

# JACK DANCIGER

RIDGE ARCADE BLDG.  
KANSAS CITY, MO.

July 10th, 1920.

General Alvaro Obregon  
Mexico City, D.F.  
Mexico.

Estimado Señor y amigo;-

Yo me tomo la libertad de incluir una copia del conocido magasin, que va a los principales banqueros y capitalistas de los E.U. titulado "Comercio y Finanzas" en el cual Ud. encontrará un articulo en la paginas 851 y 852, titulado "Mexico bajo Obregon."

Yo no se, si Ud. recuerda del suscrito que tuvo el gusto de ser presentado a Ud., hace algun tiempo en Tampico, cuando estaba yo en camino de Veracruz a Washington, D.C., con objeto de exponer los hechos ante el Presidente de los E.U. en orden a la causa Constitucionalista, a fin de conseguir el reconocimiento del Gobierno de Facto.

Vuestra genial disposicion de buen humor y afable caracter han dejado en mi una imperecedera impresion, que durará por mucho tiempo.

Yo aseguro a Ud. que tiene mis mejores deseos para Mexico, que alcanzará gran prosperidad en el bien, bajo la influencia de las grandes dotes que yo se muy bien que Ud. posee.

Guardando para Ud. mis grandes respetos, me repito  
su

Afmo. amigo y S.S.

*Jack Danciger*

*Handwritten notes:*  
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...  
8 10 ...

# COMMERCE AND FINANCE

Vol. IX.

Wednesday, June 16, 1920

No. 24

THIS NEWSPAPER is published to promote sound economic thought, intelligent commercialism and financial discrimination. It believes that

*"Words are things, and a small drop of ink,*

*"Falling like dew upon a thought, produces*

*"That which makes thousands, perhaps millions, think."*

## FOR ECONOMIC FREEDOM AND ECONOMICAL GOVERNMENT

By Theo. H. Price

## A MEDLEY OF LABOR VAGARIES

By Stephen Bell

## MEXICO UNDER OBREGON

By Jack Danciger

## THE LOOKOUT IN THE FORETOP

By Theo. H. Price

## INFLATION, DEFLATION, DESOLATION AND DISTRESS

By H. B. Hoffman

## Lights and Shadows on Current Events

By Richard Spillane

## Liberty Bonds and the Federal Reserve Banks

## Cotton and the Cotton Market

By Subscription \$5 a year in U. S.; \$6 elsewhere.

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NEW ISSUE

465,978 Shares

# Superior Oil Corporation

## Capital Stock

*Capitalization*

(Upon completion of present financing)

	<i>To be Authorized</i>	<i>To be Outstanding</i>
Capital Stock (no par value)	2,500,000 shares	1,231,811 shares

THERE ARE NO BONDS OR PREFERRED STOCK AUTHORIZED OR OUTSTANDING

From his letter dated May 29, 1920, and from a report by Mr. Jo. P. Cappeau, Petroleum Engineer, Pittsburgh, Mr. Robt. M. Catts, President of the Corporation, summarizes as follows:

**Purpose of Issue:** The Corporation is greatly extending its producing properties through the purchase of leasehold and royalty interests, a majority of which are in the Kentucky field. These properties will be acquired and additional working capital provided through the sale or exchange of 1,018,478 shares of new stock.

**Deposit Agreement:** The ATLANTIC REFINING Co. has purchased a substantial block of these shares for its own investment. This stock, together with an additional amount (making a total of 527,500 shares), will be deposited with the ATLANTIC REFINING Co. for two years under restrictions as to sale.

**Management:** The ATLANTIC REFINING Co. from its present management will nominate for a period of three years a majority of the Board of Directors of this Corporation, which will include:

E. H. Blum, <i>Gen. Man. Atlantic Oil Prod. Co.</i>	Howard S. Graham, <i>Graham, Parsons &amp; Co.</i>
James Crosby Brown, <i>Brown Brothers &amp; Co.</i>	E. J. Henry, <i>Asst. Secy. Atlantic Refining Co.</i>
Robert M. Catts, <i>Pres. Superior Oil Corporation</i>	Albert Hill, <i>Treas. Atlantic Refining Co.</i>
W. P. Cutler, <i>Vice-Pres. Atlantic Refining Co.</i>	W. M. Irish, <i>Vice-Pres. Atlantic Refining Co.</i>
G. A. Evalenko, <i>Pres. Bi-Continent Trading Co.</i>	John H. Stone, <i>Counsel, Atlantic Refining Co.</i>
	Francis M. Weld, <i>White, Weld &amp; Co.</i>

The management will therefore be directed by the ATLANTIC REFINING Co.

**Oil Contract:** The ATLANTIC REFINING Co. contracts to purchase for ten years at prices current when delivered, the entire output of the Corporation, subject to pipe line capacity, which is now materially in excess of present production.

**Properties:** The consolidated properties will include over 37,000 acres of leasehold and royalty interests, with a present daily production of over 6,900 barrels, more than 80% of which is settled. In addition there are 21,000 acres of undeveloped leaseholds in Kentucky.

Nineteen hundred (1,900) proven drilling locations are included in the Kentucky properties alone, and development of these should determine as many more. Drilling operations are bringing in about 35 wells a month. The demonstrated long life of Kentucky oil wells and the large drilling reserve insure maintenance of the Corporation's production over a period of years. The Kentucky oil produced is "Somerset" grade, which commands a posted price today of \$4.00 a barrel.

**Earnings:** Net earnings, after deducting all operating and drilling expenses and Federal and State Taxes, are expected to exceed \$10,000,000 or over \$8.00 per share, in the 12 months following consolidation. This is based on actual production records and reasonable estimates for future drilling. Over 90% of these earnings are from the Kentucky properties.

**Dividends:** Dividends of \$2 per share per annum are being paid at present, and it is expected to begin dividends on the enlarged capitalization at this rate.

APPLICATION WILL BE MADE TO LIST THIS STOCK ON THE NEW YORK STOCK EXCHANGE

All legal details in connection with the issue of this stock will be passed upon for the Bankers by Messrs. McAdoo, Cotton & Franklin and by Messrs. Beekman, Menken & Griscom, New York, and for the Corporation by Messrs. Davis, Wagner, Heater & Holton, New York. Delivery will be made in the form of Trust Company certificates exchangeable later for temporary stock certificates. We offer the above stock when, as and if authorized, issued and accepted by us and subject to approval of our counsel.

Price \$19 per share

**Brown Brothers & Co.**      **White, Weld & Co.**  
**Graham, Parsons & Co.**      **Frazier & Co.**

*This information and these statistics are not guaranteed, but have been obtained from sources we believe to be accurate.*

June, 1920.

# The Goodyear Tire & Rubber Co.

## of Akron, Ohio

\$20,000,000 Par Value  
7% Cumulative Preferred Stock  
Par Value \$100

\$10,000,000 Par Value  
Common Stock  
Par Value \$100

Offered in blocks { 2 shares Preferred }  
of three shares { 1 share Common } **for \$300**

Stock exempt from the General Property Tax under the Laws of Ohio  
Dividends exempt from the Normal Federal Income Tax

### CAPITALIZATION

Reflecting capitalization of a portion of the surplus on recent declaration  
of stock dividend of 150%, but without giving effect to present financing

	Authorized	Outstanding
Seven Per Cent Cumulative Preferred Stock (this issue) .....	\$100,000,000	\$46,844,100
Common Stock .....	100,000,000	51,890,000

### NO BONDS

*A letter from Mr. F. A. Seiberling,  
President, is summarized as follows:*

**ASSETS AND BUSINESS:** The total net assets of the company from the balance sheet as of April 30, 1920, amounted to more than \$115,000,000. The Good Will, Patents, Trade Rights and Trade-names are capitalized at \$1.00, although the Management believe that this is the most valuable asset of the Company. In addition to having a sound value of \$122 back of each share of common stock, purchasers will have also their pro rata share of the Company's Good Will. Business for the six months to May 1, 1920, exceeded that of the preceding fiscal year for the same period by 59.3%. An estimate based on six months' operation indicates net earnings for fiscal year ending Oct. 30, 1920, approximating \$30,000,000. Total business for this year will approximate \$225,000,000 as compared with \$168,000,000 in the preceding fiscal year.

**PREFERRED RESTRICTIONS:** The Preferred Stock is safeguarded by restrictions which include provisions for the maintenance of assets, for the annual retirement of a portion of the issue and against the creation of a mortgage or lien on the assets.

**RECORD OF COMMON STOCK:** Earnings for past twelve years applicable to common stock after payment of preferred dividends have exceeded an average of 54% per annum on common stock outstanding. Since 1908 cash dividends of 12% have been paid each year on the common stock and in addition stock dividends have been paid as follows: 1908, 100%; 1909, 100%; 1911, 100%; 1913, 20%; 1915, 100%; 1920, 150%.

**POSITION OF COMPANY:** (1) Producing approximately 20% of total automobile tire business of country. (2) Producing largest single volume of pneumatic truck tires, also one of the largest outputs of solid truck tires, both in extensive demand in industrial and agricultural fields. (3) Producing mechanical goods, such as power transmission belts, also packing, hose and valves now in rapidly increasing demand in the fields mentioned. (4) Producing Neolin soles and Wingfoot rubber heels, widely distributed by the shoe trade.

**We are offering the unsold portion of this stock**

in blocks of { 2 shares Preferred }  
three shares { 1 share Common } **for \$300**

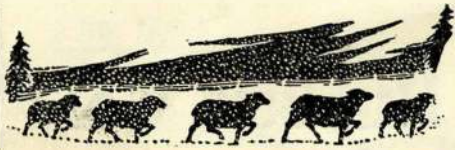
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we believe to be reliable, although we do not guarantee its accuracy*



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*Wm. M. Wood, President.*

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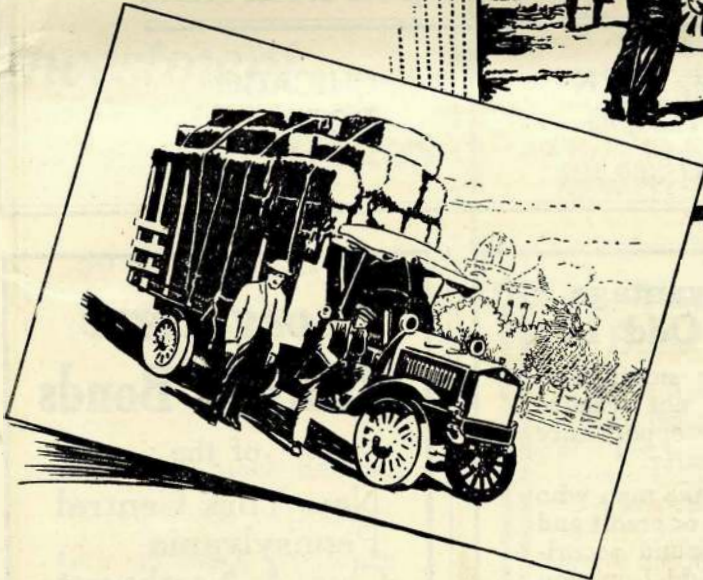
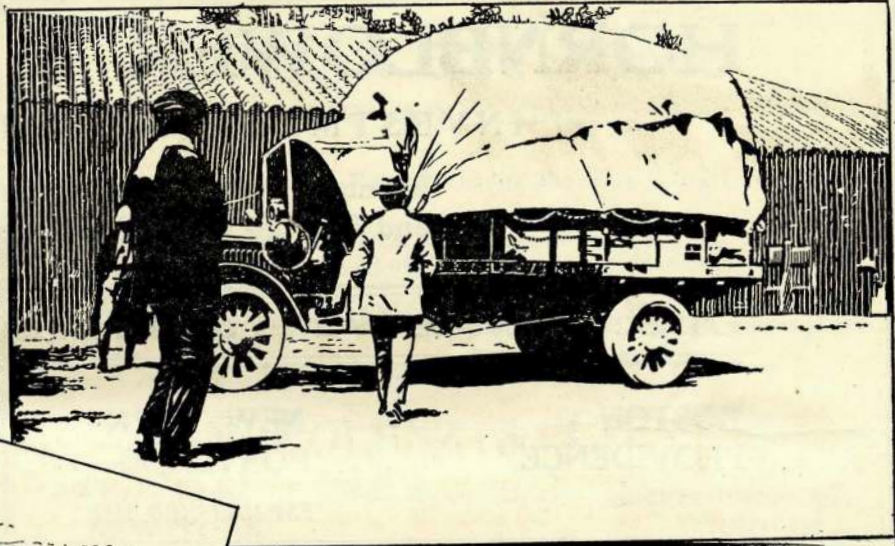
Advise in regard to questions of financial or commercial policy.

Deal with income tax problems with the assistance of Washington Counsel who are specialists in such matters.

With Mr. J. S. Raphael, who has been for a long time associated with him, Mr. Theo. H. Price has organized the above firm that the many requests for his counsel and services in financial and commercial matters that are constantly reaching him may be more intelligently dealt with. A reasonable charge (to be agreed upon in advance) will be made for services rendered.

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In an effort to place before the investor the commercial situation of oil as a commodity and the relation of such conditions to oil stocks of current interest, our Information and Statistical Department has just prepared a small but comprehensive book of 84 pages, entitled "Producing Oils," which is now ready for distribution.

The text contains many vital statistics of a fundamental character regarding supply and demand, the world's crude oil production, domestic refining capacity, crude oil prices and other information designed to give the reader a mental summary of oil conditions.

There is also brief descriptive matter on the development and present affairs—financial, commercial and marketwise—of a number of oil producers, among which are the following companies: Anglo-American, Cosden & Co., Elk Basin Petroleum, International Petroleum, Island Oil & Transport, Merritt Oil, Middle States Oil, Midwest Refining, Ohio Fuel Supply, Oklahoma Prod. & Refining, Pierce Oil, Producers & Refiners Corp., Ryan Petroleum, Salt Creek Producers Assoc., Simms Petroleum, Sinclair Consolidated, Skelly Oil, Tropical Oil and White Oil.

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Accepts Trusts

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Resources over - \$800,000,000

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(Massachusetts Corporation)  
QUARTERLY DIVIDENDS

Notice is hereby given that the regular quarterly dividends of One Dollar and Seventy-Five Cents (\$1.75) per share on the Preferred Stock and One Dollar and Seventy-Five Cents (\$1.75) per share on the Common Stock of this Company will be paid on July 15, 1920, to stockholders of record June 17, 1920.

Transfer books will be closed at the close of business June 17, 1920, and will be reopened at the opening of business June 28, 1920.

WILLIAM H. DWELLY, Treasurer.  
Boston, Mass., June 7, 1920.

Fire Without Having A Cleaning Period On



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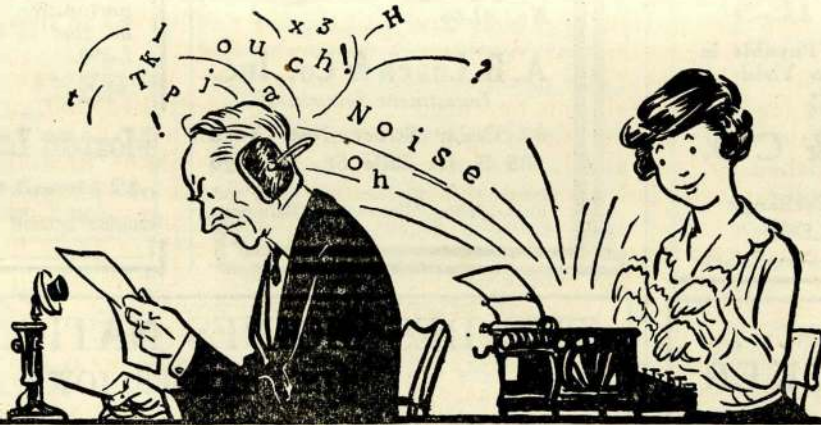
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## He Wore Ear-Tabs in the Office—

No—he wasn't cold *physically*. He wore them because the noise of the typewriters chilled his thinking.

There came a day when he discarded his ear-tabs. Visitors took note, wondered and asked why.

"Don't need them any more," said our ear-tab friend cheerfully. "I woke up one day and installed the Noiseless."

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# COMMERCE AND FINANCE

By subscription, \$5 a year in U. S.; \$6 elsewhere

Single Copies 15 Cents

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JUNE 16, 1920

No. 24

## FOR ECONOMIC FREEDOM AND ECONOMICAL GOVERNMENT

By Theo. H. Price

A subscriber in Seattle sends us an article headed "Deport the Profiteers" from the Kitsap County Herald, published at Poulsbo, Washington, which is, he says, a specimen of what a great many Americans are reading and believe.

This article, which is, to our regret, too long for us to reprint, arraigns as profiteers "the entire organized commercial forces of Big Business in the United States." It alleges that "they grabbed the people's sugar and laid a staggering tax on the poor as they hoisted the prices of food, clothing, shoes, oil, steel, lumber, coal and everything else that the heroic soldiers and self denying farmers and wage earners consumed," and winds up with the statement that "according to reliable report corporations took \$4,800,000,000 a year more during the war in net profits than in the three years immediately prior to the war." It says that "it seems impossible to reach these great offenders" and asserts that it is the duty of the national government to deport the profiteers and pass laws that will insure fair prices in the future.

Writing on the "Plague of High Prices" for the New York *Globe*, W. Jett Lauck, who is the economist for the American Federation of Labor and was formerly Professor of Economics at Washington and Lee University, declares "The problem of high prices can be solved. The evil can be cured. The first step to be taken is to stop profiteering and that can be accomplished by laws and law enforcement and by an enlightened and aroused public opinion."

We have quoted these two statements as specimens of the nonsense upon which the people of this country are now being "fed up." They are being taught to believe that the Government is omnipotent, as well as omniscient and that every ill that afflicts humanity can be cured by the passage of a law. As we have previously pointed out, there are about 1,028,000 Federal and State laws already on the statute books. To enforce these laws even partially some two million people are employed by the Federal Government and the various states, cities and counties as judges, jurors, clerks, sheriffs, policemen, detectives, collectors, agents, consuls, inspectors, prison wardens, officials, legislators, and lawyers, of whom there are about 160,000 in the country.

