THE TOBACCO INDUSTRY IN THE UNITED STATES, VOL. XXVI, NO.3

Published @ 2017 Trieste Publishing Pty Ltd

ISBN 9780649312559

The tobacco industry in the United States, Vol. XXVI, No.3 by Meyer Jacobstein

Except for use in any review, the reproduction or utilisation of this work in whole or in part in any form by any electronic, mechanical or other means, now known or hereafter invented, including xerography, photocopying and recording, or in any information storage or retrieval system, is forbidden without the permission of the publisher, Trieste Publishing Pty Ltd, PO Box 1576 Collingwood, Victoria 3066 Australia.

All rights reserved.

Edited by Trieste Publishing Pty Ltd. Cover @ 2017

This book is sold subject to the condition that it shall not, by way of trade or otherwise, be lent, re-sold, hired out, or otherwise circulated without the publisher's prior consent in any form or binding or cover other than that in which it is published and without a similar condition including this condition being imposed on the subsequent purchaser.

www.triestepublishing.com

MEYER JACOBSTEIN

THE TOBACCO INDUSTRY IN THE UNITED STATES, VOL. XXVI, NO.3



3

THE TOBACCO INDUSTRY IN THE UNITED STATES

STUDIES IN HISTORY, ECONOMICS AND PUBLIC LAW

EDITED BY THE FACULTY OF POLITICAL SCIENCE OF COLUMBIA UNIVERSITY

Volume XXVI]

Number 3

THE TOBACCO INDUSTRY IN THE UNITED STATES

BY

MEYER JACOBSTEIN, Ph.D.

Sometime Fellow in Economics, Columbia University



New York THE COLUMBIA UNIVERSITY PRESS

THE MACMILLAN COMPANY, AGENTS

LONDON: P. S. KING & SON

1907



COPYRIGHT, 1907

BY

MEYER JACOBSTEIN

PREFACE

So far as the writer is aware, no broad and comprehensive study of the tobacco industry in this country has ever been made. The technical and statistical report in the United States census of 1880 is now antiquated. Mr. B. W. Arnold's investigation of the industry in Virginia covers only a small fraction of the whole field, and that only for a short period.* The best work on the technical aspect of the industry was written by Killibrew and Myrick.* What is lacking is a general study of the historical development of the industry as a whole, and an analysis of some of the special internal problems, of interest not merely to the planter or the manufacturer but to the economist and economic historian.

In view of the great influence of the tobacco industry on our colonial development, as well as the magnitude of the industry to-day, no apology need be offered for such a study. Up to the close of the eighteenth century tobacco was the chief commercial crop of the South, and was the second in importance of all our exports. Our country has remained to this day the largest tobacco-growing country in the world. We supply not only ourselves with the leaf, but European markets as well. No small part of

¹Published as a dissertation in Johns Hopkins University Studies in Historical and Political Science, vol. xv, 1897.

^{*} Tobacco Leaf, by J. B. Killibrew and Herbert Myrick, 1903, published by Orange Judd Company. It is a hand-book of methods of cultivation, curing, packing, etc.

our national economic energy is employed in this industry. To trace its development from the earliest Virginia plantation to the modern gigantic Trust is one of the aims of this investigation and research.

The writer, however, has not confined himself to a mere study in economic history. The continuity and evolutionary development of the industry are regarded only in so far as they do not sacrifice his second purpose, namely, to present, in an intensive way, an analysis of the interesting features of the organization of the industry as it exists to-day. In pursuing this second purpose, the study should appeal most to those economists who are interested in the actual structure and organization of our industrial society as we see it and live in it to-day. Looked at in this light, it is a study of a typical unit or atom of a larger system, and hence may serve as a concrete contribution to an inductive economics.

The author is indebted to Mr. G. W. Perkins, E. Lewis Evans, and H. W. Riley for kindly supplying him with information concerning labor unions in the tobacco industry. To Mr. M. W. Diffly he is grateful for the material furnished concerning the problems of the retailer. For some important data regarding the economic conditions of the Southern planter the author is gratefully indebted to Mr. L. S. Thomas, Martinsville, Va. But the writer is under special obligation to Professors E. R. A. Seligman, H. R. Seager and H. L. Moore for their valuable criticisms and suggestions while the dissertation was in progress, as well as for their assistance in revising the manuscript and the proof.

MEYER JACOBSTEIN.

COLUMBIA UNIVERSITY, May, 1907.

CONTENTS

PART I-HISTORICAL SURVEY

CHAPTER I

THE COLONIAL PERIOD	
	PAGE
A. Origin of the tobacco trade in 16th century	. 11
2. External conditions favorable to tobacco cultivation in America:	
(a) England's fiscal, commercial and colonial policies	
(b) Self-interest of King and colonizing companies	· 14
3. Internal conditions favorable to tobacco cultivation in the South:	
(a) Soil: its fertility, extensity and situation	. 16
(b) Labor: importance of slavery	
4. Tobacco cultivation in Virginia: its importance and problems	. 20
(a) Over-production	. 21
(b) Restrictions of home government	. 23
(c) Tobacco as currency	
(d) Tobacco cultivation and land tenure	. 26
(e) Relation of tobacco industry to social and political institutions.	. 26
5. The tobacco industry in Maryland and North Carolina	
6. Economic importance of tobacco trade for American colonies	. 28
7. Summary: dependence of social institutions on economic conditions.	. 30
CHAPTER II	
1776-1860	
1. Development of tobacco industry retarded up to 1850 by:	
(a) European wars and commercial policies	. 33
(b) Increased importance of cotton cultivation	. 36
2. Progress in industry from 1850 to 1860:	
(a) Consumption and technical improvements	. 37
3. Statistics showing production and exportation of leaf tobacco	
4. Manufacture of tobacco: exports	0.000

1	2		
١	С	3	۱
i	r	١	١
,	٠	ŕ	,

COL	FORE	2 4 7 7774
1 637		NTS

-			
	13	~	\sim
ш	4	1	u

	PAGE
PART II-MODERN PERIOD (1860-1905)	7,0100
CHAPTER I	
Consumption	
1. Problems considered	43
2. Heavy consumption in the United States	43
3. Comparison of rates of consumption in U. S. and European countries	44
4. Special forms of consumption	45
5. Total money expended for tobacco	46
o. Easet of taxation and price-variations on consumption	48
CHAPTER II	
CULTIVATION: AGRARIAN PROBLEMS	
1. Technical processes in cultivation and types of leaf produced	53
2. Methods of cultivation and land tenure	58
3. Importance of small farms and intensive cultivation	59
4. Economic value of various systems of land tenure	63
5. Statistics of production since 1860	68
7. The Trust problem	73 75
8. Marketing of Northern leaf and its problems	78
CHAPTER III	
MANUFACTURE	
* Methods of production in the cigar industry: importance of hand labor	82
2. Organization of production: domestic and factory systems	85
3. Concentration and localization in the cigar industry	88
4. Disorganized selling market in cigar industry	90
ge Methods of production in "manufactured tobacco": importance of ma-	
chinery and unskilled labor	91
6. Large-scale production and concentration	94
CHAPTER IV	
THE TOBACCO TRUST	
t. The genesis and development of the Trust	102
Methods of competition	117
3. Economic advantages of Trust form of organization	123
Monopoly features of the Tobacco Trust	128
5. Legal aspect of the Trust	130