

1941 Flue Cured Crop Estimated At 40 Million Pounds Less Than 1940

Supply on Hand August 5, Estimated at 2,300 Million Pounds

The 1941-1942 marketing season for flue-cured tobacco opened on August 5 with a supply of more than 2,300 million pounds—the largest on record. Crop conditions on July 1st indicated a 1941 flue-cured crop of 716 million pounds. Acreage planted was less than the allotted acreage for this type but yields continue to be high. The indicated crop is about forty million pounds less than the 1940 crop, but this decrease in current production is more than offset by the estimated increase of about 183 million pounds in the current carry-over.

Exports of flue-cured for the 11 months ended May 31, 1941 totaled 122.3 million pounds, a decline of 49 percent from exports during the same period in 1939-40. Exports to the United Kingdom under the provisions of the Lend-Lease Act began in April. The shipments are being made from Commodity Credit Corporation purchases and loan collateral of the 1939 crop of tobacco, and are expected to continue, possibly at an increasing rate, for some time. Export figures by countries are no longer being released. The Commodity Credit Corporation will engage in the dealer loan and purchase program for flue-cured tobacco.

The total supply of Burley is expected to be about the same this year as last. The 1941 Burley crop is indicated at about 325.4 million pounds. Plantings are well within the marketing quota for this type. The Maryland crop is expected to total about 33 million pounds, 1 million larger than that of last year. The 1940 Maryland crop, now being marketed, is selling for the highest prices on record. Production of both fire-cured and dark air-cured tobaccos is down sharply since last year, largely because of smaller acreage under the marketing quotas approved last fall. The 1941 fire-cured crop is indicated at 71.0 million pounds, 31 percent less than last year's crop. Production of dark air-cured types in 1941 is expected to be 31.1 million pounds, 26 percent less than the production last year.

Domestic consumption is marked by continued large increases in withdrawals of small cigarettes. All major products showed increases in consumption, with the exception of a small decline in plug chewing tobacco. The outlook continues to be favorable for the coming year. With the exception of the beginning of Lend-Lease shipments to the United Kingdom, there is no major change in the unfavorable export outlook.

Flue-Cured Supply 1941
The total supply of flue-cured tobacco will be about 145 million pounds, larger than that of last year. The expected drop in production will probably be more than offset by an increase in stocks. It should be observed, however, that of the July 1 stocks this year, approximately 200 million pounds represent additions to Commodity Credit Corporation stocks made during the past year. Nevertheless, domestic stocks remain at a very high level, largely as a result of the record 1939 crop.

The smaller disappearance this year than last was due entirely to smaller exports. With increasing domestic consumption and continuance of restricted production, the domestic stocks situation is slightly better this year from a long-run point of view. At the present time, however, domestic manufacturers are evidently holding abnormally large stocks. They are probably holding a larger volume of usable, aged stocks as compared with domestic consumption than at any time since July 1, 1933.

Cigarette Withdrawals Again Increase

For the 12 months ended June 30, 1941 tax-paid withdrawals of cigarettes, generally considered the best indicator of consumption, increased 6.8 percent over the year before. This compares with a 5.3 percent increase in 1939-40 over 1938-39. Present indications are for further increases in cigarette withdrawals, though perhaps the percentage increase will be smaller this year than last.

Manufacturers of smoking tobacco, the next most important use for flue-cured tobacco, showed an increase of 2.6 percent. Small quantities of this type are used in plug chewing tobacco, the manufacture of which declined 1.7 percent in accord with the general downward trend in tobacco chewing.

Get Underway
The precipitous 2-year decline of flue-cured exports will probably be checked now that exports are being made under the provisions of the Lend-Lease Act. By the 11 months beginning July 1940, however, flue-cured exports decreased 49 percent as compared with the same period of the previous year.

Although shipments are expected to have increased during June, they are not yet making any significant contribution to the current supply.