If to this host of those who are in an economic

sense unproductive there is added those who are otherwise employed in governmental service we shall have a total of probably 3,000,000 persons, or six per cent of our adult population, who are paid out of the public purse.

If we keep on passing new laws and employing more officials to enforce them we shall shortly be in the condition of Peru as described by Prescott, the historian, who says that under the Incas "the nation at large was divided into decades or bodies of ten and every tenth man had supervision of the rest, being required to see that they enjoyed the rights and immunities to which they were entitled, to solicit aid in their behalf from the government when necessary and bring offenders to justice." As a result of this over refinement in legislation the government became "one of the most searching of despotisms," and the people, growing supine, fell an easy prey to their Spanish conquerors.

The United States has become a nation of law breakers because no one can possibly obey and no government can enforce all the laws already in effect.

What we need is not more laws, more restrictions, more officials and more taxes, but fewer laws and more liberty.

During the war it was right that everything should be controlled and subordinated to the success of our arms, but we fought that we might be free and it is about time that we should begin to enjoy the fruits of victory.

The easiest and most effective way to get prices down is to let them go so high that production will be increased. The easiest and most effective way to get wages down is to let them get so high that we will all be compelled to do our own work, stay at home, live simply, wear old clothes and waste less time.

These homely remedies will correct most of the evils for which the amateur economists prescribe more laws. It is not more laws that we need but economic freedom and economical government.

Unfettered American individuality and American resourcefulness can meet any emergency. In a straight jacket of restraining law we will speedily become weak, impotent and cowardly.

It is time for us to remember that God helps him who helps himself and stop appealing for Government aid and protection.

## THE LOOKOUT IN THE FORETOP

By Theo. H. Price

But beyond the bright searchlights of science,  
Out of sight of the windows of sense,  
Old riddles still bid us defiance,  
Old questions of Why and of Whence.

By W. C. D. Whetham in his book, "The Recent Development of Physical Science," which is well worth reading.

The area of commercial low pressure seems to be extending and now includes China and East India

as well as Japan. From the two countries first named there are unconfirmed but apparently authentic reports of an acute reaction caused by the decline in silver in which the Orientals seem to have been speculating heavily.

In London silver has dropped from the high price of 89½ pence per ounce, established last February, to 45½ pence per ounce at which it was quoted last

Thursday. Although there has been a slight reaction from this decline it has of course seriously impaired the purchasing power of that half of the world's population which inhabits the far East. The result will probably be a diminution of our exports to those countries and an increase of our imports from them. As during the calendar year 1919 we shipped goods valued at \$1,041,000,000 to Asia and imported merchandise worth \$703,000,000 from that continent, it is plain that our Oriental commerce is a factor that we cannot disregard in any effort to view the situation comprehensively.

The decline in exchange on China and East India that has been recorded concurrently with the drop in silver foreshadows the early disappearance of the trade balance due us by our trans-Pacific customers from whom we may now expect increased shipments of the things with which they can supply us, among which may be mentioned as most important, rubber, silk, tea, jute and East Indian cotton. Lower prices for these commodities must therefore be reckoned with and lower ocean freights on outward bound cargoes from both our Atlantic and Pacific ports are also to be expected as our export trade contracts, as it certainly will when the rest of the world gets to work.

Just how far this contraction in our external trade will affect our domestic commerce, no one can say, but that it will have some influence is undeniable, and this influence will probably be intensified by the national chagrin that will be felt when we realize that we have lost our opportunity to capture a larger share of the world's trade by our refusal to give the credits that England, though less able to grant them, has used so effectively to extend her commercial empire. For this the over-conservatism of the Federal Reserve Board is in a measure responsible, but its members are not entirely to blame as they have only given financial effect to a policy of aloofness in extra-national affairs with which the people seem to be contented.

The scarcity of labor is not quite so acute. Some of the "outlaw" strikers who have lost their railroad jobs are now looking for work and the tide of immigration is rising, 12,603 aliens having arrived at the port of New York last week. A slight increase in business mortality is also to be noted.

In the retail domestic trade lower prices still seem necessary to attract buyers.

The "\$5,000,000 shoe sale" advertised and held at Grand Central Palace in New York is being followed by a "\$5,000,000 sale of men's and boys' clothing" which commenced in the Madison Square Garden last Friday.

The advertisement of this last affair, which purports to include the reserve stocks of 27 wholesale manufacturers, asserts that it "has already made a lot of retailers panicky." We can't vouch for the truth of this statement as we have had no opportunity to observe retailers outside of New York City, but we do know that in the metropolis, where probably fifteen per cent of the nation's retail buying is done, there is an eagerness to sell and a willingness to shade prices that are in marked and refreshing contrast to the independent attitude persistently and sometimes impudently maintained up to a few weeks ago.

Prices have not, however, given way proportionately in the wholesale markets. Manufacturers are still busy filling contracts made some months back and refuse to book distant orders at lower figures than they formerly received upon the ground that the outlook is too uncertain. Summing up the situation the prospect is that we shall finish the summer with light stocks everywhere, and that the liquidation now in progress will leave most merchants and manufacturers with small inventories, large bank balances and able to shape their course with intelligent reference to future conditions. If

the crops (which seem to have improved during the week) are good and credit is not needlessly curtailed we look for an autumn of good business at reasonable but not excessive prices, and a summer during which our preoccupation in the great American game of politics will render us somewhat insensible to the dullness of trade.

In finance and on the Stock Exchange conditions are analogous to those which obtain in the commodity markets. The Federal Reserve ratio of reserves shows a slight improvement, being 43 per cent as against 42.5 per cent at the end of the previous week. Call money has ruled somewhat higher but the effect upon security quotations has not been noticeable.

Speculative holdings have been reduced to what good judges regard as the irreducible minimum, and even the reduction of the dividends on the common and preferred stocks of the Chicago and Northwestern Railroad did not have much effect.

Among those who are professional students of security values there is an abiding faith in the recuperative power of the investment market, but this is not true of the millions who own our war bonds bought in a spirit of patriotism and now made difficult to hold by the persistence of the Federal Reserve Banks in discriminating against loans secured by Government obligations. This remark is prompted by the declining tendency again manifest in the markets for Liberty Bonds.

It is disconcerting because it affects the credit of the nation and distressing because it works great and unnecessary hardship to so many small and impecunious investors. In their interest we protest against the present policy and plead for a change.

The case is forcibly stated in the following letter from Oliver J. James, president of the American National Bank of Richmond, Virginia:

I think your conclusion regarding the attitude on Liberty bond deflation, etc., is a correct one. There must be some plan adopted by the Government to protect its credit with the people.

Within half an hour this morning, I had two instances, which will illustrate the conditions: A committee representing one of our churches had accumulated \$12,000 for a building fund. This money represented hard work and sacrifice by a poor, struggling congregation. About a year ago they invested this whole amount in \$12,000 of Liberty bonds. The committee was in my office to consult as to what they should do, as they are now needing the money, and at present prices it would represent a loss of some \$1,800 to those people. Within a few minutes, a wealthy party came in and paid me \$12,095 for \$14,000 of Liberty bonds.

If the war was still in progress there might be some excuse for this, but either the plan I have suggested, or some other, should be adopted to relieve the market of the pressure. The Federal Reserve banks are today issuing notes against purchases of old bonds on a 5 per cent reserve basis.

If the Government obligations are cared for, the Reserve banks will have ample resources to provide for all possible needs of commerce, and the safeguards surrounding eligible paper are or can be made sufficient to insure its moderation, and it is not unlikely that enough of it will ever be issued to make it necessary for the Federal Reserve banks to issue notes on other than a 40 per cent gold basis.

The political news of the week is without present economic significance. While the Republican platform has no special appeal for us it contains one phrase, "We advocate the issuance of a simplified form of income return" to which we subscribe most enthusiastically. For the rest—well, brevity is our motto and the entire platform contains 6,396 words. It is therefore impossible for us to deal with it adequately. In length other famous documents compare with it as follows:

The Ten Commandments contain.....	297	words
Lincoln's Speech at Gettysburg contains.....	266	"
St. Matthew describes the Crucifixion in.....	1,200	"
The Declaration of Independence contains.....	1,321	"
The Sermon on the Mount contains.....	2,435	"
The Constitution of the U. S. contains.....	4,294	"

We hesitate to comment upon the nomination lest we be accused of partisanship. We therefore content ourselves with quoting briefly from what the editors of the leading New York papers had to say about the ticket on Sunday morning. The New York *Sun and Herald* (Republican):

In the nomination of Warren G. Harding the Republican party has done the wisest thing it could have done. In personal appearance Senator Harding is a superb type of the American man.

The New York *Times* (Independent):

Upon a platform that produced general dissatisfaction the Chicago Convention presents a candidate whose nomination will be received with astonishment and dismay by the party whose suffrages he invites. It will be felt and said everywhere that the Democrats have received from their opponents the gift of a splendid opportunity.

The New York *World* (Democratic):

Senator Harding was nominated because the Old Guard Republicans want a President to whom they can give orders—a President who will take orders. Accordingly they present their puppet candidate in the person of Warren G. Harding, of Ohio.

Senator Harding is the perfect flower of Old Guard politics. He is an Ohio country politician with the mind of an Ohio country politician, and he sees the world through the eyes of

an Ohio country politician. Being weak and colorless and mediocre, he appealed powerfully to the managing politicians who control the Republican organization, most of whom are Senators themselves. They know Harding, and they know that he will be a faithful agent of the organization. They have worked with him, and they can prove that he never had an original idea or entertained a thought that was outside the routine of a well-trained and well disciplined party servant.

The New York *Call* (Socialist):

The nomination of Senator Warren G. Harding of Ohio as the Republican candidate for President is notice that those in control of that party believe the citizens of the country are so spineless, so lacking in ordinary intelligence, that they can select one of the worst reactionaries in public life and "put him over" at the polls.

The New York *Tribune* (Republican) was speechless on Sunday but by Monday its editor seems to have recovered and expressed himself as follows:

We had hoped that a man of undoubted courage, vision and executive ability would be chosen, but we have instead Warren Gamaliel Harding, one of the Senate group which controlled the convention. It would be hypocritical for the *Tribune* to pretend that it is satisfied with this result.

The New York *American* (Hearst's) refrained from comment on Sunday and continued to be silent on Monday.

## THE ECONOMIC PANORAMA OF THE WEEK

By Stephen Bell and J. G. Donley, Jr.

In the United States a general slowing down of business is perceptible. The Credit Clearing House reports purchases throughout the United States last week one-tenth of 1 per cent lower than in the preceding week. *Bradstreet's* "Trade at a Glance" chart shows manufacture and building slowing down and freight traffic congestion a big factor, with considerable uncertainty regarding prices. The Mechanics and Metals Bank of New York in a statement analyzing the economic outlook sees serious developments before us. *Bradstreet's* index number for June 1 is \$19.8752 as compared with \$20.7341 May 1 and the high of \$20.8690 on February 1. *Dun's* index number this month is \$262.149 as against \$263.332 a month previous, which was its maximum. We regard the slow movement of freight and the political uncertainties of the Presidential campaign as the chief adverse factors in the situation and look for a business revival to follow their removal.

Failures for the week reported by *Bradstreet's* number 126 against 100 the previous week and 94, 193, 270 and 285 in the corresponding week of recent years.

The fight to loosen the grip of transport workers' unions on New York city's traffic has resulted in the organization of the Citizens' Trucking Co., Inc., which last week tackled the problem of clearing the coastwise steamship docks with an initial force of fifty trucks, which was doubled on Monday morning.

The Clothing Manufacturers' Convention at Atlantic City last week was unable to see any change in economic conditions warranting any considerable lowering of prices. Some of the teeth of the Lever act have been drawn by United States District Judge Thompson of Philadelphia, who finds in it no standard by which "unjust and unreasonable prices" can be tested, in which regard he declares the section relating to prices to be unconstitutional.

B. C. Craig of the Interstate Commerce Commission says there is a shortage of 186,000 railway cars at the present time, and that there are 5,000 of them tied up at New York terminals with export merchandise. One result of the car famine has been the cancellation of building material prices and the general halting of building operations in New York and vicinity. It is being seen that this state of affairs is narrowing the basis for loans and that easier shipments would ease credits.

Attorney General Palmer's ruling that it is within the Presidential powers to sign bills after the adjourn-

ment of Congress upsets the precedents of more than a century, but may rescue a number of bills supposed to have been caught in the "pocket veto," one of which was the important Water Power bill.

Secretary Meredith has issued a statement summarizing the abandonment or crippling of the work of the Agricultural Department made necessary by the cut in the department's appropriation, which is a serious indictment of the penny-wise pound foolish economy practiced by Congress. He also urges a more thorough study of foreign markets by American farmers. The Jones Shipping bill, with its export rate for goods shipped in American bottoms, and other discriminations that will undoubtedly lead to retaliatory measures by other maritime nations, is a triumph for the subsidy hunters, and the first come-back is a request from the Shipping Board for a suspension of the export rate for ninety days until ships can be provided.

The failure of Congress to pass the airplane anti-dumping bill is much condemned, and the Curtiss company is reported to have discontinued quantity production of commercial planes. It is probably the best thing that could have happened to the industry, for the sight of the cheap foreign planes scudding about the heavens should develop the market as nothing else could. At any rate, the continuance of the effort to "develop manufacturing industries" at a time when three leading farmers' organizations have memorialized the President urging the allocation of labor for the harvesting of crops and the cessation of public works until the critical period is past does not seem wise. The "industrial" community is not half awake to the seriousness of the farming situation and faces a jolt that will surprise it.

Members of the House Immigration Committee will this summer investigate the Japanese immigration question. The arrival of 12,603 immigrants from Europe at Ellis Island last week is an interesting straw in the economic news of the day. Festus J. Wade, President of the Mercantile Trust Co. of St. Louis, at the head of the Committee of Five selected by the American Bankers' Association, has gone to Paris to attend the organization meeting of the International Chamber of Commerce on June 21. It is to be hoped that this body may succeed in liberalizing international trade relations, for in this direction lies international peace. American packing firms have granted an additional credit of \$45,000,000 to the German gov-

ernment for the purchase of foodstuffs. Chicago started in on daylight saving by pushing her clocks ahead Sunday morning. Local complications are expected.

Federal control of hotels is urged by the National Council of Traveling Salesmen's Association, which probably is unaware that it is advocating a socialistic measure.

Steamers from Cuba and South and Central American countries are crowded with travelers and tourists, many of whom have never been in this country before.

Bank clearings for the week were \$8,271,067,073 as compared with \$7,811,906,420 the previous week and \$8,216,719,865 last year, a gain of but 0.7 per cent for the year. The Federal Reserve Board statement for the week ending June 9 shows debits to individual account of \$8,844,660,000 against \$8,421,509,000 the week before and \$8,935,952,000 for the same week last year, a decrease of \$91,292,000 for the year.

**Government Finance.** The Treasury has again moved up its rates on Government paper to meet money market conditions. Last week Secretary Houston announced that it "seemed desirable" to issue at this time \$400,000,000 of Treasury certificates on which the interest rates would be  $5\frac{3}{4}$  and 6 per cent. One issue will be dated June 15 and mature January 3, 1921; the other, issued under the same date, will mature June 15, 1921, and will bear the higher rate of interest. Bankers have expressed approval of the Treasury's action in recognizing current credit conditions, and assert that the higher rates will make for better distribution of the issues and perhaps, through investment participation, relieve the banks of some of the burden.

Concerning the Government's fiscal operations, Secretary Houston, in his letter to bankers announcing the new certificates, said:

On the basis of Treasury daily statements and excluding transactions in the principal of the public debt, though the first quarter, ended September 30, 1919, of the present fiscal year ending June 30, 1920, was marked by a deficit of about \$770,000,000, in the second quarter, ended December 31, 1919, there was a surplus of over \$150,000,000, in the third quarter, ended March 31, 1920, there was a surplus of nearly \$400,000,000, and the fourth quarter, ending June 30 next, should also show a surplus. The completed fiscal year's operations should show little, if any, deficit, the Government having about balanced its budget, current receipts against current disbursements, for the first full fiscal year after fighting stopped.

The greatest reduction yet shown in outstanding Liberty bonds and Victory notes for any month was brought about in May. The aggregate reduction in both classes of war bonds amounted to \$327,415,630, bringing the total reduction to date up to \$1,784,210,467. At 4 per cent, which is the approximate average interest rate, the saving to the Government amounts to \$71,368,418 annually.

It has been estimated that, through a squad of forty-five collectors which the Government has stationed at piers and elsewhere, between \$9,000,000 and \$10,000,000 in income taxes has been collected from outgoing aliens.

**International Finance.** The British Chancellor of the Exchequer has been quoted in London dispatches as saying that half of Great Britain's share of the \$500,000,000 Anglo-French loan has already been paid off, and that means for paying the other half is in sight. It was assumed that the Chancellor meant that half of Britain's share of the bond issue had been purchased in the open market and held for redemption on October 15. Nothing official has so far been said concerning what steps have been or will be taken by the French Government for meeting its share of the obligation, but the belief is gaining ground that the entire transaction will be handled through London under some form of agreement between England and France.

From Paris there comes the announcement that the "share" of the United States in the first 20,000,000,000 marks gold of reparation bonds which Germany is required to issue under the Versailles treaty will be about \$500,000,000. This sum, it was explained, will cover the expense of the first twenty months' occupation of the Rhineland by American troops.

**Gold, Silver and Foreign Exchange.** The output of the Indian gold mines during March was 38,760 fine ounces, an increase of 1,888 ounces compared with the preceding month, and an increase of 433 ounces as compared with the corresponding period of 1919.

