

# Cotton Quotas and Allotments

probable re-establishment of controls in 1954 expected to cause major adjustments in crop production pattern

Chester O. McCorkle, Jr., and Trimble R. Hedges

The following article is the first of a four-part report on an analysis of the impact of cotton acreage allotments on the agriculture of California.

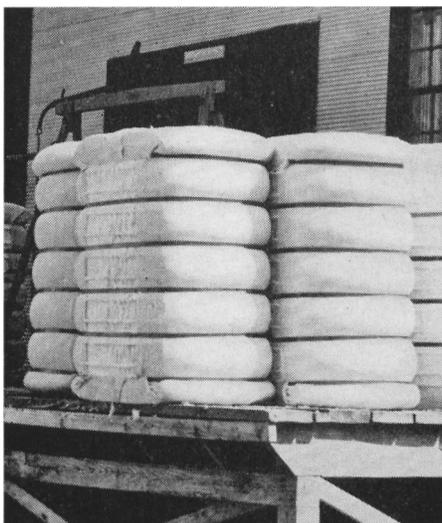
**National marketing quotas** and acreage allotments in 1954 are in prospect for cotton growers—unless 1953 production is down sharply from that of the last few years.

Present laws require national marketing quotas for cotton be proclaimed, not later than October 15, in any calendar year the Secretary of Agriculture determines that the estimated total supply of cotton will exceed the estimated normal supply, during the 12 months beginning August 1 of that same year. If the cotton producers approve such quotas in a referendum required before December 15, acreage allotments also must be proclaimed.

## Estimated 1953 Production

The total supply of cotton for the 12 months ended July 31, 1953 was 17.9 million bales and the total distribution was 12.6 million bales which left an estimated 5.3 million bales as carry-over on August 1, 1953. The estimated 1953 production of 13.9 million bales and the expected net import of 200 thousand 500 pound bales, must be added to the carry-over of 5.3 million bales to estimate the total supply for the year beginning August 1, 1953 at 19.4 million bales. The normal supply is defined as the total of the estimated 9.5 million bales for domestic use, and three million bales, as net export, plus a 30% overrun of this total for end-of-season carry-over which indicates the normal supply for the year beginning August 1, 1953 will be 16.2 million bales or 3.2 million bales below the expected total supply for the 1953 marketing season.

The national average cotton yield will



Cotton bales on a loading platform in the San Joaquin Valley.

have to drop as low as 221 pounds of lint per acre in 1953, as compared with the most recent 5-year average of 283 pounds, if production is reduced to a level such that total supply will not exceed normal supply.

Domestic use has remained steady at 9¼ to 9½ million bales during recent years, while exports dropped sharply in the 1952 marketing year. The voluntary reduction of 18% from 1952 in 1953 cotton acreage, requested by the Secretary of Agriculture, produced an actual drop of 9%—part of which probably resulted from the current drought conditions in the plains states, Oklahoma and Texas. This same drought may still further reduce acres, and undoubtedly will cut yields below those of recent years.

The national marketing quota and acre

allotments are related closely to the normal supply concept. The quota is that number of bales which, when added to the estimates for carry-over and imports, will result in a quantity equal to the normal supply.

This national marketing quota for any year, however, can not be less than 10 million bales, or one million bales less than the estimated domestic consumption plus exports, whichever is smaller, for the marketing year in which the quota is in effect. The quota is converted to a national acreage allotment using the national average yield per acre for the five preceding years. Such allotments are mandatory when the marketing quotas are in effect.

Based on the estimated normal supply for the 1953 marketing season it is probable that the 10 million bale limit will prevail should allotments be in effect in 1954. Converted to acreage on the basis of 5-year average yields, this would mean a national acreage allotment of 17.7 million acres.

## Control Program

The Agricultural Adjustment Act of 1938 and amendments thereto specify that the national acreage allotment shall be apportioned among the states and

United States Cotton Supply and Distribution  
(Thousands running bales; totals rounded)

12 months beginning August 1	Carry-over	Production	Net Imports (500 bales)	Total Supply	Net Exports	U.S.	Total distribution
Ave. 1943-1953	6,266	12,075	203	18,722	3,577	9,429	13,006
1951	2,278	15,064	69	17,411	5,617	9,255	14,872
1952	2,745	14,955	200	17,900	3,100	9,500	12,600
1953 (prelim)	5,300	13,900	200	19,400	3,000	9,500	12,500
1954 (prelim)	6,900	.....	.....	.....	.....	.....	.....

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counties, according to a 5-year historical base, and among farms on a 3-year basis. A national allotment of 17.7 million acres under present legislation, would require a 28% reduction from 1953 acreage nationally, and California would have its acreage reduced 49%. Arizona and New Mexico would experience similar reductions.