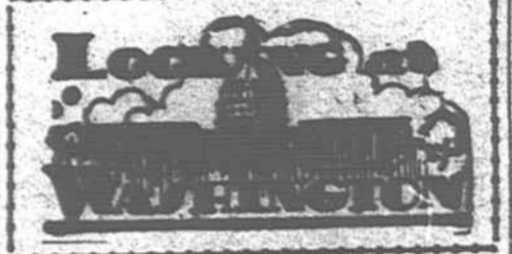
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poration stocks, which were originally graded and packed especially for British use. As of July 15, 1941 the Corporation held in purchases or loan collateral 149.2 million pounds of the 1939 crop and 199.6 million pounds of the 1940 crop. Tobacco now being shipped is from the 1939 crop, which has been aging for a year and a half.

Unofficial reports from the United Kingdom indicate that supplies of tobacco products are quite short relative to an increased demand, particularly for cigarettes. Popular British cigarette brands in the United Kingdom at about twice the price level of leading brands sold in the United States, and in spite of radically higher taxes, consumer demand has increased. Stocks of United States leaf in the United Kingdom are believed to be below a year's requirements. Since imports of Empire-grown tobacco were continued during the last 2 years, it is probably that an abnormally large proportion of the existing United Kingdom supply is Empire leaf.

Exports to the Far East, particularly to China, continued to decrease because of increased production of flue-cured in these countries, shortage of shipping space and increasing Japanese control of markets. If present trends continue, exports to the Far East will decline further in the next few months.

Since April 1, 1941 no export data by countries have been released. This regulation applies to all commodities, and has been promulgated in the interest of national defense.



By HUGO S. SIMS
(Washington Correspondent)
HOUSE VOTE CLOSE ON SERVICE EXTENSION F.D.R. FACED DEFEAT

The entire foreign policy of the President barely escaped disastrous complications when the House passed the bill extending Army services by the narrowest possible margin.

The legislation, already approved by the Senate, 45 to 30, extended the twelve months' term of selectees and National Guardsmen by eighteen additional months. In the House, 118 Democrats and 21 Republicans supported the measure recommended by the Chief-of-Staff of the Army and 65 Democrats, 138 Republicans and 4 minor party members voted against the legislation.

The foreign policy of the Administration is based upon the fundamental presumption that the Western Hemisphere, if not actually imperiled, is so acutely threatened by possible developments abroad, that the United States must prepare itself for active defense against probable aggression.

General George C. Marshall, Chief-of-Staff of the Army, had asked Congress for a lengthening of the term of service, maintaining that the new army of 1,531,000 would be disrupted by the discharge of drafted men and that a "national disaster" might ensue. His request was backed by President Roosevelt, who sent a special message to Congress.

There were two chief arguments used against the proposal: (1) The assertion that the country is not in such grave danger and that the Administration paints too black a picture of our future prospects; and (2) that the men in service expected to serve only one year and that to extend their time would be to break a contract with them.

The close vote in the House, while expected to some extent, was viewed as a warning to the President that the people of this country do not yet thoroughly appreciate the gravity of the international situation. The almost even division of the House, despite strenuous efforts to convince representatives that the nation's defense required extension of service, was attributed to: (1) the desire of some Republicans to make a political issue, the opposition party voting more than six to one against extension; (2) the belief of some representatives that the security of this country has been improved by the developments in Russia; (3) the inevitable pressure from relatives and men in service, anxious to get back home; and the inexorable political rule that the House, whose members face the electorate every two years, is inclined to be wary.

YICHI GOES NAZI DANGER TO U. S.

Unrestrained French collaboration with Germany raises serious problems for the United States in regard to the relations of this country and the Vichy Government of Marshal Pétain.

Implications behind the French agreement involves the situation in Africa, especially the control of Dakar, and the disposition of French possessions in the Western Hemisphere.

ernment will insist that it retains control of its colonial empire, but, by virtue of the "understanding" with Germany, it is feared that French possessions will become the equivalent of German-controlled colonies.

The decision of the Vichy Government follows a diplomatic contest which has been underway for more than a year. Since the fall of France certain French elements have advocated full-fledged collaboration with Hitler in the hope of salvaging a sphere of influence for France.

Germany has continued to exert pressure on the Vichy Government in order to secure concessions of military value in connection with the war against Great Britain.

The United States, represented at Vichy by Admiral Leahy, has applied full diplomatic pressure to prevent a French plunge into Adolf Hitler's "New Order" in Europe.