The silver speculation, which has been rapidly on the wane since credit difficulties developed in the Far East, has collapsed just as all speculations eventually must. It seems that a great deal of ill-informed buying came into the market around the dollar-an-ounce level in the belief that purchases by the United States Treasury would sustain the world market for the metal at this figure. But the restrictions under the Pittman act require that the Mint purchase only silver which is the product of American mines, and of reduction plants located in this country. Therefore, the "peg" at a dollar turned out to be more of a "hook" than anything else. Going below the round figure, the price broke rapidly to 94 cents. Then there was an overnight break of ten cents an ounce, followed by further heavy liquidation of speculative holdings, and, later, a swift rebound of several cents which brought the price back above the 90-cent level. Outside causes for the break were said to have been selling by China and India, as well as continued melting of coins by European countries, but the main cause was undoubtedly concerned with the inside position of the market, which had been weakened by over-speculation based on false ideas as to repurchases of the metal by our Government at the dollar level. At the low prices of last week silver was down close to 80 cents, as compared with a high level this year of \$1.37. In London, during the exciting days of the break, it was reported that the daily turnover of the white metal amounted to fully 1,000,000 ounces.

It has remained for an American captain of industry to surmount the barrier against exports which adverse exchange rates have set up. When Samuel Vauclain, president of the Baldwin Locomotive Works, came back from Europe with sufficient orders to keep his plants busy for five years, bankers wondered how he was to finance the business.

"I have already arranged it," said Mr. Vauclain. "People used to trade before there was any such thing as money and foreign exchange."

According to the story, this is how Mr. Vauclain did it. Roumania needed \$100,000,000 worth of locomotives. She had little money and little credit, but she did have some of the richest oil fields in the world. So Mr. Vauclain traded his locomotives for oil and oil options. Then he went to the British Government and sold the oil and the options at a handsome profit, payable in United States currency.

Although the general market for the various exchanges moved very irregularly throughout the week, sterling was strong from Monday, when it sold at  $3.89\frac{1}{4}$  for demand, until Friday, when the price reached  $3.95\frac{1}{4}$ . On Saturday there was a reaction of a cent. While the official announcement of arrangements being made to take care of the Anglo-French maturity gave some strength to the market, the most important factor was the continued heavy selling of securities in this market for London account. French and Continental exchange, on the contrary, declined almost without interrup-

tion, franc checks getting down about 24 points during the week, while lire dropped 36 points. Asiatic exchange had an abrupt fall early in the week as a result of the break in silver, but rallied later in sympathy with the movement of prices for the metal. The closing quotations of Saturday will be found on page 844.

**The Money Market.** Call money ranged between 6 and 12 per cent in the past week, as against 6 and 10 per cent in the previous week. Time money was unchanged at 8 to 8½ per cent, with reports of some small loans at 8½. Commercial paper remained unchanged at 7¾ to 8 per cent, according to grade.

The Chicago Federal Reserve Bank notified member banks that advances on their promissory notes secured by Government war obligations will be made on the basis of approximately market value thereof. A basis of 85 for Liberty Loan bonds, 95 for Victory notes, and par for Treasury certificates was established.

The weekly statement of the Federal Reserve banks showed a gain of \$4,200,000 in gold reserves, and of \$3,700,000 in total cash reserves. While holdings of war paper increased \$7,500,000, other discounts were down \$48,800,000, and holdings of acceptances decreased \$6,800,000. Treasury certificate holdings went up \$5,300,000. Net deposits were about \$27,000,000 less, while note circulation declined \$15,100,000. In consequence the reserve ratio stood at 43 per cent, as compared with 42.5 the previous week.

The New York Clearing House banks reported a decrease of about \$15,250,000 in loans, while net demand deposits were down more than \$9,000,000. Surplus reserves gained \$9,531,510, to \$38,098,910.

**The Stock Market.** Reductions of dividends on Chicago & Northwestern common and preferred stocks, which have stood at 7 and 8 per cent, respectively, for nearly a score of years came as a surprise and something of a shock to the stock market last week. While it has been known that earnings have been poor for the road for a number of years, the nearness of the decision on freight rate increases and the general feeling that the rails are about to "turn the corner" have served to focus attention more on future prospects than on present conditions. The industrial section of the market, however, stood up very well under the unsettlement caused by a break of fully 10 points in Chicago & Northwestern common stock when it became known that the rate had been reduced to 5 per cent on this stock and 7 per cent on the preferred.

The railroad stocks, however, were soft in sympathy with the weak member of the group, and there was persistent selling of the stocks of other roads in the northwestern territory. In Northern Pacific and Great Northern preferred this selling brought about new low records at the close of the week, and net losses were general throughout the railroad list.

Neither the dividend incident, nor the high rate of 12 per cent for call money brought forth any important liquidation in the industrial group. In fact, the steel, equipment, oil, and various other issues acted so well in the face of weakness elsewhere that at the close of the week they were taken up on a wave of short covering and new buying for the long account. At the close of the week, Wall Street felt that a new and perhaps important upward movement in the industrial shares was getting under way, but the Street was influenced in this sentiment by the belief that the Chicago convention would name Wood as its candidate. How Wall Street will take the week-end developments remains to be seen.

**The Bond Market.** The announcement of rates of 5¾ and 6 per cent on certificates of indebtedness to be issued by the Treasury caused a renewal of selling

in Liberty and Victory bonds, after they had held firm early in the week, but declines were moderate and trading was not as heavy as on previous reactions. Railroad and industrial bonds as a whole showed some recovery in prices.

The Chicago & Northwestern Railroad, following the reduction of dividends on both classes of stock, announced an issue of \$15,000,000 ten-year 7 per cent secured gold bonds at par. The Southern Pacific also came into the investment market with an issue of \$15,000,000 four to fifteen-year 7 per cent equipment trust certificates, at prices ranging from par for the shorter maturities to 101 for the longest. It is now believed that the bulk of immediate railroad financing has been accomplished by those roads which are able to find investment support. The aggregate of sales of railroad bonds and notes since the first of the year is estimated at \$250,000,000.

The Hershey Chocolate Corporation has sold \$10,000,000 first lien 7½ per cent, ten-year sinking fund gold bonds to a banking syndicate which offered them 97½, to yield 7.85 per cent.

**The Railroads.** "The railroad situation is looking better every day. We are moving cars of loaded freight and solid trains of empties to take care of grain tied up in elevators; the labor situation is vastly improved, and on the whole conditions are better than at any time since the Government relinquished control." Such was the statement made by a "high official" as quoted in a special Washington dispatch to *The World*.

We have heard enough of the shortage of railroad equipment and the reasons therefor. Now along comes Robert S. Binkerd, assistant to the chairman of the Association of Railway Executives, and tells us how to use to best advantage what we have. He says, after canvassing the situation,

There remains, therefore, only one additional and immediate remedy, but it is a typical American one, and one which I am confident the producers and business men of the country will be glad to seize. It consists of the more intensive use of the equipment that we now have, of prompter loading, prompter unloading, heavier loading and, in short, of the combined effort of the shipper and of the transporter to avoid those numerous delays which result in keeping four-fifths of the lifetime of the freight car at rest. It consists further of the use by some lines of production which can use it of the slack periods of transportation.

The Interstate Commerce Commission has announced the appropriation of \$125,000,000 of Government funds for the use of the railroads in the purchase of new rolling stock. The money will be advanced out of the \$300,000,000 revolving fund provided in the Transportation Act. Appropriations for additions and betterments to promote the movement of cars were fixed at \$73,000,000; to meet maturing obligations, \$50,000,000, and for loans to carriers, \$12,000,000. Of the total to be advanced for rolling stock, \$75,000,000 will be set aside for the purchase of freight cars, with preference given to 20,000 refrigerator cars to move fruit crops, and \$50,000,000 for the acquisition of locomotives, with preference given to freight and switching locomotives.

An order of the Public Utilities Commission of the State of New York directing the New York Central Railroad Co. to show cause why it should not restore two-cent passenger fare schedules within the State of New York on September 1, has been brought to the attention of the I. C. C. In a petition filed with the commission the company asks that an investigation be instituted to determine whether the application of a two-cent fare on its lines would not result in discrimination of the character condemned by the United States Supreme Court in the Shreveport case and also prohibited by the terms of the new Transportation Act.

**Shipping.** Important declarations of sales, allocation and agreement policy are anticipated as soon as the President makes his selections for the enlarged

Shipping Board created by the Marine Act. It is understood that Admiral Benson will retain the Chairmanship, though Secretary of Commerce Alexander is also mentioned. Meanwhile the Board seeks a ninety-day suspension of the clause of the act forbidding the railroads to apply export freight rates on shipments designed for other than American ships. Charter of American ships to foreigners has been limited to three months.

More progress has been made toward settling the labor troubles which infest the Atlantic ports. Attorney-General Palmer has applied the eight-hour law to the workers on the railway floating equipment in New York Harbor, removing the main cause of dispute with 6,000 workers. The Merchants Association has started its non-union truck service without opposition so far. The Galveston situation, where dock workers lost in wages approximately \$275,000 in eleven weeks, is reported considerably improved. The coast-wise shipping companies made formal application last week for an increase in rates in the same proportion that may be granted to the railroads; if they receive it they will be able to grant the wage increase demanded by longshoremen,—the bottom of all the port troubles of the past year. Philadelphia longshoremen and San Francisco shipyard laborers are returning to work. Overseas movement of freight is still greatly restricted, and decreased earnings for shipping are forecast for 1920.

May deliveries of vessels to the Shipping Board fell far below April's record, totaling 46 of 256,410 dead-weight tons. Of the 2,303 ships on the program 2,039 have been delivered. The *Leviathan* has again been offered for sale; bids will be opened June 30. The Board has sold 28 ships in the past three weeks on contracts pending when sales were temporarily suspended. Nine went to the Atlantic, Gulf & Pacific Steamship Co. and eight to Moore & McCormack. Five ships now building have been allocated to the Pacific Mail Steamship Co. Eight tankers belonging to a German subsidiary of the Standard Oil Co., in dispute for several months, have been allocated to the United States by the Reparations Commission, with question of ownership reserved.

**Building** for May, though the total of values would be classed as phenomenally large for any year previous to 1919, shows that credit and material shortage have had their effect in checking new planning. The number of permits reported to *Bradstreet's* in May from 132 cities was 30,924, a decrease of 6.6 per cent from May last year. The decline was the first in two years. Total value was \$102,893,153, an increase of 16.7 per cent from \$88,118,252 last year. Much of the decline unfortunately is made up in dwelling house construction, which feels the shortage of credit more severely than large industrial enterprises. Nor can the prospect for the immediate future be viewed any more optimistically.

Under such conditions the lumber market is decidedly weaker. Demand for yellow pine has dropped rapidly though logging conditions have not been favorable and stocks are low, and fir trade has decreased considerably through drop in demand and car shortage. There is evidence that prices are about at the bottom, for considerable curtailment of production has followed the decline and manufacturers show a disposition to fight further cuts.

**Metals.** Traffic conditions improve, though at a slow rate. The paralyzing effect of the situation on the steel industry is reflected in the monthly report of unfilled orders of the United States Steel Corporation, which had on its books May 31 a total of 10,947,466 tons, an increase of 580,719 during the month and the highest total since June, 1917. For peace time supply the figure is the highest in the history of the corporation, notwithstanding a conservative policy in booking during the month. Had it not been for the relief in the shipping tieup which began in the last

half of the month, all records would have been broken. Production of the corporation is now around 85 per cent, which should materially cut into the orders this month. It is not particularly afraid of cancellations, which would fall more hardly on independents. New demand is quieter, though export inquiry is good and orders would be larger if shipment were more certain. The opinion that price reductions are in store generally prevails.

Steel ingot output calculated by the American Iron and Steel Institute for May was 2,883,164 tons, an increase of 244,859 over April, but about 500,000 tons less than in March. High records are forecast for the near future.

W. W. Hearne, vice-president of the Matthew Addy Co., recently returned from Europe, writes:

The British situation is exactly like the situation in this country. Everybody seems to have as much business as he can possibly attend to, but a great many of the mills and blast furnaces are not running, or are not running full, due to the fact that they cannot get ore and coal fast enough. The whole thing comes down to a labor proposition, and the labor situation abroad is probably the same as it is here, except that they are not paying as high wages. It seems to me that it is impossible for iron and steel products to fall off very much as long as there is an unsatisfied demand for iron and steel in Europe.

April's exports showed considerable falling off from March, 395,120 tons against 417,216.

The copper market continues quiet with producers' prices unchanged at 19 cents, while dealers and Japanese agencies are selling at 18¼ to 18¾. Tin has declined headlong all week in London.

**Coal.** Gradual though slow improvement in coal producing conditions is continuing. Though the total output for the week ended June 5 showed a decline the layoff on Memorial Day was partly responsible and the rate during the time actually worked went up. Bituminous production was 9,138,000 tons, a decline of 410,000 from the previous week, while the anthracite output was 1,510,000 against 1,797,000.

Bituminous shortage continues in many districts and prices are ruling firm at high levels. The I. C. C. has placed an embargo on cars for the movement of coal in carload lots to Lake Erie ports for transshipment by water except on permit, due to congestion in the district. It is possible, though not probable, that this is the beginning of widespread regulation and placing of priority orders. The anthracite wage commission meets June 21.

**Petroleum.** Reports current a few weeks ago that gasoline before the end of the summer would sell at 40 cents a gallon are now generally discounted, and unless an unlooked for demand enters the field no important rise from present prices is expected. A writer in the *Fuel Oil Journal* comes to the conclusion that prices have reached their peak and that a stable market may be expected for the balance of this year. An increasing number of substitutes for gasoline are finding their way to market. Production of gas and fuel oil for the first quarter of 1920 totaled 45,099,666 barrels, against 40,910,904 in the same period of 1919, but consumption and exports during the same period showed a gain of nearly 10,000,000 barrels to 47,674,432.

Oklahoma is steadily maintaining her position as a settled producer. Completions in the state for May totaled 950, capping a steady increase from 450 in January, and new production was 89,000 barrels, against 32,800 in January. Secretary Payne has endorsed the Phelan Bill for the creation of a government oil corporation.

**Rubber.** Interesting indications of the rapid growth of the rubber industry are given in a leaflet, "Facts about Goodyear," issued by G. M. Stadelman, vice-president of the Goodyear Tire & Rubber Co.:

Goodyear's passenger car tire business in the last year has increased 79 per cent in casings and 107 per cent in tubes. Pneumatic cord truck tire business has increased 577 per cent.

Sales of mechanical rubber goods are 80 per cent ahead of last year. Production of Neolin soles will show an increase of 40 per cent and of rubber heels 215 per cent, to 140,000 pairs a day. Each day six miles of belting, five tons of packing and eleven miles of hose are turned out. Export business has increased 115 per cent.

The Goodyear business is rapidly becoming integrated. It owns a rubber plantation employing 7,500 people on the island of Sumatra, a cotton plantation employing from 2,000 to 7,500 at Goodyear and Litchfield, Arizona, and a cotton mill employing 800 people at Goodyear, Conn. Another cotton mill, to employ 1,200 people, is pushing upward in California, to fabricate the product of the California valleys.

Imports during May, according to the Rubber Association of America, totaled 27,338 tons, against 23,675 in April and 16,348 in May, 1919. Of the total 24,443 came from the plantations.

**Sisal.** Yucatan's sisal yield for 1920 will not exceed 800,000 bales, against an average of 1,000,000 for normal years. Prices, however, are weak, because of the large stock (approximately 500,000 bales) now on hand. *Commerce Reports* states that many years will be required to restore the plantations to their normal production.

**Wool** prices apparently have come down to stay, if not to go much lower. The London auctions have closed with merino 25 per cent and cross breeds 10 to 15 per cent lower. In Boston lot after lot has passed without even a bid. From the statistical standpoint a drop of about 50 per cent would not be unreasonable. One result of the change in conditions is already apparent in the difficulty being met with in trying to dispose of the domestic clip, which includes a lot of last year's stock.

A fund of \$100,000,000 or more to extend financial aid to Western wool growers, and the re-establishment of the wool market, will be considered at a conference of bankers and wool producers to be held in Chicago June 17. The slump in wool prices has not been helped any by the shutting down of many of the mills to a three-day-a-week production of goods. It is beginning, also, to be more evident that the mills made provision for a greater output than is likely to be disposed of, and the notion that this is so has something to do with the opposition of buyers to pay the excessively high prices that are asked for fabrics. What course to pursue, in view of the many cancellations of orders, is puzzling the mill men. They resolved some time ago to send around to one another the names of those who refused to abide by their contracts, but this does not appear to have been as effective as expected. Concessions by clothing manufacturers on Fall goods appear probable if retailers maintain their present indisposition to stock up.

The indictment against the American Woolen Co. and William M. Wood has been quashed by Federal Judge Mack, who sustained counsel's contention that cloth is not subject to price regulations under the Lever Act.

**Silk** holdings in New York warehouses on June 1 totaled 42,407 bales, against 44,457 on May 1 and 52,785 on April 1. The market is somewhat firmer following the crash brought on by the Japanese "panic," and higher prices are looked for. Depression continues in the manufacturing centers; in the Scranton district many small mills have shut down and more than 10,000 employes are on part time. Mogi & Co., the American representative of the second largest silk concern in Japan, have gone into receiver's hands, following the failure of their bank in Yokohama.

**Tobacco.** In our issue of May 19 we quoted the University of Kentucky as stating that the tobacco acreage in Georgia this year would be five times as great as last year. This statement was challenged by Robert L. Shipp, of Moultrie, Ga. John R. Humphrey, head of the Department of Markets of the University, informs us that the estimate was made up before planting had started in any of the tobacco

states. Though the information was from reliable sources, the acreage expected at the time has been greatly decreased mainly on account of dry weather. Georgia is comparatively such an unimportant tobacco state that the variation will not affect the total acreage of the country. Mr. Humphrey states that the decrease no doubt has been made up in increases in any five counties in Kentucky.

