

J. B. HUTSON SPEAKS ON AGRICULTURE AND NATIONAL DEFENSE

Talk by President, Commodity Credit Corporation at a meeting of the North Carolina Farm Bureau Federation at Greenville on July 25th

It has now been almost two years since the outbreak of the war in Europe and more than a year since we began our own defense preparations. A great deal has happened during this war period in Europe and this defense period at home. In Europe we have seen the Hitler war machine crush through country after country until it controls practically all of continental Europe.

As the peoples of Europe have lost their liberties, we have found it impracticable in some cases, and impossible in others, to maintain normal relations with them. One of the results of this has been the loss of markets for some of our important products. We have maintained more nearly normal relationships with the people of the United Kingdom but, due to the war, we have had a marked increase in the demand for some products going to the United Kingdom and a substantial reduction in the demand for other products.

Prior to the beginning of the war less than 2 percent of our farm and industrial plant capacity and labor were devoted to national defense and the production of war materials. At present we are devoting something like 18 percent of our total capacities and energies to these purposes. The production of defense and war materials will soon equal the production reached at the close of the last world war.

In large part, up to this time, both in agriculture and in other industries, the increase in the production for defense needs has consisted in taking up the slack. A large part of the increase in production has come from increases in employment of labor and the use of partially idle plants and farms. There has been but little, if any, reduction in the production of any important line. In many industries there have been substantial increases in the output of goods for ordinary civilian uses. To illustrate, sales of automobiles have been running 35 percent to 40 percent above a year ago, sales of refrigerators and kitchen ranges from 40 to 50 percent, and on the farm the production of wheat, cotton and tobacco—products of which we have a surplus—has been maintained at near or above the level of recent years.

As we further increase the production of war materials and of feed products, such as meat, dairy and poultry products, we are going to have to make a reduction in the production of our non-essential industrial goods, such as automobiles, refrigerators, kitchen ranges, and of our export farm crops of which we already have large supplies, such as cotton, wheat and tobacco. It is not in the long-time interest of the people of this country to continue to produce goods that are not urgently needed when the labor and materials that are used in producing these goods could be turned to something else. It would be unpatriotic to continue to produce these non-essential and surplus products.

When the war is over, there will be no doubt be an increase in the demand, at least for a time, for cotton, tobacco and possibly wheat, but we already have large reserve supplies of these commodities. Supplies of flue-cured tobacco in this country are approximately 500 million pounds above normal, supplies of cotton 6 million bales above normal, and supplies of wheat 400 million bushels above normal. These reserve supplies have already filled our warehouses, and if we are to continue to build up reserve supplies of these commodities it will be necessary to build additional warehouses. The materials and labor that would be required to build these warehouses are urgently needed to produce goods that are needed now. Some of the

land and some of the labor that have been used in producing these surplus farm crops are now needed in factories to produce war materials and on farms to increase the production of dairy and poultry products, fats and oils.

A reduction of 10 percent has already been announced in the wheat acreage for next year and, in my judgment, the best long-time interest of tobacco and cotton growers, of all the people of this country, and of the democracies generally requires that a similar reduction be made in the acreage of tobacco and cotton next year. There is no way of estimating the probable cost of continuing to produce commodities that are not needed if such production interferes in any way with the production of articles and commodities that are needed. In the end, a small difference in ships or other war equipment or a relatively small quantity of food might prove to be the deciding factor in this conflict. It is never more important than it is now for us to think straight and use our resources and energies so that they may contribute most to the job ahead of us.

In this country we have a more productive farm plant than we have had at any previous time. Due to the increased use of legumes and improved soil-building practices, crop yields are 15 to 20 percent larger than they were 10 years ago. However, this improved farm plant can serve the nation only by producing the commodities that are needed at this time.

Flue-cured tobacco is the most important crop in this area and the markets will open shortly. In general the marketing program for flue cured tobacco this year will be similar to that of last year. The Imperial Tobacco Company and the independent dealers will make purchases on warehouse floors using the funds of and acting as agents for Commodity Credit Corporation. On the average, prices at which the export grades will be purchased by these agencies will be about 3 cents above the prices of last year. In addition, loans will be offered any producer or group of producers who arrange for the grading and pricing of their tobacco. Loans will not be available on warehouse floors.

Present indications are that the 1941 crop will be near that of last year and stocks in the hands of domestic manufacturers do not appear to be any larger, if as large, as they were a year ago. Domestic consumption of flue-cured tobacco for the year beginning July 1, is estimated at 410 million pounds, as compared with 390 million pounds for the year just closed, consequently, domestic manufacturers, if the crop meets their requirements, may take slightly more of this crop than they took of the 1940 crop. However, independent dealers may take less with their own funds than they took last year. Consequently the agencies using the funds of Commodity Credit Corporation would take a quantity

this year slightly smaller than they did last year. Stocks of flue-cured tobacco in this country now approximate 1,600,000,000 pounds. This compares with approximately 1,400,000,000 pounds on July 1, 1940, and 850 million pounds on July 1, 1939 and 1938. Stocks in this country are approximately 500 million pounds in excess of normal. Of this amount Commodity Credit Corporation holds approximately 350 million pounds and independent dealers 150 million pounds above normal holdings. Stocks are small in foreign countries but present holdings of the Commodity Credit Corporation and independent dealers are ample to take care of foreign needs when the emergency is over.

Exports to foreign countries, after remaining at an extremely low level for 18 months, are again being restored. Stocks of tobacco in the United Kingdom which at the beginning of the war were sufficient to last more than two years have been greatly reduced. Exports to the United Kingdom under the lease-lend program during the coming 12 months probably will almost reach annual exports prior to the beginning of the war. There will be some exports to other countries and total exports during the coming year may exceed 900 million pounds. This, added to our domestic consumption, would give us a total above 700 million pounds. Last year only 500 million pounds were consumed in this country and exported.