Alternative measures were proposed in Congress for the purpose of getting the allotments more up-to-date in terms of production patterns.

One compromise bill would have placed a floor of 22 million acres—plus 500,000 for contingencies—under the national cotton acreage allotment. It also would limit individual state reductions from the 5-year base acreage to 22½% for southern states and 27½% for western states. This proposed legislation, however, would yield a national acreage allotment only 9% below the 1953 estimated acreage. The reduction for the nine major cotton-producing southern states would have varied from 3% to 22½% and would have approximated 8% on the average. The three western states—California, New Mexico, and Arizona—would have been reduced the maximum—27½%. Cotton supplies would approximate those of 1953 and carry-over at the end of the next marketing year would have been substantially greater than that estimated for 1953-54. A similar bill died in the Senate Agricultural Committee in the closing hours of Congress.

## Adjustment Problem

If any production control program is in effect in 1954—regardless of which allotment base or limit regulation is used—California's cotton acreage will be reduced. Under present legislation a maximum planted acreage of 717,000 would be forthcoming and California would fare better in cotton acreage, than it did during 1950, the last year when acreage allotments were in effect. That year only 586,000 acres of cotton were in cultivation on July 1 but the adjustment problem facing cotton farmers will be more difficult. The acreage to be diverted to alternative crops in California would be approximately 687,000 acres.

California cotton producers must make major decisions regarding their resources and enterprises.

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*The second article in this four-part report, to be published next month, will estimate acreage shifts and the net change in the production pattern of cotton and alternative crops.*

# Poultry Grading

## state grading system for meat poultry could improve marketing

John C. Abbott

**Sound marketing practices** for meat poultry would be promoted by the standardization of grading at the processing point and in the retail trade.

If grade differentials were in force at these stages, there would be a real economic incentive to carry them back to the producer as a specific expression of consumer preference. If all wholesale outlets for country buyers bought on a grade basis even the hucksters would have to recognize the same standards in making their purchases at the farm and reflect back approximately the same differentials. All birds would incur the same selective treatment at the processing point.

Under present marketing conditions poultry producers who raise only first quality stock are rarely paid full value for their birds. The usual method of flock run pricing glosses over differences between birds and between growers. In this way buyers cover losses on that proportion of their total purchases which prove inferior, by broadening margins over their whole turnover. Thus skilled poultrymen are inadequately rewarded, and the inefficient subsidized. Too lenient an approach to quality differences may work to the general detriment.

California turkey growers, for example, are dependent on substantial sales to the Eastern seaboard. A consistent grade premium is the best counter to adverse differentials in the freight charge.

In home markets, too, it is vital that consumers receive poultry meat of exactly the quality they expect. Short run sales of inferior birds at so-called-cut-rate prices may prejudice the long run interest for the future.

## Canadian Grading Policy

The Canadian grading policy—in force three or four years—aims at presenting Canadian poultry to world markets as a uniform high quality product. At the same time it offers home consumers the choice between carefully processed, inspected and graded poultry in standard commercial channels, and ungraded birds direct from the farms.

The regulations apply to designated urban areas, with population concentrations requiring servicing through a full chain of poultry marketing intermedi-

aries. They do not apply to a producer who sells, transports or delivers direct to a consumer dressed poultry produced on his own farm.

All poultry processing plants require a license, a registration number and a certificate. All poultry handled must be graded and marked with the number of the station. Thus, any bird appearing on a retail counter in the designated cities can be traced to its killing point. For success, such a measure presupposes enforcement on a statewide basis with full power to revoke licenses for noncompliance and impose penalties for deliberate fraud.

Four main grades are employed, indicated by colored metal tags clamped onto the wing of the bird. The grade A represents the bulk of the supply of high quality, well finished, and properly dressed poultry.

The processor—whose registration number appears on the birds—is responsible for conformation, flesh, amount of fat, and dressing, tears, pin feathers, discoloration from bruising, or improper bleeding, of any dressed or eviscerated poultry sold or delivered to a buyer. The registered station is responsible for condition—discoloration from storage, putrefaction or dryness—24 hours after delivery to or defrosting by the buyer.

No person may publish any untrue, or misleading advertisement with respect to dressed or eviscerated poultry offered or held for sale or distribution.

The actual grading is carried out by employees of the processing firm who have been trained and certified as approved graders. Government inspectors maintain a check inspection service to ensure that birds are graded according to the required specifications. The combination of confidence in individual integrity and frequent surprise checks may in the long run be more efficient than forcing all birds under the eyes of a government grader.

## Grading in California

The United States Department of Agriculture's Poultry Branch policy favors close association with industry preference as opposed to active campaigning for compulsory adoption. Detailed fed-

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