**Coffee.** The futures market has been quiet during the week with a sagging tendency predominating virtually all of the time. The closing range was from 14.22 to 14.35, a loss of from 60 to 80 points from the previous week's close. The primary markets have been none too strong and liquidation by longs getting away from near months was a steady feature. Sentiment is turning bullish, on the view that Brazil is in firm control of the market and that as soon as the commissarios cover their future sales and complete their arrangements for a working interest control will be felt. The spot market continues slow, though roasters are thought to be lightly stocked. The New York Coffee and Sugar Exchange has adopted new by-laws providing for an increase in commission rates to \$10 a contract (250 bags) when the price is over 20 cents, with a sliding scale below.

**Sugar.** New developments in the sugar situation continue as scarce as sugar. Leading hotels and restaurants of the country, recognizing the drastic character of the shortage, have voluntarily agreed to reinstate wartime rationing beginning June 21. Substitutes will be used in making sweets and diners will be served with individual portions.

The market continues very quiet with little interest by either growers or refiners. The last reported sale was at 20.07 cents duty paid, a decline of half a cent from last week's closing, but most growers demand a slightly higher figure. Receipts, though curtailed by transportation troubles, are still large. Supplies of foreign sugars loom up to keep Cubas from going much higher. Willett & Gray have reduced their estimate of the Java crop now being harvested from 1,526,500 tons to 1,460,000, due to unfavorable weather.

F. J. Stimson, Ambassador to the Argentine, has arranged for the shipment of 14,000 tons of sugar to the United States which it is estimated will be landed for 15 cents a pound. In addition private interests have contracted for 50,000 tons.

**Food** prices are a shade higher this week on advances in livestock, oats, potatoes and butter. *Bradstreet's* index number is \$4.89 against \$4.87 last week and \$5.06 last year. Crops are reported doing well; the government crop report as of June 1 confirmed numerous private estimates of a gain in the condition of rye, hay and pastures, but occasioned considerable surprise by reporting a deterioration in winter wheat, though its estimated yield was raised 19,000,000 bushels to 504,000,000. A statistical summary of the report follows:

	Acreage Per Ct. of 1919	Condition		Crops (000,000 omitted)		
		June 1, 1920	June 1, 1919	1920	1919 Dec. Est.	1914-18 Average
Winter wheat	68.5	78.2	94.9	504	732	563
Spring wheat	83.5	89.1	91.2	277	209	259
All wheat....	73.3	81.7	93.8	781	941	822
Oats.....	96.8	87.8	93.2	1,315	1,248	1,415
Barley.....	100.2	87.6	91.7	185	166	215
Rye.....	77.4	84.4	93.5	80	88.5	59.9
Hay, all....	99.6	88.9	94.1	*112	*109	*99.3
Apples.....	...	79.3	67.8	199	147	203
Peaches.....	...	64.9	73.1	45	50.4	47.5

\*Tons.

Spring wheat acreage is given at 10.5 per cent below last year's harvest, but larger than the pre-war average, with an estimated yield of 277,000,000 bushels, 18,000,000 above the average of the last five years. The total estimated yield of wheat, oats, rye and barley aggregates 2,261,000,000 bushels, only 82,000,000 short of last year's harvest.

The Department of Agriculture has been compelled by lack of funds to discontinue publication of fruit, po-





tato and truck crop reports and special service to cotton, tobacco and rice. Fruit crop prospects are generally good, but vegetable production probably will be reduced by lack of labor. Heads of three national farm organizations have presented a memorial urging President Wilson to allocate such labor as can be recruited before the harvest and to recommend a cessation of public work until after the crops are gathered.

The National Wholesale Grocers' Association held its convention at Colorado Springs last week. Much attention was devoted to the discriminatory railway service granted the meat packers by allowing them to place groceries in their fast fresh meat trains, a practice which the association is fighting vigorously and which the "consent" dissolution decree does not solve. The Federal Trade Commission was commended, pure food legislation upheld and the limitation of one cent a pound profit on the handling of sugar condemned as inadequate.

**The Grain Markets.** A review of conditions by F. H. Babcock of Thomson & McKinnon, Chicago, follows:

The government estimate of the growing crop of wheat was a distinct surprise, to the extent that the condition during the month of May had deteriorated, while popular opinion was to the contrary. Spring wheat is, of course, an unknown quantity, but conditions at the moment are of the best. On the other hand, winter wheat of the soft varieties is going backward, and is beginning to show ravages of Hessian fly.

The total crop now indicated, plus the expected carry-over from last year's crop, is around 950 million bushels, as against available supplies a year ago of 995 millions. From this showing there is no necessity for any great alarm.

There is considerable indication of a strong foreign demand for all of our surplus, as the supplies in Australia and Argentina will probably be exhausted within thirty to sixty days. There is a moderate foreign demand at all times, but nothing urgent.

Reports as to the growing crop of corn are considerably mixed. It is well known that the crop, as a whole, is late, and, in some places, it has not yet been planted because of excessive moisture in the soil. The week has experienced a moderate increase in the movement of supplies from the country, the result being a wearing down of the premiums for the cash article. The market shows no decided trend, as the receipts from the country are not yet large enough to build up accumulations.

The condition of the oat crop is some 5 points lower than a year ago and 2 points below a 10-year average. The crop, as indicated June 1, is at least 100 million bushels smaller than the average crop grown the past five years.

If judgment can be based upon the size of the farm reserves on March 1 last, upon the volume of the offerings of the old crop from the country, and upon the limited daily receipts, it can be safely said oats from all previous crops are well cleaned up. With this assumption in hand, an indicated crop of 100 million less suggests that 85 cents, the price now prevailing for the new crop, is too low. In passing, it must also be said that the hazards of the crop are still to come.

A moderate foreign inquiry for lard has appeared through the week, but no important business has been reported as closed. A better domestic demand is expected and it is becoming commonly accepted that present movement of hogs is about completed and the receipts during the summer and fall will be less than current needs.

**Prohibition** may be made a political issue. The wording of the Supreme Court decision upholding the amendment and the Volstead Act vests in Congress the power of determining what percentage of alcohol makes liquor intoxicating, and "wets" are already talking revision of the Enforcement Act to include light wines and beers.

**Canada.** Wholesalers are feeling better over an increased demand for fall goods. Cancellations in woollens and other clothing materials have been heavy, but an improvement is noticed.

Canada's new budget will authorize the taxing of incomes of American citizens derived in Canada. The new luxury and sales taxes will be assessed on import value plus excise and import duties. The commercial treaty with France terminates June 19. France has

been notified that Canada will be ready to negotiate a new one "when circumstances are more opportune." Tentative agreements to encourage trade with the British West Indies are said to have been reached at the conference which closed at Ottawa on the 10th. Hamilton, Ontario, plans port improvements calling for the expenditure of \$20,000,000 and has presented to the International Waterways Commission its claims as an ocean port.

Col. J. S. Dennis, Canadian Pacific Colonization Commissioner, addressing the Alberta Industrial Development Association, set forth among Canada's attractions 225,000,000 acres of arable farm lands in the four western provinces, with but 35,000,000 acres occupied, and stated that resources seldom mentioned included 17 per cent of the world's known coal deposits, a natural gas area of at least 200 by 700 miles, oil fields, and immense deposits of iron ore and precious metals. The output of minerals in Canada in the first quarter of this year totaled \$11,091,654 against \$10,188,613 in 1919. Gold, silver, copper and nickel formed more than four-fifths of this.

A thirty per cent rate increase for Canadian railroads was suggested at the recent convention of the Canadian Manufacturers' Association at Vancouver as about the amount the railroads are justified in asking for. The new Hudson Bay Railway to Port Nelson is expected to be completed before the summer is over. It is estimated that 30,000,000 bushels of wheat can be shipped to Europe by this route at a saving of 15 cents a bushel. The report of a \$500,000,000 merger of Canadian paper and pulp firms is discredited in Montreal financial circles, being looked on as a "kite" to see what the attitude of the trade would be toward such a scheme. The Canadian Government has leased the southern half of Baffin Island to Vilhjalmur Stefansson, the explorer, for the purpose of breeding reindeer and musk fox for food.

Bank clearings for the week ended June 3 were \$329,750,263, a gain of 10.4 per cent over those of a year ago.

**The United Kingdom.** Irish County Council election returns show a larger Sinn Fein victory than at first appeared, owing to a compact between the Sinn Fein and Labor parties not to oppose each other in certain counties, and the Sinn Fein grip on the administration of affairs seems strengthening. A full month ago the *London Observer* disconsolately remarked that in a great part of the island "*British government has quite disappeared.*" No serious disorders were reported last week.

The reaching of some kind of trade agreement with Soviet Russia seems almost certain. The British labor delegates who visited that country urge it. It is obvious that the Allied policy toward Russia heretofore has not worked, that the Soviet government has thrived on it and been able to lay the blame for all its own failures on it. Quitting of Persia by the Reds is named as one of Britain's terms. As time passes, peace with Russia appears more and more necessary for the salvation of Europe. Bonar Law deploras the fact that old party dissensions are preventing us from engaging in world peace work.

An opinion is growing that a treaty with the United States which would make one with Japan unnecessary is desirable.

A ship freight war in the Far East is said to be imminent, the Peninsular and Oriental Steam Navigation Co. and the Toyo Kisen Kaisha giving rebates and lower rates than the conference tariffs agreed on. More than a year ago the Japanese shipping companies desired to free themselves from subsidies and the government control that went with them, but the government would not have it so. Lord Robert Cecil dilates on the international nature of the shipping industry and the necessity for some international understanding that will give to all a fair field and no favor. A strike in the British marine wireless service is threatened

for this week which may tie up the whole mercantile marine.

The plan whereby Mesopotamian oil fields in British hands were to be turned over to control by the Royal Dutch-Shell interests is reported rejected by the British government.

Coal production is proceeding at a rate which may make the output for the year ending July 1 more than 230,000,000 tons against the Board of Trade's estimate of 217,000,000. The tinplate industry is alarmed at the prospect of American supremacy in this line. The tin market is in a depressed state. The Railway Accounting Committee shows railway pay rolls mounting from £47,000,000 in 1913 to £147,000,000 in 1920, with a further increase of £35,000,000 imminent if present wage demands are granted. Revenues at the same time increased from £118,000,000 to £228,000,000. Sir Jesse Boots refuses to deny or confirm reports of the purchase of the Boots' chain of drug stores by the United Drug Co. of this country. Pig iron and steel ingot production in May was 738,000 and 848,000 tons respectively. The aggregate of new business showed a falling off.

British commercial and financial circles are nervous over the proposed capital levy. Herbert Casson calls it "a financial surgical operation" which may prove a "capital" one. The 60 per cent excess profits tax also chills the hearts of industrial concerns which have increased their capital by issuing stock dividends. A number of municipalities are issuing 6 per cent housing bonds at 95½ and London is issuing an unlimited housing loan in £5 bonds and multiples thereof. The fall of silver is attributed to the serious position of Far Eastern trade, Chinese exports being almost at a standstill. The attempt to place rupee exchange officially at 10 rupees to the £ is seen to be a failure. Prices of eastern products are seriously affected.

Foreign trade figures for May and April follow:

	May, 1920	May, 1919	April, 1920
Imports .....	£166,378,000	£135,657,051	£167,154,309
British Exports .....	119,319,000	64,344,542	106,251,692
Re-exports .....	20,260,000	11,495,442	20,407,419
Total exports .....	£139,579,000	£75,839,984	£126,659,111
Excess of imports...	£26,799,000	£59,817,067	£40,495,118

Woolen exports were 18,363,000 yards in May against 17,579,000 in April and 10,468,000 a year ago. Comment has been confined chiefly to "Britain's increasing exporting power." That it shows her increasing buying power has been ignored. The sentiment for "anti-dumping" laws is strong, however, and if it has its way it will do much to check this growing trade, while the fact that the sentiment is equally strong in America may yet bring about the "trade war" which has been predicted.

News that England is "changing hands" through the sales of ancestral estates is accompanied by a report that the Bank of England is to be rebuilt, a modern structure to take its place. The bank gained £2,247,905 in gold during the week, bringing holdings up to £116,706,689. Circulation increased £561,000 and the ratio of reserve to liabilities crept up to 13.30 per cent against 12.85 the previous week and 17.17 a year ago. London bank clearings were £749,802,000 against £803,737,000 the previous week and £421,014,000 a year ago. Minimum discount rate continues at 7 per cent.

**France.** One result of the German elections has been to open the eyes of the French to the fact that the Ebert government comprised the element from which France has most to gain, the only element that has shown any desire to carry out the terms of the treaty, and that this element has been weakened. It is likely that this discovery will profoundly affect the French determination to collect as large an indemnity from Germany as possible. Her huge war debt, her tremendous trade debt and the budget deficit for reconstruction purposes make her position peculiarly

difficult, but the complete overturn of the moderates of Germany holds no hope of profit to France. The simultaneous resignation of four European cabinets—Italian, Polish, Hungarian and Austrian—also causes grave concern among French statesmen. It is reported that the government, acting in the name of French holders of Russian bonds, is to ask the British government to sequester all Russian gold which has been or may be shipped by the Soviets to London, and that the Swedish government has taken a favorable attitude to this demand. It is unlikely that the Soviets will ship any gold if the British government agrees to this. Professor Gide of the University of Paris suggests that the French debt to the United States be liquidated by turning over to us certain of her colonial possessions, which has aroused serious discussion. He believes Algeria, Morocco and Tunis, properly developed, will afford France all supplies she needs.

French revenues continue to run beyond estimates, but those for May, f 857,000,000, constitute a smaller increase than heretofore because of strikes and import restrictions. The numerous complaints against these restrictions both at home and abroad may result in modifying them materially. A decline in prices of necessities is noted by French newspapers throughout the country.

The government has made an agreement with Rumania whereby the latter is to supply 800,000 barrels of oil annually, according to a *Sun-Herald* cable. With her share in British oil enterprises in Russian and Mesopotamian fields, France may be quite independent of us for petroleum. The French government is reported to have blocked any action on the part of the League of Nations to respond to Persia's appeal for help against the Bolsheviks, viewing this as an attempt on the part of Britain to "use" the League. An alliance with Belgium for joint defense against Germany has been concluded.

The Bank of France report presents no unusual features save that the contraction of circulation that has been a feature for some weeks is interrupted, but the expansion is small—only f 16,077,000. The total outstanding, f 37,672,755,806, compares with f 34,448,513,270 a year ago and f 28,232,072,750 in 1918, and is in agreeable contrast with the tremendous increase in Germany's circulation since the armistice.

**Germany.** The result of the elections proves that the Allies have not nursed liberalism in Germany as wisely as was possible since the armistice. Contemptuously disregarding the ideals of the "schoolmaster," too much attention has been given to indemnities and reparations and not enough to laying broad and deep the foundations of future peace. It is a political jig-saw puzzle which President Ebert has now to solve in the formation of a new government, and grave doubts exist as to whether the parts thereof will fit. His office assumes an enlarged importance. Though the reactionary and extreme "radical" elements have both gained strength at the expense of the moderates, no party has the power to take the government in hand and a workable coalition must be found, a difficult thing to do amid a chaos of party hatreds. Dr. Rudolph Heinze, chairman of the People's party (the old National Liberals), was asked by President Ebert to form a new cabinet, but renounced the task after meeting with opposition by the Majority Socialists. Hugo Stinnes, newspaper king, who recently purchased the *Deutsche Allgemeine Zeitung*, and multimillionaire owner of iron and coal mines, steel works, ships, paper factories and hotels, looms up as leader of the National Liberals, but probably is too canny to undertake responsibility for a middle class government at the present time with the working class in opposition.

The German press teems with statements that in the territory, mines, ships, etc., thus far surrendered Germany's indemnity has already been paid, and the

new government, if one is formed, will have hard sledding to counteract the impression thus created. The redoubtable Count von Reventlow sees the Allies provoking Germany to civil war, and Philip Scheidemann predicts one. New elections at an early date seem to be the best possible outlook in the present confused state of affairs.

Breslau and Berlin papers publish details of an alleged Polish plot to precipitate clashes with Germans in Silesia in order to find excuse for seizing the disputed territory before the Inter-Allied Plebiscite Commission could intervene. On the same day with this news (June 10) comes a Berlin dispatch that the Plebiscite Commission has surrendered its mandate to the Supreme Council because of the impossibility of taking a plebiscite in Eastern Silesia.

The "price crisis" predicted by economists for the world in general appears to have struck Germany. Prices have gone so high as to kill effective demand, yet cannot fall without carrying widespread ruin with them. The jig-dance of the mark in foreign exchange makes foreign trade hazardous. Newspapers publish fabulous stories of investments in Germany by Americans, which are estimated by Dr. Weidels, Director of the Berlin Chamber of Commerce, at 50,000,000,000 marks. Germany has begun importation of iron ore.

Resumption of South American trade this month is announced. German experts surveying Eastern Europe report an immense surplus of grain in Ukraine from the harvests of the last three years amounting to at least 10,000,000 tons ready for exportation and that the country is in position to export annually from 300,000 to 600,000 tons of refined sugar, 1,000,000 litres of distilled alcohol, as well as immense quantities of manganese, coal, coke, lumber, salt, etc. The Krupp works have been tied up by a sudden strike.

The Imperial Bank shows an increase of 631,305,000 marks in deposits, 1,463,480,000 in bills discounted, 32,000 in gold and 889,255,000 in note circulation. This last item has now reached the stupendous total of 50,016,900,000 marks, a remarkable contrast with the 28,244,920,000 and 12,002,268,000 marks one and two years ago. The *Kreutz Zeitung* states that 4,500,000 marks of uncovered paper were turned out on the government printing presses in May and that since June 1 the staff of the works has been increased.

**Italy.** The strong conflicting forces in Italian politics have again encompassed the downfall of Premier Nitti, from whose policies so much good was expected. Giovanni Giolitti, former premier, who opposed Italy's entrance into the war, has been named to form a new Cabinet. It is said he will form a coalition government, and also that all "pro-war" elements will be excluded. Fears of an alliance with Germany which would disrupt the Allied program are expressed.

The British *Board of Trade Journal* states that during this year there has been a revival of several publications in Italy, printed in Italian, but inspired from Germany. Other periodicals of this description, it states, are appearing in English, French and Spanish.