Now that the Vichy Government has proclaimed its intention of cooperating with Germany, it is obvious, that future developments may transform the cooperation into the abject subservience of a conquered state. This, it seems, is likely and carries the possibility that Germany will eventually acquire complete control of the entire French colonial empire.

CRISIS IN FAR EAST SHOOTING MAY BEGIN JAPAN CALLS U. S. HAND

The situation in the Far East has about reached the stage where the United States should get ready for "business" on a large scale, or else candidly admit defeat by the Japanese, withdraw entirely from the Far East and abandon the diplomatic positions which have been taken since 1931.

When Japan seized Manchukuo, the United States announced that it would not recognize the altered status of the regions seized by force. Having gotten by with that grab, the Japanese have steadily and persistently carried out a program of aggression against the territory of neighboring countries.

The United States has diplomatically denounced every aggressive step, including the encroachment of the Japanese upon our commercial rights, which have been disregarded with complete immunity.

Our attitude has been well known to the Tokyo statesmen, as they planned the use of force to secure control of the Far East, regardless of international law, treaties and the natural rights of other nations.

Having pursued such a policy with considerable success for more than ten years, it is obvious that Japan is inclined to continue her advances in the Pacific. Past experiences convince the Tokyo Government that the United States will do little more than make a diplomatic protest and reserve its rights. If this is all, Tokyo will be grateful.

Even economic restrictions will be accepted by the Japanese, who are confident that they can overcome such disadvantages and perhaps reverse them against the United States by acquiring control of vital raw materials in the South Pacific. Diplomatic displeasure and economic restrictions are expected by Japan and her policy has been planned with these in mind.

Secretary of State Cordell Hull, who recently returned to Washington after a period of recuperation, insists that our difficulties with Japan will be settled only on a basis of the Fourteen Points he enunciated in July, 1918. These require Japan to adjure "the use of force" as a national policy and to submit problems to "peaceful negotiation and argument" under international law.

The fourteen Points laid the basis for Japanese-American negotiations, providing for "equality" of commercial rights in the Far East, which would compel Japan to re-open the doors in China. The Japanese have shown no desire whatever to deal with the United States upon the basis of the pre-war system that rested, in theory, upon the observance of treaty obligations.

The situation in the Far East, as Japan comes under complete mobilization, is such that hostilities may begin almost any day. There is only one way for the United States to avoid a show of arms with Japan. To have what the Japanese call "peace" in the Far East, this country must surrender its diplomatic position, give up its treaty rights and acquiesce in complete Japanese control of the Far Eastern areas. If we are ready, as a nation, to do this in the interest of peace, we can undoubtedly appease the Japanese for a time.

If the United States is not ready for a complete surrender in the Far East, the best chance of preserving peace is to be found, we think, by making unmistakable to Tokyo our determination to meet any aggressive action with counter-action. The Japanese have copied our relationship to the point where in the Far East the United States must put



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Every day during the tobacco season the lobby of the Bank of Farmville is as crowded as the warehouse floors, and the Bank pays out thousands of dollars to growers during the sales.

Japanese action indicates that the Tokyo statesmen have a suspicion that if Japan applies proper pressure, the United States will shut up. If Tokyo is mistaken, and we think it is, the shooting is apt to begin in the Far East without further notice.

PENALTY

The U. S. Department of Agriculture has announced that the penalty rate of 1941 cotton marketed in excess of the farm marketing quota will be seven cents a pound.

LUMBER

Consumption of lumber in the first six months of 1941 is estimated at 15,736,000,000 feet, or 18 percent above the amount used in the first half of 1940.



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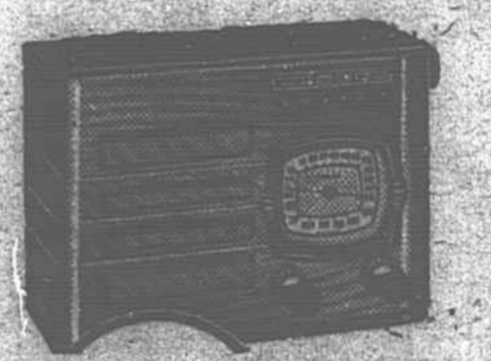
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