

The major part of American cotton cloth production is concentrated in the medium range used for shirts, dresses, blouses and suits. And the growing Japanese export competition potential, according to U. S. cotton manufacturers, is concentrated in the same range.

Impact on 30-Square Yarn Cloth

What the Geneva resolution will mean, says the American Cotton Manufacturers Institute, is illustrated by the impact upon regular 30-square yarn cloth. The U. S. has an annual production of about 1.2 billion yards of this cloth, valued at \$1.2 billion.

Government to Sell Surplus November 1 Competitively Starting November 1

By a Wall Street Journal Staff Reporter
WASHINGTON — The Agriculture Department announced today that it will sell its surplus of cottonseed meal and cake competitively starting November 1.

Government Reports Sale Of All Cottonseed Meal And Cake Acquired in '54

WASHINGTON — The Agriculture Department reported it got rid of all the seed and cake it acquired in 1954.

In doing so, it had about 200,000 bushels of seed and 200,000 bushels of cake left over.

ICAC Warns Exports May Vanish In '58

Production Doubles Outside America

Government Cuts Some of Its Export Rice Prices Up to 8%

WASHINGTON — The Agriculture Department announced today that it will cut the price of its surplus rice exports by up to 8%.

The price of Government surplus rice will be cut by 8% for 100,000 tons, 7% for 200,000 tons, and 6% for 300,000 tons.

Agriculture Department Devises Another Plan To Sell Butter Abroad

WASHINGTON — The Agriculture Department announced today that it will sell its surplus butter abroad at a price of 10¢ per pound.

Fourth Program for Surplus Asks Daily Bidding on Stocks for Industrial Uses

By a Wall Street Journal Staff Reporter
WASHINGTON — The Agriculture Department announced today that it will sell its surplus of industrial uses by daily bidding on stocks.

Soybean Sale Policy Changed

WASHINGTON — The Agriculture Department announced today that it will change its policy for selling its surplus soybeans.

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Foreign Markets Roundup

ALEXANDRIA, Sept. 2 — On August 25 a new agreement between Britain and Egypt was signed according to which the Egyptian cotton crop will be sold to Britain at a minimum annual rate of L. E. 20,000,000.

The following decisions have been taken about cotton:

1. Reduction of the cotton export tax from 18 talants to two talants for Ashmud and 10 and from 23 talants to eight talants for Karak and Himmatt.

2. Abolition of the Import Account for the seed and development, the raising of the 10% export tax for long staples to 10% for Good Quality Good and the price of this staple will be 40 talants for Karak and 30 talants for Himmatt.

3. Pakistan Devalues Its Rupee To Spur Cotton, Jute Sales

WASHINGTON — Pakistan devalued its rupee by 14.6% to 13.75¢ per dollar, the International Monetary Fund announced.

This means the Pakistan rupee equal to 21 cents in U. S. currency compared with 30.25 cents before the devaluation.

It is understood Pakistan took the action in an attempt to stimulate exports of cotton and jute. With a devaluation of 14.6% the rupee is now the end of the Korean War and increasingly large export bills, the Asian nations have continued to demand the rupee and the Indian rupee and the Indian rupee, 10¢ of which was devalued by 10% in August 1955.

WORLD MAY NOT NEED U.S. COTTON BY '58

Production Nearly Doubles Outside America

RECORD SURPLUS SEEN

WASHINGTON, Aug. 26 — The International Cotton Advisory Committee reported Sunday that production is increasing so rapidly in the free world outside the United States that within another two or three years there may be no need for American-grown cotton.

The Committee, an international organization of 22 cotton-producing and consuming countries, declared that the United States "will have to reduce its cotton production to meet the needs of the rest of the world."

"An upward trend is apparent in nearly all countries, and it is expected," the Committee reported, "that production will be sufficient quantitatively to amply meet or three years to meet the needs of the rest of the world."

It reported additional record production of 27 million bales in the free world outside the United States in 1955-56 over 1954-55.

And it said that, coupled with continued American production of about 22 million bales, constituted a single year's production record for the free world.

It noted that America's 1955 harvest will give it a total supply of 22 million bales, and that the "new season stocks" will be a record amount in a United States surplus of about 12 million bales.

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