Italy has received assurances from Premier Lloyd George that she will receive the same treatment as France in settlement of her debt to Great Britain. Washington dispatches of the 10th stated that a complete censorship has been established in Italy.

How the new government will deal with the Adriatic question is not known. Fierce rioting against the sending of troops to Albania has occurred in Trieste, bombs being thrown.

Italy's chemical industries have been greatly increased as the result of the war. This trade was formerly monopolized by the Germans.

**Russia.** Further dispatches that the Soviet Government has fallen come from Russia via Tokio, the latest on the 10th, stating that Trotsky had been killed and Lenin was a fugitive. They recall reports several weeks ago that General Brusiloff was in supreme power. London continues to receive daily Bolshevik communiques from Moscow, however, and on the 13th received word that the Bolsheviki had reoccupied Kiev, which the Poles had wrecked before they retreated. Warsaw dispatches confirmed their evacuation of Kiev.

Most reports of the Russo-Polish war emanate from Warsaw. Dispatches of the 9th had the Soviet armies facing destruction, two divisions being wiped out between Dvina and the Beresina rivers. Moscow admitted, via London, defeats in the north, but claimed to have broken the Polish line in the south. Most reports have been favorable to the Polish armies, and Sunday dispatches had anti-Bolshevist armies advancing northward from the Crimea. Poland is said to be anxious to conclude peace while her fortunes are in the ascendent and a peace message to the Soviet government is considered probable.

A French officer just returned to Paris from the Polish front reports a change in the Russian morale that suggests the presence of German staff work, but whether this means Bolshevik weakness or reorganization he is uncertain.

French Foreign Office reports show the Bolsheviki advancing in Persia with Teheran facing capture. The Soviet government, according to Moscow dispatches, has received cordially the advances of the Turkish Nationalists under Mustapha Kemal and offered to mediate on Persian and Armenian frontiers. London has heard with concern of a full blown revolution in the Caspian region of Persia where the Bolshevists are in control, and of an alliance between them and Mustapha Kemal to resist putting the Turkish treaty into effect, and it was intimated on the 11th that the Supreme Council, which meets soon, may offer Russia a place in the League of Nations as a means of settling the whole war, the end of which otherwise is so obscure.

Ben Turner and Tom Shaw, British labor leaders just returned from Russia, paint a dark picture of hunger, disorder, dejection of the people and lack of liberty. The New York *Evening Post* publishes a translation of an article in the *Zhizn* of Petrograd, "Why is Petrograd Dying," in which the miserable condition of the city is described and surprise expressed that the Entente nations can look on, maintain their blockade and make no move of relief.

Fridtjof Nansen, Arctic explorer, now directing repatriation work, says half a million soldiers, most of them in Russia and Siberia—Germans, Austrians, Hungarians, Poles, Czechs and Jugoslavs—are still trying to work their way to their homes.

Raw materials valued at \$70,000,000 are said in Omsk reports to be concentrating in the Obi and Yenesei basins for export with the opening of navigation.

**Austria.** Vienna, the "gayest capital in Europe," despite a certain gaiety that still persists, is in the grip of slow famine, despite all measures taken for its alleviation. The museums, theatres and cabarets are open, but as one keeps his eyes open, says Paul Scott Mowrer in the New York *Globe*, it is seen that the automobiles and their occupants and the wealth displayed are foreign. Tuberculosis, rickets and softening of the bones, all evidences of malnutrition, are sapping the city's life, and an examination of school children has shown 90 per cent of them affected. The death rate is double the birth rate.

Violent food riots occurred on the 7th in Vienna and Gratz, fourteen being killed and 53 hurt in the latter city. At the same time an anti-Jewish riot occurred in Vienna, two Americans being hurt.

The Austrian Cabinet headed by Chancellor Ren-

ner has resigned office after a dispute over army discipline.

Credits for relief and reconstruction in Austria and other central European countries have been announced by the International Commission for Relief Credits at Paris as having been arranged by Great Britain (£10,000,000), Denmark, Norway and Sweden (total 39,000,000 crowns), Holland (12,500,000 florins), and Switzerland (f. 15,000,00).

**Hungary.** The Hungarian Cabinet, reported as having resigned on the 9th because of its inability to cope with the situation created by the "Society of Awakening Hungarians" known as the "White Terror," appears to have reconsidered the matter after conferring with Regent Horthy. There is a strong belief that its resignation is bound to come and that Count Apponyi will soon form a new government.

*Vorwaerts* (Berlin) publishes an order of the German Federation of Labor declaring a general boycott against Hungary effective June 20, stopping all transportation to and from the country, because of alleged atrocities committed by the "White Terror," of which details are given. Dutch unions had already taken similar action, as reported last week.

**Czechoslovakia.** The government, having seized a trainload of munitions in transit from Italy to Poland, would like to yield to Poland's demand for its release, but is threatened with a general strike if it does so. Poland has retaliated with an embargo on petroleum shipments to Czechoslovakia.

Warsaw dispatches state that the two governments have decided to abandon the proposed Teschen plebiscite and leave the award of the district to arbitration.

The new Czech tariff law is an exact translation of the old Austro-Hungarian tariff, according to *Commerce Reports*, differing only as to rates, which in some cases are 200 per cent higher. The Bureau of Foreign and Domestic Commerce is in position to give detailed information as to rates.

**Poland's** military affairs are discussed in the paragraph on Russia. Prague dispatches of the 11th state that Poland and Czechoslovakia have concluded an agreement by which the former gets Teschen and Karwin and in turn recognizes the autonomy of Upper Silesia. This, if true, takes the ground from under Foreign Minister Patek, who had just arrived in Paris to effect a settlement of the Teschen dispute. In view of dispatches of the 10th that the Polish Cabinet had resigned because of opposition to its policy of a buffer state between Poland and Russia the story may be taken with salt. Ignace Paderewski has returned to Warsaw, where his arrival has aroused some political speculation.

**Holland.** Rotterdam has become practically a free port by a new bonded warehouse law just passed. Dutch shipping has made a remarkable recovery since the removal of war restrictions, but a dangerous rival to Rotterdam is seen in Antwerp.

The high cost of coal in her industrial life has moved Holland to the construction of a network of high tension power transmission lines covering the whole country, the cost of which is estimated at 125,000,000 florins.

A 24-hour strike was proclaimed in Rotterdam, The Hague, Amsterdam and other towns, last week, as a protest against the anti-revolutionary law introduced in the Parliament.

**The Balkans.** War between Italy and Albania appears to have broken out, several interior towns held by the Italians having been captured by Albanian troops, while Avlona, strongly attacked, has been held with difficulty. Dispatch of troops by Italy is blocked by strikes of sailors and railroad men. The Albanians seem practically united, expressing their gratitude to

America for having prevented the division of their country between Italy and Greece. The French have evacuated the Province of Koritza.

Jugoslavia still holds herself well in check, but the people are fretful over the continued dispute which closes Fiume to their trade.

Rumania has clamped on a censorship and it is reported that she meditates joining Poland in her war against the Soviets. She is making drastic restrictions on importation of anything resembling luxuries in her efforts to restore exchange rates. If she would keep out of this war and turn her attention to developing her new resources in Transylvania she would do well by herself and the world. She is floating an internal loan for the purpose of withdrawing from circulation the Austrian and Russian notes circulating in her new territory.

**The Levant.** The British have closed the eastern arm of the Sea of Marmora to navigation because of the activity of Turkish Nationalists. Shammar tribesmen attacked Telfar, near Mosul, killing two British officers, all the government officials and a number of the townspeople. Reports of a Persian revolt and alliance with Turkish Nationalists and Russian Bolsheviks to resist putting the Turkish treaty into effect have alarmed London. The disordered political situation in Syria has brought about a serious financial crisis at Beirut, with business houses on the verge of bankruptcy and the banks in a precarious situation. A Smyrna dispatch of June 5 draws a dreadful picture of Armenia, unarmed, facing Turkish threats of extermination unless Great Britain acts quickly.

Palestine looks forward to a grain harvest well above the average. Good yields of beans, lentils, etc., are also expected. Cotton growers of Palestine, who obtained encouraging results last summer, have been faced with the absence of local ginning facilities, and the prohibition of all cotton imports into Egypt, according to the *British Board of Trade Journal*. The British Cotton Growing Association have consequently been requested to supply at cost price hand gins suitable for experimental areas, or alternatively to accept and gin seed cotton at Liverpool for disposal to the best advantage.

The British government promises the maintenance of complete religious liberty in Palestine, with places sacred to the great religions remaining in control of the adherents of those religions.

**Elsewhere in Europe.** Madrid advices of the 10th intimate that Spain is contemplating reprisals against France on account of trade obstacles erected by the latter against Spanish products. A bill to expand the navy by constructing a second squadron is in preparation. The question of taxing monasteries and convents has been the subject of a long conference between the political and ecclesiastical authorities. Another bread crisis may be precipitated by the refusal of the bakers to produce bread at the present price, declaring it impossible on account of the cost of flour.

The Danish ship strike on the part of sailors and stokers has been called off, an agreement having been reached which is said to be a virtual victory for the employers.

Two Finnish cruisers are lying at the Aland Islands, and the Finnish Socialists are vigorously assailing this policy as political insanity and likely to lead to war with Sweden.

The Belgian diamond market is weak, demand for cut stones having fallen off and prices declined.

**Mexico.** The inquiry into Carranza's death has brought no definite results. Natives of Tlaxcalantongo say no real defense of the President was made, General Murguia testified that his defense would have been a "useless sacrifice," and Rodolpho Herrera insists that Carranza shot himself after being wounded. General Herrera has been in conference with General

Calles, the new Minister of War. The trial of General Murguía for authorizing pillage, ordering executions and otherwise abusing authority has been ordered.

A revolt against the Provisional Government was reported in the northern district of Lower California on the 8th, Governor Almada calling for 5,000 troops to quell the uprising. Armando Deschamps, former Governor of Vera Cruz, has arrived in Spain, where he says he will reside in future. He declares that if Mexico had no oil the stability of the country would be greater.

General Alvarado has resigned as Provisional Minister of Finance and rumor places him in several other places, one of them sending him to England on a special mission. President de la Huerta has signed a decree ordering the restoration of all properties, mines and ranch lands confiscated by the several governments since 1910. There would seem to be trouble in enforcing this decree in the case of estates cut up and apportioned among the people, who have in many cases stocked and improved them. Steps for the suppression of all "Bolshevist" propaganda have been taken. An informal commission is coming to this country to discuss relations between the two countries. The bubonic plague at Vera Cruz is said to be checked. Count von Montgelas, new German Minister to Mexico, arrived in New York last week on his way to his post.

Herbert Corey, writing from Mexico City for the New York *Globe*, says the country is ready for two years of peace, the revolutionists being ready to settle down if the grafting generals will but permit.

A cablegram from Consul Dyer at Nogales, Sonora, says that the consulate certified invoices on June 1 for 2,711,377 pounds of sugar valued at \$590,933 for shipment to the United States, and that the warehouses are reported full of sugar.

**Central America.** Owing to the presence of bubonic plague in Salvador, neighboring countries are preparing to quarantine against its spread.

**South America.** President Irigoyen of Argentina has a little trouble with his Congress once in a while, just as does our own President. He proposed a bill to tax exports of wheat and wheat products in order to protect domestic consumers against high prices. Congress demurred. Immediately he placed an absolute embargo on all wheat exports, effective until the bill was passed. The local wheat market broke; prices dropped sharply. A dispatch of June 12 announced that Congress had passed the bill.

In order to relieve the sugar shortage the Argentine Government has permitted the export of 14,000 tons of sugar to the United States, waiving export regulations in this case. Chili will receive 8,000 tons under a similar agreement. It is understood that an additional 50,000 tons will be exported to the United States very shortly.

Although Great Britain does not enjoy a superabundance of coal, it was announced by the Board of Trade of London that there is no intention of decreasing South America's monthly supply of British coal, which, it is estimated, is 80,000 tons. This amount, however, is about the maximum that can be supplied.

A new cable to South America is expected to be in operation by September, the Western Union Telegraph Co. has announced. The new cable will extend from Miami, Fla., to the Barbadoes and thence 1,500 miles to Maranhão, on the Brazilian coast, where it will connect with coastwise cables to Buenos Aires. This cable will have a capacity of 50,000 to 60,000 words daily. A message will be sent from New York to Buenos Aires in from 15 to 20 minutes.

Peru has apparently decided in favor of an amicable instead of an armed settlement of the dispute with Ecuador over the question of national boundaries. The new Peruvian minister to Ecuador has been instructed to seek a friendly agreement. This is apparently a

new attitude on the part of Peru and may have a bearing on her dispute with Chili and Bolivia.

The Bank of South America at Quito, Ecuador, has been compelled to close its doors as a consequence of a panic among its depositors. A short time ago the bank applied to the Banking Commissioner for permission to issue treasury bills. That official found that the institution had an insufficient gold reserve and said so. A heavy "run" on it then ensued.

The activities of the Chilean Nitrate Association will be continued for another year (until June 30, 1921), according to a recent statement. It will offer for shipment 100,000 tons of nitrate monthly.

The Porto Rico Sugar Growers' Association has vehemently denied the charge made by P. J. Brady of the A. F. of L. that the sugar growers treated their employes unfairly in respect to wages and hours of labor. The sugar workers, says the association, work but eight hours and are paid \$2.50 to \$3 per day and in addition receive 10 to 15 per cent of their annual wage as a bonus.

**New Zealand's** 1919-20 wheat crop will be 4,100,000 bushels against 6,700,000 last year, according to official estimates. Oats will yield 5,575,000 bushels against 6,885,000 last year.

**Australia.** The meaningless character of Australia's recent removal of restrictions on imports, coincident with putting into effect her new protective tariff, is being generally recognized, and the American Manufacturers' Export Association has forwarded protests against preferential rates to the State Department. The amount of gold coin which travelers can take to the Orient has been reduced to £15 and to other countries £25.

Enginememen in Melbourne electric power stations controlling the lighting and cooking of 200,000 families have struck. Many factories are idle. Cold storage enginememen are also idle, leaving thousands of carcasses to spoil. A serious labor upheaval is feared.

**East Indies.** Java's sugar crops available for this year, which was harvested last November, is being sold at \$14 a picul (135 pounds). It totals 1,335,763 tons.

**Japan.** The general situation remains practically unchanged, although there is some improvement. Some commodity prices have apparently reached the bottom and are recovering. The price of silk has recovered slightly, being quoted around 1500 yen per bale. Japan has passed through a period of very drastic liquidation; an investigation by the Bank of Japan reveals that, during May, out of a total of 56 standard commodities, 43 declined in price, 9 remained stationary, and only 4 registered an advance, as compared with April. Japanese bankers are protecting borrowers who obtained loans on securities prior to the slump by arranging to carry them temporarily despite impaired margins. Loans were made on an approximate basis of 60 per cent of the prior-slump market value and the securities have declined in some cases 50 per cent. Large numbers of employes have been dismissed by the Manchuria Railroad, Muroran Iron Works, Afana Dock Yards and other representative firms, causing some uneasiness to be felt regarding the possibilities of more general unemployment.

During May, Japan continued to pile up its heavy adverse trade balance, importing over 50 per cent more goods than were exported.

The figures are: Exports, yen 191,583,000; imports, 293,846,000. Japan's surplus of imports over exports for the first five months of 1920 amounts to yen 440,223,000. The interesting part of it is that the Japanese, having realized the problem confronting them, have been making valiant efforts to reduce imports, and succeeded in reducing them in April and also in May. But, by reason of the con-

fused economic situation, exports have decreased 20 per cent for every 10 per cent decrease in imports.

Frank A. Vanderlip, who has recently returned from Japan, has apparently brought back with him much interesting information. He states that a strained situation has been created between this country and Nippon by reason of mutual misunderstandings, which have been fostered by the ignorance, indifference and ineptitude of our State Department. Since Mr. Vanderlip's return an unconfirmed rumor has been heard that American bankers were about to be approached on the subject of arranging a loan to Japan.

*Commerce Reports* states that 151 ships of more than 1,000 tons are to be built in Japan during 1920. Total tonnage to be constructed is estimated at 717,030 tons gross, an increase of 14,000 tons over the 1919 figures.

Japan's population now totals 58,087,277, an increase of 3,000,000 since December 31, 1913, which gives an average of 390 per square mile.

Newspapers are filled with cartoons showing the plight of the nation's soldiers left in Siberia to patrol the desolate land, while the soldiers of other nations depart gaily for home. A brief dispatch announcing the murder by the Bolsheviki of the entire Japanese population of several hundred men, women and children of Nikolaevsk, Siberia, indicates why the Japanese must remain in Siberia.

**China.** It has been announced that the peace conference at Shanghai between delegates from the South China government and the six provinces which seceded from it more than nine months ago has at last reached an understanding. What the terms of the agreement are is not yet announced.

Dr. Sun Yat Sen, first president of the Chinese Republic, and Wu Ting Fang, former ambassador to the United States, led the secession.

The proposal to abolish China's military governors has again been made, and it is said that it is being considered at Peking. It is thought that modern China is "not yet old enough, big enough or powerful enough" to do away with these "Tuchuns," as they are called, if the Tuchuns don't want to be done away with.

**Siberia.** A rush for gold, like unto our own '49 days, is said to be waiting only upon the recogni-

tion of the Bolsheviki by the outside world. Numerous rich deposits have been located and staked out by individual prospectors in Siberia and in the event of favorable political developments there placer mining may be undertaken on a large scale.

Strikes have been made near small Siberian villages distant 6,000 miles from Moscow and 2,500 miles from Vladivostock. It is said that nothing can be done without the aid of the native villagers, who, governing themselves under a modified communistic standard, will permit no mining until the soviets are recognized.

**India.** Various unconfirmed reports were current during the week of financial troubles in India, which caused some apprehension. No doubt these rumors arose from the unsettlement in the London silver market, which was reflected in the New York quotations. India has been selling silver instead of buying it; as her trade balance as a whole is now adverse it is no longer necessary to import the metal. Late reports deny that there has been any financial trouble.

