mayor, having polled the fewest votes of any of the incumbent city commissioners in the last election, would not be hurt in his campaign for reelection by a little publicity.

• **Legal Advice Sought**—American Power & Light Co. attributed the delay in signing the contract to the time required to secure legal opinion on whether the 180-day notice clause will violate the provisions of the "death sentence" clause of the holding company law.

Cigarette Famine

With more than 23% of smokes going overseas, civilians have to get along on fewer than they had last year.

Los Angeles smokers wait to buy cigarettes, foreshadowing a new kind of customer queue that is apt to spread as bites on civilian supplies cut in deeper.

In Los Angeles, your cab driver may volunteer to get you a carton of Camels for $3 and save you the trouble of waiting in line for a pack of some brand you never heard of.

In Dallas, a girl gets a carton of Luckies every month from her brother in the service—mailed from India.

In New York City, Patsy D'Agostino, grocer, estimates from his charge slips that 80% of Manhattan's smokers are hoarding from two to a dozen or more cartons each.

In Tokyo, Domei, the official news funnel, announces cheerfully that American women are smoking pipes because they can't get cigarettes.

• **Production at Peak**—Actually, production of cigarettes is at the highest level the industry has known—a probable total of 325 billion cigarettes this year, as compared with 290 billion in 1943.

But consumption is high, too, and the civilian doesn't get a nod from the manufacturers until military demand has been satisfied. The trade estimates that the military services will take as many as 75 billion of the 1944 output for shipment (tax free) to soldiers and sailors overseas. That would leave about 250 billion cigarettes for domestic smokers, almost 8 billion short of the 257.9 billion produced for domestic trade in 1943 (BW—Jul.29'44,p21).

• **More Camels**—Even 250 billion may be an optimistic estimate, for the Army has just put the squeeze on R. J. Reynolds Tobacco Co. for an additional 150,000,000 Camels a week. Reynolds has worked out a way with the C.I.O. union in its plant of increasing production by 65,000,000 a week, and presumably will supply the other 85,000,000 from the amounts earmarked for civilians.

The U. S. Dept. of Agriculture reports that the shortage is at its peak, although it may continue through the fall and winter.

• **By Allotment**—Practically all manufacturers are distributing their cigarettes on an allotment basis, the allotments varying from 60% to 85% of previous shipments and in some acute shortage areas as little as 40%. Cleveland, for example, is getting about 40% of its normal quantity of Camels, while Chesterfields are off 20% in October as compared with September.

What the dislocations of war have done to brand preferences is not readily apparent. Close to one-fourth of total production of all brands goes to the armed forces, and how the rival brands fare in the distribution is as much a secret as the manufacturers' own jealously guarded production figures.

• **Only Part of the Story**—Thus, the trade recognizes that production estimates covering the first eight months of 1944 (box, page 20) tell only part of the story, for these figures apply only to tax-paid cigarettes, not the tax-free smokes sent abroad by the government. The figures represent what the manufacturers can provide, or can spare on an allotment basis; they do not necessarily mirror consumer preference.

Something of this sort could be responsible in part for Camel's drop from second place to third place in the estimates. Reynolds started earlier than the others to allot its product, and the trade regarded this as smart policy designed to conserve high-quality inventories and blending formula.

Camel yielded to Chesterfield (Liggett & Myers) in the standing; Lucky Strike (American Tobacco), with sales running at an annual rate of some 65 billion, remained comfortably in the lead; Philip Morris (Philip Morris & Co.) and Old Gold (P. Lorillard) continued to hold fourth place and fifth place, respectively.

• **Price Controls Falter**—The shortage has had a pronounced effect on marketing practices. The black market is only one indication of faltering price controls. The tie-in sale, condemned by OPA, is common with jobbers in many areas, according to dealers, who must take a stock of brands which occupy, at best, an obscure position in normal times in order to obtain meager supplies of the favorites. The upshot is that the average smoker will smother his brand consciousness in his frenzy to buy anything that can be smoked.

Sooner or later, of course, the cigarette manufacturer bumps up against a ceiling on his supplies of raw materials. It's a matter of trade gossip that many of the producers have cut quality to be certain of meeting volume demand. One of the large companies is said to have cut by 50% the amount of scarce Turkish tobacco (BW—May13'44,p31) which goes into its products.

• **Bumper Crop**—Inventories are dangerously low. Hence the latest crop report of the U. S. Dept. of Agriculture provides what might, under normal conditions, be good news for cigarette manufacturers. The government estimates that the current crop will come to 1,700,000,000 lb., a near record, and

Cigarette Output by Brands

Of the 325 billion cigarettes which will be made in the United States this year, only 250 billion, or something over 76%, will be available to civilians—who, in 1943, required almost 258 billion to sooth their jaded nerves. The other 75 billion cigarettes are supplied tax-free to servicemen on overseas duty, and the government does not reveal how many of each brand.

The following table of competitive standings by brands, compiled by Dr. Charles W. Williams of the University of Louisville from brokers' and wholesalers' statistics and from sales of cigarette tax stamps for individual federal internal revenue districts, includes only production of tax-paid cigarettes; consequently the estimates cannot be taken as wholly reliable indexes of consumer demand. The soldier vote is missing.