The crop this year probably will not greatly exceed 700 million pounds, thus stocks a year from now probably will not greatly exceed and they may be less than present stocks. However, it does not appear that we will export any considerable quantity of tobacco to continental Europe until the war is over and exports then may not be maintained at pre-war levels. Partly because of the shortage of ships and increased shipping rates it is becoming more and more difficult to ship tobacco to China and Japan.

As already indicated, due to the needs for other products and a shortage of storage space, it appears advisable to make a 10 percent reduction in the flue-cured tobacco acreage in 1942. It now appears that the United Kingdom market about which so much has been said during the past 18 months, has not been impaired to any great extent if the lease-lend program is continued. On the other hand, present indications are that the continental Europe market, which normally before the beginning of the war took more than 50 million pounds annually, has been lost, at least for the war period, and there may be substantial losses in other markets.

However, it now appears that flue-cured growers can expect a total domestic and foreign market of around 700 million pounds annually during the remainder of the war period if shipping lanes are kept open to the United Kingdom. If developments are favorable for the British and unless unforeseen developments occur on other fronts, with a 10 percent cut in the flue-cured acreage next year the next change in acreage is more likely to be upward than downward.

In conclusion, I want to emphasize as strongly as I can the need for a

Properly Graded Leaf Brings Highest Price

A little time spent in sorting tobacco carefully has been known to earn a farmer more money than all the work he spent in the field growing and harvesting it.

In the warehouses it's a common sight to see a "pin-hooker" buy a few baskets of mixed leaf from the growers, grade it carefully, and sell it to the buyers for considerably more than he paid the farmer for the same tobacco, says E. Y. Floyd, of State College.

The farmer who grows the weed could get just as much for it as the "pin-hooker" if he brings it to the warehouse carefully sorted and packed attractively on the baskets, Floyd continued.

Buyers don't like baskets of mixed leaf, and they won't bid very much for them. But after it has been sorted and packed in lots according to body, quality, color, and size of leaves, they will bid top prices for the particular leaf in each basket.

Adequate light is needed in the sorting rooms so the leaf can be seen clearly and graded accurately. Tie the same kind of leaves into bundles or hands, and have enough different lots to cover the full range of quality, length, and color of the crop.

Tobacco of low grade will often bring a fair price when it is properly prepared, but even the best grade on the market won't bring top price if it is mixed with inferior leaf.

Growers who have more leaf than they can sell tax-free will find it pays to sell their best leaf first, and pay tax only on the lower priced tobacco, as the higher the price, the higher the tax will be. However, some growers with excess tobacco are planning to buy extra marketing quota cards from growers who do not have enough tobacco to use up the full amount of their cards.

NOT SHORTER, BUT LONGER

Wisner, Neb.—Don't let fear of shortening your days keep you from the pleasure of using tobacco, is the advice of Mrs. Lucinda Cline, this place, who celebrated her 109th birthday this year.

She has been smoking for ninety-five years, starting at the age of fifteen to ease a toothache. She smokes a pipe almost constantly. Her present pipe was the gift of an admirer, who read about her in TOBACCO several years ago. She insists upon a certain brand of tobacco.—Lowell.

full realization of the tremendous job that is ahead of us. In my judgment we have never before in this country been confronted with a problem that is going to require quite as much organizing and working and pulling together as this one. During the past two years we have seen people in one country after another in Europe become slaves because they were not organized, because in some cases of differences of points of view within the country, and in brief, because they were not fully fitted and prepared to meet the Axis powers.

In this country we have the opportunity to profit by these mistakes. We are preparing to pit our resources, our organizational ability and our ingenuity against those of the Axis powers. We know that we have greater resources than they have. We believe that we are a more ingenious people than are the people of these countries. In civil life we have demonstrated that we have greater organizational ability, but I will tell you all of these must be applied to the task ahead of us. The odds are not so great in our favor that we can loaf and get this job done. The less loafing we do the quicker we will get it done.

Production is going to have to be stepped up along many lines, probably many that we do not now know about in the farm field. Farm people are probably going to have to make sacrifices that none of us now know anything about. We are going to have to buckle down to this job. We no doubt will make some mistakes; we may produce some products that we don't need, but in such cases we will protect producers as best we can until they have time to turn to the production of products that are needed.

If we are to do this job ahead of us, if we are to maintain this democratic way of life, each of us must be alert and ready to serve in the particular field in which we can render most effective service. It is no time to cumber over small issues. I believe that if we use our resources and all our abilities to the greatest possible extent and match the Axis powers, fully match them, in defense equipment, we may be able to avoid a conflict with them that will result in any large loss of life. But I believe just as truly that we must have this equipment, we must match them gun for gun, we must match them in every field if we are to defend ourselves and the principles for which we stand and result a free world as we can, we must, and we will do.

Although Missouri is known as the "show-me" state, North Carolina is known as the "show-em" state. In the latter part of the war, we must show them that we can, we must, and we will do.



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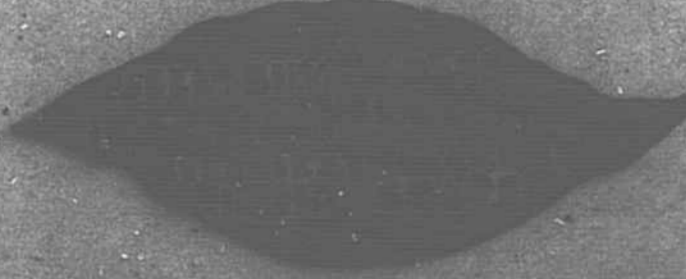
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