A cable from the consulate general at Calcutta to the Bureau of Foreign and Domestic Commerce says that the new jute crop forecast is promising. The acreage increase over last year is 13 per cent. The estimated yield is a 20 per cent increase over 1919, being about 8,000,000 bales. It is impossible to predict prices for the coming season, the prices now, however, being 4 per cent less than last year. The present supply is 700,005 bales.

A list of the importers of and dealers in agricultural machinery in India may be obtained by those interested in the export of such by applying to the Far Eastern Div. Bureau of Foreign and Domestic Com., Washington, D. C., for file No. FE-21004.

**South Africa.** Perry J. Stevenson is on his way to Johannesburg to act as the first American trade commissioner to South Africa. Our trade with the Union has been increasing steadily, and possibilities are large, for feeling toward America is very friendly and since the beginning of the war the industrial development of the country has stepped apace. The demand for machinery and equipment is large, and American motor cars are much in favor.

## LIBERTY BONDS AND THE FEDERAL RESERVE BANKS

*From the Richmond, Va., "Times-Despatch"*

Liberty and Victory bonds still are the "soundest investment on earth." Let no one question that, but who is reaping the profits? Not the tens of thousands of confiding men and women and children of limited means who took the government at its word and exhausted their savings and then borrowed more from lenient and obliging banks that they might help their warring nation. No, it is the men of wealth, to whom a few thousands or even hundreds of thousands of dollars make little difference, and the great corporations which are picking up these bonds, forced from the hands of the original holders, for a comparative song, and can afford to hold them until the market rises or until maturity, that are reaping the rich rewards.

Under the specious guise of checking inflation, the Federal Reserve Board has raised the bars against commercial paper secured by Liberty and Victory bonds, and the banks have been compelled to deny accommodations to customers. Again the discount rate has been raised and a new flood of bonds may have to be sacrificed by holders who have their daily expenses to meet, and they, too, will be gobbled up by rich investors.

A checking of inflation is wise and necessary, but the government, if it would not lie longer under the charge of betraying the public trust, must find where to draw the line between checking speculation and robbing the holders of the bonds who may find it imperative to have money for legitimate purposes. The Federal Reserve banks, instead of arbitrarily raising the bars, in large measure could well leave the matter of loans secured by Liberty bonds to the member banks,

with the admonition that a proper discretion be observed. The modern banker knows his customers, he knows local conditions and in ninety-nine cases out of 100 he could be depended on to guide funds loaned by his bank into legitimate, constructive channels. In the meantime, the government's failure to control the market is destroying confidence, and impeding progress. It is making the rich richer and the poor poorer.

*From the "Sun and New York Herald"*

If the Federal Reserve authority is determined to go on with its damage to Liberty Loan prices, the Federal Reserve boot can kick Liberty bonds all the way down the market steps to the cellar. It can separate from their bonds for good and all the vast majority of the small subscribers who had to buy them on credit. It can leave them with not a color of a bond or anything else to show for their patriotic subscriptions but a heavy cash loss.

But if the Federal Reserve authority modifies its policy in so far as it concerns such Liberty bond subscribers there will be no need of Congress investigation to learn what has been slaughtering Liberty bond prices and stripping thousands of Liberty bond subscribers of their holdings. There will be no need of Congress action to bolster up the scandalously weak Liberty Loan bond market. Then those subscribers that have survived the Federal Reserve drive will go on paying up for their bonds—or what they have left. The bargain hunters will quit snatching them away at bottom prices from the subscribers who bought them at par. The Liberty Loan bond market will reflect the credit and power and wealth of the nation, instead of resembling a whirlpool of wildcat mining stocks.

## INFLATION, DEFLATION, DESOLATION AND DISTRESS!

or a Permanent National 35% Reduction Movement in the price of Merchandise

Ye have lived delicately on the earth and taken your pleasure;  
ye have nourished your hearts in a day of slaughter.—James 5:5

By H. B. Hoffman of New York, President of the Victoria Undergarment Co.

*Under the above caption, including the Scriptural quotation, and over Mr. Hoffman's signature, the following is published as an advertisement in the New York "Times." We reprint it as reading matter, without compensation, because we believe that the policy advocated is sound and the arguments urged in favor of its adoption are entitled to serious consideration.—*  
T. H. P.

I am not going to be didactic. I have no right to criticize my fellowman, because I am not one whit better than the average man.

I am a business man who, like all business men, responds to market conditions. But the country has gone into a rut, and it rests with us business men to restore it to its normal pursuits. This can only be done by a reduction of 35 per cent in the price of all merchandise.

Everywhere factories are closing; workers are thrown out of work; merchants are running forced sales—sporadic sales to move merchandise—but no one, in fact not one man of responsibility, would dare predict that the period of inflation is permanently over.

Has the lure of big profits captivated us all? Is it impossible for us to realize that normal profits carries along with it its own satisfaction? Are we still dreaming of big profits after the period of stagnation?

Can we not solve the most debatable problem of the high cost of living in a matter of fact way, without threats, re-primations, gaseous vaporings, and political demagoguery?

The solution is possible if we can consider the problem as a collective one, for which no one in particular is to blame, but whose disastrous results all of us had a finger in.

This is the way to approach the problem (which, by the way, is the greatest menace to American civilization), in a decent sportsmanlike manner, and I have no doubt of its successful solution.

Laws cannot legislate GOOD-WILL into us, and this problem can only be solved by a generous application of GOOD-WILL.

Let us analyze the situation carefully.

Commerce as we now practice it is pursued because of its monetary rewards.

The law of supply and demand determines the value of any given product. And since the World War mercilessly destroyed the world's best producers, and the world's aggregate wealth, we are short of production and long on huge war debts.

Thus we have a small supply and a big demand for the goods of the world, so that an active competition for the merchandise brings prices up and encourages speculation. The war debts add an additional burden to the already harassed buyer.

We had, therefore, a sellers' market, a period of great and disastrous inflation and speculation.

But the bubble burst, even though we refuse to admit it. The public stopped buying. It is important for our line of argument to know when the public stopped buying. Buying stopped last October; others admit that the public stopped buying in March. October is more like it.

What significance has this for us merchants and bread-winners?

Only this! That while the great mass of people were at work earning their usual wage or salary, prices for commodities had reached such stupendous heights that wage or salary hardly sufficed to buy back all the articles manufac-

ured. In fact, the average family had just enough to pay the grocer and the landlord—but had very little left for the merchant.

With no buying, or little buying, any kind of production meant overproduction. So manufacturers with limited bank resources were compelled to shut their factories, just when they were beginning to get a gait on and reaching out for production. Washingtonian statesmen en masse screeching for more production all at once veered around and began to decry high prices and inflation. And here is the rub!

Now that countless workers all over the country are out of work, how can they resume buying? THEY COULD NOT BUY WHEN THEY WERE WORKING; THEY CERTAINLY CAN ONLY BUY LESS WHEN THEY ARE OUT OF WORK! So why fool ourselves? Are we to be led astray by the beautiful mirage of a bursted dream? Should we not all face the facts as they are and admit that prices should really come down?

Why hold sporadic sales and admit the possibility of reinstating prohibitive prices?

Last year we did a splendid business. Hence we must presume that last year prices were within reach of the masses. Since last year there has been a 35 per cent advance in cotton goods and its finished product. Very well; we must begin somewhere, some time, to turn the wheels of industry; to re-employ the countless workers out of work; to refill the consumers' pockets.

Let all manufacturers who still have goods bought at low prices forget their market value and figure them at cost, plus a modest overhead, and I am sure that they will be in a position to de-value their merchandise 35 per cent. If legislation would follow along this line of argument speculation will have seen its last day.

Let the mills figure likewise; let the retailer figure likewise. And let us for one year suspend speculation, over-valuation or inflation, and then we might learn that it is not necessary to declare 300 per cent, 200 per cent or 100 per cent dividends, as some of our mills are now doing; that it can be possible to resume business on a pre-war basis, plus the increased overhead—which volume of sales might help to reduce.

For Heaven's sake, let us bring prices down permanently and keep them down before we are all overwhelmed by the huge discontent of the masses.

To start the ball rolling the Victoria Undergarment Company, Inc., manufacturers of ladies' muslin underwear, will dedicate itself to the above policy.

I shall be pleased to hear from all other manufacturers, converters or retailers, who would likewise undertake to make a similar pledge. I might further say that an organization can be founded whose members shall be pledged to convert, manufacture and retail on a 35 per cent reduction from present prices.

Good-will can solve everything. Let us display it in good time before disaster overtakes us all. Hungry mouths and high prices are a menace to society.

## MEXICO UNDER OBREGON

By Jack Danciger

Former Mexican Consul at Kansas City, Mo.

Pan-Latinism, as opposed to Pan-Americanism, received its death blow with the fall of Venustiano Carranza, who lacked but a few months of completing his six year term as President of Mexico. With the rout of the Pan-Latin formula as a panacea for Latin-American ills a new era is ushered in for American business, the importance of which should not be overlooked.

For nearly ten years Mexico has labored under the delusion that she needed neither the co-operation of her own talented and commercially fit exiled citizens, nor foreign capital, immigration or assistance. To

such a foreign policy must be attributed the downfall of her government and the conditions existing in the country today.

Her ill advised experiment has been a costly one, and that she sees her mistakes is amply evidenced by the assurances given not only by Alvaro Obregon, "The Man of the Hour" and probably next president, but by all of the leaders of the new regime, who are loud in their condemnation of the old foreign policy and profuse in assurances of protection of life and property of Americans in Mexico in the future.

Whether they embrace the Constitution of 1857 is



of little import if, as indicated, they nullify and extract the fangs of article 27 of the Constitution of 1917, bringing petroleum under the classification of other minerals as property of the state rather than of the owner of the surface, which has kept their country in constant turmoil.

In my opinion the things which contributed directly to the fall of Venustiano Carranza are:

1. Pro-Germanism.
2. Anti-American Foreign Policies.
3. Article 27 of the New Constitution.
4. Killing of Felipe Angeles.
5. Partisan, flagrant and illegal support of Presidential Candidate Ygnacio Bonillas.
6. The Fall Committee Reports.

Present economic conditions in Mexico leave much to be desired. To a large extent, fields have been abandoned and all lines of industry are partially paralyzed, due to the feeling of insecurity brought on by the Carranza regime, and numerous decrees, together with the impossible new Mexican Constitution of 1917. But the country is now emerging from the lethargy of the past few years. That Mexico is now on the threshold of permanent peace and prosperity such as she enjoyed during the days of President Diaz there seems little doubt, and as a result, the interventionist finds himself without supporters among men familiar with the outlook.

Until the stern hand of the law of the Obregon Government reaches out into the sparsely settled communities, as it surely will, Americans who go there should for the present remain in the larger towns where they will be safe, but they should remain long enough to get into the vernacular of the country. Most Americans who have resided there as long as one year have a great desire to return to Mexico, and usually do.

The fact that only 16,000 square kilometers have been explored of Mexico's 600,000 square kilometers of territory said to be underlaid with mineral oils, is ample evidence that there is room for the American pioneer who acts quickly.

Mexico is a vast country encompassing 767,005 square miles, and owing to its geographical situation and immense natural wealth is unquestionably destined to occupy a prominent place among the producing countries of the world in the near future.

Here are virgin forests of mahogany, ebony and innumerable other valuable woods and fibres, fertile areas producing oranges, sugar, rice, wheat, cotton, coffee, tobacco, rubber, textile fibres, tinctoria plants and cereals. Its mines are rich in gold, silver, copper, zinc, iron, lead, tin, graphite, mica, manganese, cinnabar tungsten, vanadium, platinum, rock salt, antimony, radium, and other metals, many of which are

found in a pure state in some sections. There is also to be found marble, gypsum and precious stones. Mexico's subsoil holds the greatest deposits of petroleum the world has ever known, as well as coal, sulphur, chemicals and mineral waters. Its deposits of guano are almost inexhaustible.

The Petroleum Department of Mexico estimates that American capital invested in the oil industry exceeds \$300,000,000 as against \$80,000,000 invested by the English.

Most American writers who visit Mexico cannot speak the Spanish language. They seldom get the proper perspective or viewpoint and unconsciously assume the role of critic for which they are unqualified. Ninety per cent of the Mexicans are good simple minded people who want nothing but peace and an opportunity to work and enjoy life and are not in sympathy with revolutions as is popularly supposed. I speak Spanish, I like Mexico and the Mexican people, and am not only pleased but proud to have this fact known.

At this time Americans are principally interested in the exploitation of Mexico's petroleum and mineral resources, transportation and colonization projects, as well as the important fiber and hardwood industries. Owing to the many years of revolution, her vast herds of cattle, sheep and goats have been depleted, and it will require many years to replenish the stock of their pasture.

American bankers will find in Mexico a most fertile field and already Americans are establishing banks at Mexico City and Tampico. As soon as the new government is firmly established and ample guarantees given as to a sound foreign policy with regard to protection of the lives of foreigners and of their property rights, Mexico will secure a much sought loan, without which she cannot hope to refinance her country within a generation.

To most Americans, Mexico typifies the "crazy bone" on which they are sure to get a bump. Their timidity with regard to the impossibility of securing good titles is ridiculous almost to the point of becoming amusing to anyone familiar with real conditions in the Mexican Republic. It is true that many Americans who go into Mexico need a guardian, but if they will consult a reputable attorney their fears regarding valid titles will be allayed.

Regardless of the timid ones, thousands of Americans are now going to that country, and they are securing oil leases, fees to much land, mines, and concessions of all sorts.

Horace Greeley once to the youth of America, "Go West, Young Man, and Grow up with the Country," but if he were living in our day, he might say, "Go to Mexico, Old Boy, and Grow up with the Mexicans."

## A MEDLEY OF LABOR VAGARIES

By Stephen Bell

President Gompers of the American Federation of Labor has issued a statement in reply to the question of Governor Allen of Kansas anent the rights of the public in struggles between capital and labor. Declaring explicitly that "the public has no rights which are superior to the toilers' right to live and to defend himself against oppression," he goes on to say in part:

Employment, as employers would have it, is something offered by them to workers; has meant the purchase of something which would result in profit; has been a means to an end. It has been an impersonal thing, and the aim has been to secure the best possible terms.

Employment, to workers, has been and is vastly different; is the means of sustaining life. Workers have labor power to contribute to society. The reward which they secure for their labor power fixes the manner in which they may live. By the day's pay is measured the meagreness or the fulness of life for them.

Employment to the employer is the basis of profits. Employment to the workers is life. These viewpoints conflict

from opposite angles. They will conflict so long as industry is conducted for profit alone. This conflict will not be ended by statute law. It can neither be argued out of existence nor legislated out of existence.

The strike is the only effective weapon by which the workers may compel consideration of just demands.

From this condition where employment is within the power of the employer to grant or withhold he sees no escape save by the resisting power of the unions. How it comes about that one man is dependent on another for the privilege of working and earning wages to support himself and his family he has never considered. He accepts the situation and organizes for war. Why he should decry socialism is not easily apparent, for this is the Socialist conception and is the reason why the Socialist would have the State take over all the means of production as well as the power of employment which the possession of these confers.

Yet Karl Marx himself saw that ownership of capi-

tal conferred no power to oppress labor, except there be what he calls "surplus labor"—that is, labor which lacks the power or the opportunity to employ itself and which the "labor market" has failed to absorb. He relates instances in the early development of British colonies where the "capitalists" vainly tried to "exploit" labor, which resolutely insisted on working for itself and refusing to be exploited. What has wrought the change, so that men able and willing to work are dependent on others for employment? Mr. Gompers does not know. He may understand unionism, but he does not understand the fundamentals of the labor question, else he would clamor for the right to work rather than strike.

We see by the papers that the International Labor Organization formed as an associate of the League of Nations is already at work trying to raise the condition of labor in the backward countries to the level of the most progressive nations. It is to be done by rule, regulation and legislation, lest the backward peoples pull the progressive ones down to their level by the force of competition. The idea that the condition of labor in the backward countries is due to paucity of production and can be remedied only by an increased efficiency in production has never entered the heads of labor leaders.

The United States Chamber of Commerce offers twelve remedies for our disordered labor relations, urging the open shop, collective bargaining, full service for full pay and prompt settlement of disputes, following these with a proposal to bar strikes on public utilities. The Railway Shopmen have served notice on the Railway Labor Board that anything less than \$2,500 a year for common labor on an 8-hour basis will not be considered just or reasonable. The management of the Erie Railroad announces its intention to disregard the ruling of Attorney General Palmer that the 8-hour day must govern all literage work done for as well as by the railways. Supreme Court Justice Fawcett, of Brooklyn, N. Y., enjoins four unions and seven steamship lines controlled by them from refusing to handle lumber for a Brooklyn concern which has a labor dispute on its hands. The Merchants' Association of New York has begun its move to clear the coastwise docks of their congestion of freight, having 100 non-union trucks in service, with no overt acts by the unions as yet in opposition. Plasterers are holding up the building of multiple-family apartments in New

York by limiting the amount of work a man shall do in a day. A Cleveland Grand Jury has reported that a general refusal of labor to do a full day's work for a full day's pay is at the bottom of the housing problem.

In the meantime farmers in the Southwest are sending out S. O. S. calls for help in gathering the harvest which is now beginning, offering \$6 and even \$7 a day "and found." Household servants are unprocurable for love or money. The United States Steel Corporation publishes an analysis of its receipts and expenditures showing the percentage going to its payroll rose from 21.47 per cent in 1902-7 to 25.06 per cent in 1914-19, while taxes rose from 3.2 per cent to 11.66, interest on bonded indebtedness sank from 4.6 per cent to 2.45 and, though dividends increased in volume, the percentage sank from 12.34 to 10.60. One group of economists seeks to kick holes in the high cost of living while devising schemes to protect us from the competition of cheap foreign goods.

The American Federation of Labor took its nerve with it to its annual convention, held in Montreal, Can., this year, for a resolution was introduced declaring for home rule for Ireland, and a row with the Canadian unions seemed imminent for a while. Against stiff opposition the color line in unions was legislated out of existence, the economic consideration that this afforded the only means of avoiding the ruinous competition of negro labor dictating this action.