	Output in Billions 1st 8 mo., 1944	Percent of Output 1st 8 mo., 1944	Percent of Output Full Year 1943
Lucky Strike (American Tobacco)	46.0	28.6	26.6
Chesterfield (Liggett & Myers)	31.0	19.2	17.4
Camel (R. J. Reynolds)	27.0	16.7	22.7
Philip Morris (Philip Morris)	18.0	11.2	10.5
Old Gold (P. Lorillard)	9.8	6.1	5.4
Raleigh (Brown & Williamson)	7.2	4.5	5.2
Pall Mall (American Cigarette & Cigar)	4.5	2.8	2.5
Kool (Brown & Williamson)	4.0	2.5	2.2
Herbert Tareyton (American Tobacco)	2.9	1.8	1.4
Marvel (Stephano Bros.)	2.1	1.3	1.4
Wings (Brown & Williamson)	1.5	0.9	1.2
Avalon (Brown & Williamson)	0.9	0.6	1.0
Miscellaneous	6.2	3.8	2.5
Totals (tax-paid)	161.1	100.0	100.0

some 300,000,000 lb. more than last year's.

Ordinarily, however, tobacco is aged two to three years, so that a bumper crop has only a long-range interest for the processor. To get immediate relief, some manufacturers are represented as planning to slash the aging process to one year.

• Revenue Prospects—Despite the size of the crop, it is expected to bring close to last year's high price levels. Georgia's crop season, just concluded, produced an average price of 36¢ a lb., about 2¢ less than last year's high average.

In Kentucky, abundant August rains have improved condition of the burley crop (increasingly important to the cigarette manufacturer), and have added an estimated 25,000,000 lb., so that total burley probably will run 310,000,000 lb. for the state. Tennessee will add something like 100,000,000 lb. of burley to the total.

• Labor Is Scarce—Harvesting the crop is the most acute problem confronting Kentucky tobacco growers, who are short of labor. Close to 2,000 German prisoners of war are at work in the fields. Many schools postponed openings for a week or two to allow students to help, and one county judge dismissed the September court term to free jurors and attendants for the tobacco harvest.

Tax Illegal Sales

Mississippi's new law, aimed at bootlegging, levies 10% on gross proceeds from unlawful sale of any commodity.

Realism in state legislation was carried to the nth degree in Mississippi's "black market" tax law, which since Apr. 1 has yielded more than $100,000 in levies on liquor sales although the state is legally "dry."

• Aimed at Bootleggers—The act was aimed particularly at illegal traffic in liquor but covers all retail or wholesale sales of any tangible property, articles, or commodities banned by state or federal law.

A 10% tax is levied on the gross proceeds from illegal sales, and the seller becomes liable also for the 2% state sales tax on lawfully sold commodities.

• Licensed by U. S.—Paradoxically, most of the liquor dealers who pay taxes on their illegal sales obtain their liquor lawfully under licenses issued by the federal government.

The federal government has no interest in what a licensee does with his liquor after he pays the U. S. excise tax on it. The official attitude is that if a licensee violates state prohibition laws that's a problem for the "dry" states—Mississippi, Kansas, and Oklahoma.

• State Gets Report—Collection of the state tax is relatively easy because all states receive notice from the U. S. Collector of Internal Revenue of licenses issued.

In Mississippi, all the state collector has to do is to notify the licensees that they must file state tax returns, which are easily checked against records of jobbers and distillers.

Legality of the tax was upheld on Sept. 26 by a Mississippi chancery court.

• Realistic Approach—The unique legislation was passed last March by a legislature which took the position that illegal sale of liquor was widespread in Mississippi despite strict state prohibition laws, and that "law-abiding" citizens, in addition to paying exorbitant prices for liquor, were paying the expenses of the state government while bootleggers paid little or no taxes.

Defenders of the act say the measure is a realistic approach to the problem of discouraging bootlegging. If the state prohibition laws were not to be enforced, and if public opinion would not support passage of a law to legalize liquor sales, sponsors of the bill insisted, a method should be found, in fairness to law-abiding, taxpaying citizens, to make the law violator pay his share of the cost of government.

• Fewer Dealers—State records show that at the end of September there were around 40% fewer liquor dealers in Mississippi taking out federal licenses than a year ago. Officials attributed this falling off in part to court actions begun by OPA to compel liquor dealers to keep prices on their illegal sales within OPA ceilings.

Action for $2,000,000 damages has been filed by OPA against one Mississippi liquor wholesaler alone on charges that he cleaned up $594,367.50 in overcharges on 20,858 cases of liquor.

State Tax Collector Carl N. Craig, however, is sure that a good part of the decrease in federally licensed liquor dealers in Mississippi must be credited to the state "black market" tax law.

• No Immunity—The enthusiasm of the state tax collector toward enforcement of the tax law was insured in the law by providing that he could retain 10% of the take. The fee is to be used for the employment of deputies and payment of any necessary legal charges.

Tax payment by dealers and known bootleggers doesn't mean that they will not be molested by state law enforcement officers, but the very nature of the tax suggests to the illegal operator that the enforcement officer will not kill the goose that is laying the golden tax.