The National Republican Convention at Chicago and the press were debarred from having telegraph service in the convention building because of an old dispute of the Western Union with its linemen there. Nevertheless, the Federation of Labor took its demands before that convention—the right to strike, restriction of immigration, reducing living costs and checks on profiteering. Its efforts to punish Senator Cummins of Iowa for opposing its measures in Congress have resulted in his re-nomination by increased pluralities.

The labor situation in Logan County, W. Va., where armed guards in the pay of the authorities and of the mine operators prevent public assemblage and free speech continues to disgrace the country and make the vagaries of the unions seem sane and reasonable by comparison.

And poor old Hosea complained more than 2,000 years ago: "My people are destroyed because they lack understanding."

## LIGHTS AND SHADOWS ON CURRENT EVENTS

By Richard Spillane

**Boycotts.** Is it coming to a stage where a man must make sure the house in which he rents apartments or the building in which he leases an office or store is made of union brick and union lumber and constructed by union labor, or he will be boycotted by union milkmen and union butchers or will not be patronized by members of unions?

It seems so.

There's a new structure in Seattle known as the McDermott Building. Various retail merchants have space in it. They have brought to the attention of the Associated Industries of Seattle, which is an organization somewhat like a Board of Trade or Chamber of Commerce, the fact that posters have been put up throughout the city warning all members of organized labor against patronizing any tenant of the McDermott Building, because it was built in part, it is alleged, by nonunion labor.

The Associated Industries ask for fair play. They present the statement of the tenants that they are in legitimate retail businesses; that they leased their store space from the owner on terms of five or ten years' occupancy; that they had nothing to do with the manner in which it was constructed and were not aware of any controversy regarding it. These retail merchants assert their trade is being wrecked by this

unjust and unwarranted attack. There are forty of these tenants and all of them have been put on organized labor's black list.

They allege the boycott is a veiled attack on the McDermotts and interests allied with the McDermotts, who operate the department store known as The Bon Marche. The department store employs mostly union labor and so do the stores in the McDermott Building, but it appears The Bon Marche, which formerly advertised in *The Union Record*, the organ of the labor unions, stopped advertising as a result of a recent general strike, and thereupon organized labor branded The Bon Marche as unfair and determined to boycott it and the tenants of the McDermott Building.

If this attack is successful, the Associated Industries declare, it naturally will follow that other merchants, one at a time, will be coerced into advertising in *The Union Record*.

Instead of raising \$500,000 the merchants of New York now propose a fund of \$5,000,000 to free the port of union rule, establish an independent trucking system and end the procession of strikes. Some one of a statistical bent estimates that directly and indirectly the strikes in New York in recent years have caused a loss of more than \$80,000,000. The indirect loss, he says, is far more than the direct. That is eas-

ily understandable, but it would appear difficult to reduce it to anything approaching exact figures.

In the New York instances, where labor refuses to permit merchants to transport goods to or from piers on which there are strikes, and the Seattle instance, where labor boycotts the tenants of a person who takes his advertising out of a union newspaper, organized labor assumes a dictatorship beyond anything hitherto known.

It will be remembered that recently at a conference in New York of financiers, representatives of the city government, construction men and suppliers of material, to arrive at an agreement whereby building could be resumed, the labor people insisted that the first thing done must be the destruction of buildings erected by nonunion labor or in which nonunion material had been used.

Mr. Gompers, in his reply to Governor Allen, says: "The right to strike \* \* \* is an agency of progress, a buttress of manhood, of health and vigor, a promoter of public thought and education—an instrument for good, democratic in concept and essential to freedom. Its greatest justification is found in its results."

What sort of freedom is it that denies to merchants the right to handle or transport their goods except as union labor prescribes; that boycotts business men because they happen to have quarters in structures owned by persons with whom union labor has a dispute; that tries to destroy a man because he does not advertise in a union labor publication; that restricts labor to the output of the slow or inefficient worker and punishes him if he is enterprising or energetic?

Honest labor needs nothing so much as freedom from false and destructive leadership.

**Baths and Billiards for Labor.** One of the unconsciously humorous illustrations of Labor's lack of appreciation of the kindness of an employer is given by the tale of how a great millionaire provided club-rooms with billiard tables and bathing facilities for the men of a corporation of which he was the head, and could not understand why the men did not show evidence of gratitude.

He was rather resentful when a Labor leader told him the men preferred to get in their pay envelopes the money spent on that clubhouse and, if they got it, they would put bathtubs in their homes.

Probably the Labor leader overstated the case, but it is a certainty that Labor objects to anything in the nature of paternalism. If employes are to have a clubhouse they want to feel that it is their own. They want to pay for it or pay in part for it. They do not want to feel they are being patronized by the boss.

The clubhouse project of this particular millionaire was doomed to fail, for Labor has no confidence in him. The gulf between him and Labor never can be bridged. He has no sympathy with or understanding of Labor. He is extremely arrogant and pompous.

With Labor—and he employs many thousands of men—he has a stormy time.

**What the "Shamrock" Feeds On.** If Sir Thomas Lipton does not "lift the cup" this year he will have some balm in the fact that Lipton, Ltd., has established a new record in its earnings.

There must be big profits in tea, judging from the company's reports. Here they are for the last five years:

Year	Net Profits	Year	Net Profits
1915-16.....	£124,339	1918-19.....	£401,366
1916-17.....	258,530	1919-20.....	414,692
1917-18.....	374,044		

**The Pot and the Kettle.** It makes a lot of difference whose ox is being gored. The British are short of paper, very short of it. The *Daily Telegraph*, of London, calls attention to the fact that the government of Norway is requiring makers of newsprint in that country to supply to Norwegian newspapers their full needs of paper at a price below cost. If a paper-maker refuses, he is not permitted to export, which would be ruinous. Norwegian mills supply Great Britain, France and the British colonies principally. The *Daily Telegraph* says:

The view of the Norwegian Government apparently is that, as high prices are now obtainable abroad, the Norwegian paper-makers can afford to invoice home customers at below cost. The shortage of paper is notorious, and it is by no means limited to newspaper supplies. It affects many other kinds of paper as well, and paper, of course, is one of the necessities of every household. As governments in other countries have done, the Norwegian Government may in this case have acted without a full and adequate contemplation of what their policy involves.

The Norwegian method is wrong. If carried out in all branches of business it would be ruinous. But the British have been doing the same thing, in essence, in regard to coal. They have been putting a high price on export coal in order to supply it at a lower price to British consumers. This has been a governmental action through the coal controller.

If the United States put an export tax on cotton it would be destructive to the textile industry of Lancashire. But America could not, if it would, do such a thing without changing the constitution, for the makers of the republic had more wisdom than is displayed by the Norwegians in the case of paper or the British in the case of coal.

## EDITORIAL INCIDENCE AND REFLECTION

Edited by Alan H. Temple

**Farmhands and Machines.** Little relief has come in the farm labor shortage. The latest report of the Department of Agriculture shows that the supply is 72 per cent of normal; in its own words the situation "is more acute now than it was at the immediate close of the war when the drafted farm boys were still in the army."

In this situation keen interest greets another report of the Department setting forth the conclusions of specialists in farm management who have been investigating the saving in farm labor that may be made by the use of modern machinery.

It shows that one man does 80 per cent more work with a 28 inch horse drawn plough than with a single bottom plough, and that he does 60 to 70 per cent more with a three bottom plough drawn by a suitable tractor than with a two bottom plough drawn by six horses. It shows that a portable elevator reduces the time of unloading grain about

75 per cent, that a hay loader reduces the time of more restricted than in factories; there is nothing

loading 25 per cent and that the corn binder increases the result of man labor 50 per cent over cutting and shocking by hand.

Comparing results with the past the Department shows that a farmer now produces 57 bushels of potatoes where 50 years ago he produced only a third of that amount, and that he now produces 127 pounds of cotton a day with the same amount of labor which produced 45 pounds half a century ago.

Evidently as the factories draw hand labor from the farms they make a measure of return in machines. The mechanization of agriculture is going forward, though scarcely in step, with the mechanization of industry. But mechanization is a slow and gradual process. Whoever imagines it will harvest this year's crops or increase next year's plantings will be disillusioned as food prices stay around high levels while other prices drop. Limits to the use of machines on farms are much

automatic about governing the interaction of earth, sun and rain.

Hopeful as this report is for the state of our future supply it does not diminish one whit the seriousness of the present situation. There is real distress in the cry of farmers for help at \$6 to \$7 a day.

**On Population.** San Francisco rode inviolate through fire and earthquake and held the premier place of California's cities in 1910, but in 1920 she succumbs to the mighty flood of citrus fruits and movies, which, sweeping from the South, buoys Los Angeles above her. The city which the Mexicans call the Town of the Queen of the Angels has 575,480 people, an increase of 80.3 per cent in 10 years, while the city at the Golden Gate lags 70,000 behind.

The growth of Los Angeles, which was barely above the 100,000 mark in 1900, has been due primarily to a climate known as one of the most temperate and salubrious in the world, which makes it the Tourist City of the United States and permits the development around it of a fruit growing industry which through judicious handling of the trade mark "Sunkist" has doubled the nation's consumption of oranges in twelve years and supplied three-fourths of the domestic demand for lemons against one-fourth when the campaign started.

With San Pedro as its port, the city dreams of foreign commerce, and investments in manufacturing are larger than is generally realized.

Chicago maintains its place as the second city of the country with a population of 2,701,212, an increase of 515,629 over 1910—23.6 per cent, against New York's growth of 17.9 per cent. The Three Million Club, once the Two Million Club, is expected to change its name again.

Of the more than 1,100 communities whose enumeration has been announced 58 more than doubled their population in the decade. Hamtrank, Michigan, leads with an increase of 1266 per cent.

**Trading with Russia.** The good people who are scandalized at the idea of trading with Bolshevik Russia would do well to ponder the reply of Premier Lloyd George to indignant members of the British Parliament who felt the same way about it. "It is a new doctrine," he said, "that you must approve the habits and customs of any Government before trading," and then he instanced the fact that England had traded with Turkey and Mexico without protest from the righteous, and in addition to that "had opened up most of the cannibal trade of the world."

The cannibals would have remained cannibals despite the efforts of missionaries to reform them had they not been weaned away from their habits by the superior attractions and advantages of trade. Prob-

#### THE RESERVE CAB AND THE FEDERAL RESERVE

TO THE EDITOR:

CLEVELAND, June 10.

Several years ago, I listened to an address of one of Ohio's Senators at the Cleveland Chamber of Commerce. He told this story, in substance:

A traveler alighted from a railway carriage at Victoria Station, London, at midnight. It was pouring rain. He looked around for a cab. Finally he espied the only one at the cab stand. He directed "cabby" to hoist his luggage and fetch him to the Savoy. The driver replied that he was not allowed to leave his stand. Upon inquiring as to the reason, he learned that a city ordinance required that one cab must always remain at the station. He walked to the Savoy in the rain.

I have been interested in your articles concerning the elimination of strict limitations on the note obligations of Federal Reserve Banks, with respect to their reserves. The cabstand ordinance was undoubtedly adopted so that midnight travelers would not have to walk. I sometimes wonder if we are not now walking through a downpour, whereas we had supposed that the Federal Reserve System would keep us dry during emergencies.

EDWARD C. DAoust.

ably the surest way of weaning the Bolsheviks from their delusion would be to raise the blockade and open up Russia to the free and untrammelled trade of the world, for thereby the befooled Russian moujik would learn, as he can in no other way, that other countries have different and better ways of conducting their economic affairs than Holy Russia has.

**Politics and Economics.** If our meddling politicians would but learn to take their blundering hands off matters economic and keep them off, all would yet be well with the world. Senator Lodge blames the results of his own successful blocking of the President's plans on the President himself, calling him "a free trader with socialistic proclivities," and the Republican platform, though acknowledging the "abnormal economic and trade situation of the world," nevertheless "reaffirms its belief in the protective principle and pledges itself to a revision of the tariff as soon as conditions shall make it necessary for the preservation of the home market for American agriculture, labor and industry."

In view of which pledge it may be well to recall a statement made by COMMERCE AND FINANCE on February 9, 1916: "If the war results in transforming us from a debtor to a creditor nation, we shall assuredly import more than we export, and no tariff that can be devised can prevent it, no matter how it may vex and obstruct the movement." The result of such attempt to "preserve our home market" must inevitably be to cut off our export market absolutely as well as obstruct the payment to this country of debts owing to it abroad. Goods pay for goods, and we cannot sell unless we also buy.

The plank of the Republican platform relating to the League of Nations is really a most ingenious and plausible attempt to "keep the promise to the ear and break it to the hope." Twist the issue of our independence as we may, it is as easy to imagine a valid and binding marriage without vows as any international association to prevent war without mutual pledges.

**Indictment of American Woolen Co. Not Sustained.** The indictments of the American Woolen Co. and its President, William M. Wood, have been dismissed as we expected they would be. Judge Julian Mack of the U. S. District Court has decided that the offense charged does not come within the Lever Act inasmuch as cloth is not necessarily clothing. The Department of Justice has announced that it will appeal from the decision.

**The A. A. C. of W.'s New President.** Charles A. Otis, of Otis & Co., was elected president of the Associated Advertising Clubs of the World at their annual convention held in Indianapolis last week.

It is said that no man is really popular unless he is generally called by his first name and no pen portrait of Mr. Otis would be adequate unless it alluded to the fact that everybody who knows him calls him "Tot" or "Charlie" Otis, and by those names he is well known to about one-half of the population of the United States.

This fact is the only explanation we can offer for his election as president of the A. A. C. of W., for we never heard of his being an advertising man although he is about everything else under the sun.

During the war he went over to Washington, and for a couple of years he was Chief of the Resources and Conversion Section of the War Industries Board. We venture to say that no business man who went over there came away more generally known, or more generally regarded with affection.

He has a farm where he raises fancy cattle and he runs the cattle show which is held in Chicago each year. When he comes to New York every-

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Consignments Solicited

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We Solicit Business in "FUTURES" from the Trade.

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one is glad to see him and crack a joke with him for his genial personality dispels pessimism and encourages persiflage, and it is reported he is enough of an optimist to carry a corkscrew in his pocket.

In Cleveland he is a banker and head of about the best organized and biggest banking firm to be found west of New York. He was twice president of the Cleveland Chamber of Commerce, founder of the Cleveland *News* and is owner of *Finance and Industry*, a weekly newspaper whose circulation is always doubled when Charlie Otis writes an editorial for it.

He maintains a nominal residence in the city of Cleveland, but when he is not making money in his office in the Cuyahoga Building or visiting New York to see his friends, he spends his time out on his farm where he is always giving a bully time to a constant and endless succession of guests. We heard that he had 500 of the Yale alumni out there the other day. We congratulate the A. A. C. of W. upon having chosen Mr. Otis as their president.

**Trustee Foreign Securities.** Proposal has again been made to "trustee" foreign securities, as a means to popularize foreign investment by American buyers of securities. This plan means that a block of a certain kind of foreign securities, or a diversified group of such obligations, would be deposited with an American bank or trust company, against which

negotiable certificates would be issued to the American investors.

This plan has many advantages. American buyers would hold American obligations, based on foreign; they would be printed in English instead of a foreign language. And group investment would result in safety through diversification of holdings. This plan is a modification of the investment trust principle, which has long been in successful operation in Great Britain and on the continent.

**Weather Insurance** has been popular in England, famous for what Artemus Ward called her "rich black fogs and bracing rains." Now it's making it way in the United States. Brokers will issue policies to lectures, dances, theatrical performances and other outdoor or indoor events which might be marred by rain.

Policies are written to cover specified hours. The company insured fixes the amount of rain which, in their opinion, would spoil the event and in the settlement of claims the official records of the Weather Bureau are used.

Further, farmers may take out weather insurance against losses to their crops, speculators against weather damage to their speculations and contractors against stoppage of work by rain.

British rates and forms, product of many years of intensified experience, have been adopted. Current rates range from 15 to 20 per cent of the amount of the premium.

## COTTON AND THE COTTON MARKET

**Looking Ahead,** such improvement as may have taken place in crop progress since the publication of the Government report is hardly sufficient to relieve the apprehension of a sixth short yield. But the better average of the weather and crop news, combined with the failure of the low end-May figures to stimulate general buying, and continued nervousness over the general trade situation, has found a reflection in the action of prices during the past week. It would seem that many old long accounts have been liquidated, while it is not improbable that there has been some speculative selling on the break of approximately a cent and a half from the best prices touched after the publication of the Government report. On the declines, however, the market has been given a certain stability of undertone by the buying of trade interests on a scale down, and while bearish features have been much emphasized, sellers show more disposition to take moderate profits or to cover as liquidation slackens, than to stand confidently on their position. Meanwhile there has been some further increase in low grade discounts, and the price of middling in one of the Southwestern markets has again worked below the 40-cent level. This would suggest pressure to sell the low grades, particularly in the Western belt markets and the Montgomery district, while there has been talk of cotton coming here for delivery on July. Yet the summer month has maintained a substantial premium over October, and many of the lower grades which have been relatively weak are not tenderable on contract. On the whole, it seems, the week's news has tended to accentuate conflicting influences and it is probable that the net result of the trading has been a reduction in the outstanding interest with a drift of contracts into the hands of the trade, many of them having been purchased as hedge against export requirements.

There has been more comment than previously on the decline in the price of bar silver. The break in the white metal began after the price had advanced to 89½d in the London market last February. During the war and for some time afterward, the Allied nations were forced to buy silver in great volume to pay for materials purchased in the Far East, but as the necessity for this buying lessened, the price of silver

proved a practical prohibition on the export trade of the so-called silver countries. Naturally enough this reacted on their buying power in the world's markets, and before much was heard of the break in silver as a cotton market factor, Lancashire had been receiving cancellations of orders for cotton goods from India and China. With a more reasonable price for silver, India and China will doubtless find it possible to resume exports and there will be gradual recuperation of buying power, but for the time being the outlook for Far Eastern demand is obscured by the uncertainty and unsettled conditions arising from the slump in the metal and the disturbances in Japan. Another feature which has been much emphasized during the week has been the depression in the woolen and silk trades.

Of course, things must even-up to some extent, and it is rather interesting to speculate on a possibility that if there is any falling off in the takings of the mills which were trying to supply the world's needs in war times, it will be compensated for by increased takings elsewhere. Something of this sort may be foreshadowed in the fact that trade interests, with foreign connections, have been more in evidence as buyers of contracts on a scale down here since the Government crop report was issued than domestic mills, but the demand is evidently against future requirements, and there has been no improvement in the volume of spot business. As a matter of fact it appears that Great Britain, France and Japan have purchased practically all the cotton they will need from the present crop, and a local exporter tells us that while Italy might buy more, were credit conditions favorable, she has a considerable supply and is out of the market for the present.

With the last Government report apparently discounted, except for a possible effect on the views of spot holders or of prospective goods buyers yet to be determined, discussion is already beginning to turn to the probable showing of the end-June figures. While the condition of the crop at the end of June is far from conclusive, the report to be published on July 2, this year, will be one of the most important of the season as it will carry an estimate of the acreage planted, and thus furnish one of the basic factors in all further figures on the indicated crop of the season.

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Established 1888

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Established 1878

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The opinion still prevails that the acreage will be about equal to that planted last year, and the better weather of the past several days has led to predictions of an improvement in condition. As the Government's canvass will not be made until June 25, there is plenty of time for another spell of unfavorable weather or a considerable change of sentiment as to its showing. At the moment, however, it is believed the crop is doing considerably better and one of the early "mid-month" reports indicates an improvement of about 2 points in condition for the first half of the period. On the average for the past ten years, the condition of the crop has improved about 1.1 points between May 25 and June 25. The greatest improvement for the period on the records of the past ten years was 5.3 points in 1914. As the end-May figure this year was 62.4, it will obviously require an unheard of betterment for the month to bring the end-June figures up to even the previous low record of 70 per cent. In estimating the value of a normal condition on May 25 at 225.2 pounds per acre and at 223 on June 25, the Bureau of Crop Estimates allows for some improvement in condition during June, and an end-June condition of between 62.8 and 62.9 would point to the same yield per acre as the end-May report of 62.4.

Another instance of international trade by barter has been brought to the attention of the cotton market during the week. In the instance reported last week, raw cotton was exchanged for cotton goods, while the business reported this week was an exchange of raw cotton for sugar with a European country, probably Czecho-Slovakia. The amount of cotton involved was said to have been between 7,000 and 8,000 bales, while the receiver of the sugar here found a very ready market and seems to have found very little to complain of in the transaction.

**The Dry Goods Market** has not shown much change during the week. A little more business has been reported at first hands, sales of print cloths in the Fall River market, for instance, having been more than double those of the preceding week. This brought them up to only about 120,000 pieces, and while the bullish Government crop report has stimulated inquiry, it seems that buyers are not yet ready to meet manufacturers' views of prices. The increase reported in the business at first hands, however, may mean that goods available for resale are being gradually cleaned up, and so far as can be learned from the reports of the leading Western wholesalers, distribution has exceeded that of the corresponding time last year. It is hardly to be expected that buying in a general way will exceed immediate needs while credits are restricted and money tight, but the fact that such conditions must result in a reduction of stocks somewhere along this line helps to sustain confidence in the future of the market.

Marshall Field & Co., Chicago, say current wholesale distribution of dry goods has been much ahead of last year. Orders from salesmen on the road for immediate and future delivery fell below the total for the same period last year, as merchants provided earlier than heretofore for fall requirements.

Latest cable advices indicate a continuation of a very quiet business at Manchester with China and India both idle. Business during the past week was said to be the smallest since the reaction set in and it is reported that Japan is forcing sales of cotton goods at fifty per cent lower than recently.

A Brussels dispatch to the *Daily News Record* reports reduction in operations of cotton and other textile mills in consequence of a poor trade situation. Dutch manufacturers reported sending cotton yarn to German weavers, the completed fabric being returned to Holland.

The old Slater Mill, the birthplace of the cotton textile industry in America, is to be preserved as a show place and a museum for textile ma-

chinery. The mill was erected in 1793 and in it Samuel Slater started the manufacture of cotton fabrics.

**The Egyptian Acreage.** According to a report issued by the Alexandria General Produce Association, dated May 5, the cotton acreage shows an increase of 15 to 20 per cent in Lower Egypt. There will also be an increase in Upper Egypt, although no definite figures are given in this report.

An interesting statement regarding the Government's attitude with reference to the division of the available area in Egypt between cotton and food crops, is made in mail advices received by the Alexandria Cotton Co., reading as follows:

The Government tax of \$1.34 per cantar of ginned cotton imposed on the cotton (including scarto) ginned after August 1, 1920, has now been officially published. With the proceeds of this tax the Government intends to subsidize imported flour; it is an attempt to reduce the cost of living without restricting the increased acreage which the natives—attracted by the high prices—have put down in cotton at the expense of cereals.

Rumors of a compulsory reduction next year in the cotton acreage are already beginning to circulate, but no credence can be placed in such rumors. The rumors anticipate that not more than one-third of the total cultivable area will be allowed in cotton.

**The Census Report on Consumption** for the month of May showed 541,080 bales consumed compared with 567,839 during April and 487,934 bales during May, 1919. The details follow:

	May, 1920.	May, 1919.
Cotton consumed .....	541,080	487,934
Linters consumed .....	31,032	13,715
Active spindles .....	34,066,236	33,531,313
Exports, including linters .....	363,104	444,718
Linters exported .....	5,550	899
Imports .....	15,766	36,812

#### COTTON ON HAND MAY 31.

In consuming establishments .....	1,695,901	1,391,321
In public storage and compresses.....	2,584,784	3,416,607

#### LINTERS ON HAND MAY 31.

In consuming establishments .....	282,187	272,614
In public storage and compresses.....	392,568	213,679

#### TEN MONTHS ENDING MAY 31.

Cotton consumed .....	5,344,418	4,781,278
Linters consumed .....	262,664	420,450
Exports, including linters .....	6,143,257	4,444,849
Linters exported .....	45,686	65,945
Imports .....	651,590	164,913

**The Cotton Manufacturers' Association** of South Carolina held its seventeenth annual convention at the Battery Park Hotel, Asheville, N. C., last week. About seventy-five mills were represented and a most successful meeting was held. The association went on record as favoring education along all lines, especially that of a textile nature. They also indorsed the resolution as passed by the American Cotton Manufacturers Association favoring the increase in freight rates as requested by the Southern lines so far as it appeared wise on the part of the Interstate Commerce Commission to grant it.

The association also felt it of vital importance that the hours of labor should be maintained at fifty-five per week at every plant in the State, and the executive committee was requested to see that such rule was put into effect and enforced or else the offending member be asked to withdraw his membership from the association.

Dr. Henry N. Snyder, of Wofford College, Spartanburg, S. C., spoke on the subject of education, as did also Mills Christensen, of Beaufort, S. C., on the aims and purposes of the South Carolina Development Board. Dr. Snively, of Converse College, Spartanburg, S. C., gave an interesting talk about education lines, and Prof. Doggett, Clemson College, S. C., spoke briefly but interestingly of the textile educational feature of his institution.

The following officers were elected for the ensuing year: James D. Hammett, president, Anderson,



S. C.; A. F. McKissick, vice president, Greenville, S. C., and R. W. Sullivan, sec.-treas., Anderson, S. C.

**The North Carolina Cotton Manufacturers' Association** has arranged an interesting tentative program for its annual convention in Asheville, in the Battery Park Hotel, June 25 and 26. Secretary Daniels has promised his presence if attendance at the Democratic National Convention at San Francisco will permit. Gen. Lawrence D. Tyson, chairman of the Board of Governors of the American Cotton Manufacturers Association, has likewise accepted tentatively. Other speakers will be Harry F. Atwood, of Chicago; E. S. Parker, Jr., of Graham, N. C.; D. E. Camak, president of the Textile Industrial Institute, Spartanburg, S. C., and Theo. H. Price. The annual banquet will be held on the evening of June 26. A. M. Dixon, president of the association, will preside.

**World Cotton Conference.** A Manchester cable to the *Textile World* says: "The British committee, in consultation with Rufus R. Wilson, has decided that the World Cotton Conference in England shall be held from June 13 to 22, next year. Meetings will take place in Liverpool and Manchester. An ex-

tensive program is being arranged. Trade groups have been increased to twelve. Spinners and manufacturers will be in separate sections. A special group is to deal with research and statistics."


**British Textile Exports.** The British Board of Trade returns for the month of May give the exports of cotton yarns for the month as 14,250,000 pounds, compared with 11,100,000 pounds for the previous month, 16,056,000 pounds in May, 1919, and 17,776,000 pounds in May, 1913.

Exports of piece goods for May totaled 443,254,000 square yards, compared with 423,818,000 square yards in April 258,327,000 linear yards in May, 1919, and 606,254,000 linear yards in May, 1913.

**International Cotton Congress.** The international Cotton Congress which has been in session at Zurich, Switzerland, under the presidency of Signor Mylius, of Italy, came to a close on June 11. Among the resolutions adopted was one emphasizing the grave danger which insufficient cotton means throughout the world. Hope was expressed that all cotton countries, especially Great Britain, would increase their production and also improve transportation.

Another resolution adopted was in favor of the re-

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sumption of international arbitration. The Cotton Union countries are invited to nominate arbitrators. Concerning the valuation problem, the congress was of the opinion that cotton men should attempt the restoration of exchange to normal. It suggested increased production, better transportation facilities and exports as means to this end.

**The Statistical Position** up to June 12, as compiled by the *Financial Chronicle*, is as follows:

	Week Ending—		
	June 11/20	June 4/20	June 13/19
Port receipts .....	39,277	37,888	165,339
Since August 1.....	6,600,301	6,561,024	5,230,645
Port stocks .....	980,460	1,020,032	1,350,400
Interior receipts .....	46,856	43,801	81,423
Since August 1 .....	6,770,650	6,722,546	6,186,950
Interior stocks .....	1,025,745	1,044,433	1,193,760
Amount brought into sight....	113,413	126,260	203,538
Since August 1.....	11,446,712	11,333,299	10,571,331
Northern spinners' takings....	43,787	58,083	56,562
Since August 1 .....	2,687,226	2,643,439	1,915,295
Southern consumption .....	75,000	75,000	56,000
Since August 1 .....	3,193,000	3,118,000	3,085,000
Exports to Great Britain....	16,828	22,852	77,466
Since August 1.....	2,952,140	2,930,360	2,115,981
Exports to France .....	6,814	4,021	2,605
Since August 1.....	538,000	531,186	633,916
Exports elsewhere .....	41,576	48,240	60,580
Since August 1.....	2,592,343	2,549,353	1,833,349
Total week's exports.....	65,218	75,113	140,651
Total exports since August 1..	6,082,483	6,010,899	4,583,226
World's visible supply.....	5,720,401	5,819,111	5,236,730
Of which American.....	3,766,401	3,887,111	3,559,730
Liverpool stocks .....	1,136,000	1,150,000	507,000
Continental stocks.....	587,000	613,000	339,000
New Orleans stocks .....	327,355	325,321	411,602
On ship waiting clearance....	127,527	129,112	186,509

**Federal Investigators Probing Yarn Costs.**  
New Bedford advices to the *Journal of Commerce* say:

Acting under authority of the resolution calling for an investigation into profiteering in combed cotton yarns, which was introduced into Congress by Representative Tilson of Connecticut and passed two months ago, a dozen Federal investigators arrived here (New Bedford) from Washington and began the work of examining the books of the various spinning companies, of which there are seven or eight making combed cotton yarns.

B. Gordon, who was in charge of the crew, stated that the attitude of the Federal authorities was not to "rake the mill men over the coals," but to ascertain actual manufacturing costs during the past year, as compared with manufacturing costs in the same mills in 1914 in order that this information might be applied to find out speculative profits realized on cotton yarn sales. He said that the investigators were more interested in speculative profits than in actual manufacturing profits, and that they realized that rising raw material markets resulted in the manufacturers getting a very handsome profit in a great many cases, to which no censure could be attached.

Mr. Gordon recently returned from the South, where a crew of Government men are now engaged in going over the books of the combed yarn spinning mills in and about Gastonia, N. C. New Bedford is the first of the New England centers to be visited and the men expect to be here for several weeks.

**Crop Advices.** The weather in the South has been more favorable since the rains recently reported in Western and Central sections some ten days or two weeks ago. Crop reports have continued to stress unfavorable prospects arising from previous weather conditions, but the market believes the crop

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has been making better progress and is now in a position to improve more rapidly should the weather remain good.

The preliminary report of the National Ginners' Association indicated an improvement of about 2 points from the Government's end-May figures on condition for the first half of the month.

The weekly report of the Weather Bureau said:

Cotton showed steady improvement generally, although the nights were too cool for best developments in most sections, particularly in the eastern part of the belt, and it was too wet in the northwestern portion. While crop shows improvement in North Carolina, the plants are small and late, and, while backward, is in fairly good condition in South Carolina.

Reports to the *Chronicle* indicate that where rain fell during the week, the precipitation was light or moderate as a rule, and in portions of the Southwest dry weather prevailed. Texas reports ample sunshine the latter part of week, beneficial to the plant and that wet fields are fast drying. Elsewhere conditions were favorable in the main.

People who are well posted on such matters say that the quality of the fertilizer used this season is far superior to any used since pre-war days. It may be recalled that the Agricultural Bureau in its supplemental June report said that fertilizer was being used in quantities 10 to 35 per cent over last year.

**The Price Range** of the active options traded in on the New York Cotton Exchange last week was:

	Close June 7	High	Low	Close June 12
July .....	38.49	38.70	38.20	38.43
October .....	35.67	36.05	35.25	35.63
December .....	34.60	34.91	34.17	34.53
January .....	34.08	34.37	33.52	33.90
March .....	33.53	33.85	33.10	33.40
Middling .....	40.00	40.00	40.00	40.00

**ALFRED A. THOMPSON**

There are many readers of this paper who feel bereaved by the death of Mr. Alf. A. Thompson, of Raleigh, N. C., who passed away at his home last Saturday morning.

Mr. Thompson occupied a prominent place in the industrial, commercial and civic life of his city and state.

He served as mayor of Raleigh for two terms, was at one time president of both the Raleigh and Caraleigh Cotton Mills of that city, and was regarded as one of the most able and progressive men in the textile industry of the South.

His funeral was held in Raleigh last Sunday.

Mr. Thompson's son, Mr. R. L. Thompson, who is now a resident of New York, will have the sympathy of his own and his father's many friends in the great loss he has sustained.

A scantily clad and barefoot negro asleep on the railway platform was covered with flies. Despite their presence he slept on until a wasp landed on his big toe and stung him. Then waking up he drowsily brushed all the flies away, saying, "Just for dat you all got to git off."

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JOHN H. McFADDEN, Jr., has been elected a member of the New York Cotton Exchange. The membership of N. P. Sloan has been sold to Thomas F. Russell, Jr., for \$20,000, a decline of \$2,500 from the last previous sale.

J. ARON & CO., INC., cotton merchants, announce the opening of a Boston office at 44 Broad street, in charge of Mr. P. A. Sears, who is well known in that district. Their policy will be to sell to the trade generally, whether mills or brokers, and as they have an efficient buying organization in the South they are in a position to supply the requirements of the trade.

WORTHINGTON, BELLOWS & CO., members New York Stock Exchange, Cleveland, and Roland T. Meacham have underwritten a block of stock of the Fred G. Clark Co., of Cleveland, Ohio. This company was established in 1882, incorporated under the laws of Ohio in 1889, and is the largest of its kind in the world. Its principal activity is manufacturing and selling to jobbers and dealers lubricants and the products of petroleum. It controls through its stock ownership the Conewango Refining Co., of Warren, Pa., and is interested in the Tiona Refining Co. and the Interstate Oil Co. During the company's corporate history it has distributed to stockholders average cash dividends of 37 per cent. A dividend of \$1 per share was paid on May 1, and it is expected that this rate will be continued quarterly. The capital is 100,000 shares of \$10 par, of which there is at present outstanding 60,000 shares. The officers are: Wm. E. Wall, president; Fred G. Clark and T. E. McArdle, vice-presidents; S. S. Clark, secretary, and T. H. Sheldon, treasurer.

R. W. Taber, Jr., formerly connected with the cotton brokerage firm of Sweet & Co., of New Bedford, Mass., has become associated with the office of Robertson & Co., cotton brokers and dealers of the same city.

COUCH COTTON MILLS, INC.—With a capital and surplus of approximately two and one-half million dollars, the consolidation is announced of Couch Mills Co., Atlanta, Ga.; Beaver Duck Mills, Greenville, S. C., and Beaver Cotton Mills, Thomson, Ga., under one organization named Couch Cotton Mills, Inc., with headquarters and general offices in Atlanta, Ga. Officers of the new corporation are Asa G. Candler, Sr., chairman, Board of Directors; W. D. Couch, president; L. J. Powers, vice-president and secretary, and Walter T. Candler, treasurer. In addition to the officers, the directors also include A. P. Coles, of Atlanta, Gr.; A. F. Townsend, of New York City, and B. M. Graves, of Charlotte, N. C.

The older concerns have been among the most highly successful and prosperous in the country. No change is contemplated in the managements. These mills make a wide range of fabrics which include light weight drills, beach cloths, filter twills, wide, sail, army and heavy belting, ducks, etc., and cover a large field for both domestic and foreign use. All of these mills are in full operation day and night with the production sold for sometime into the future. The company maintains its own sales offices at 320 Broadway, New York City, which are in active charge of A. H. Penfield, who is one of the most popular men in the cotton goods district. Many improvements and extensions are being planned.

AS AN EVIDENCE OF PROSPERITY of Southern cotton mills, a dispatch from Spartanburg, S. C., announces that the Inman Mills have declared a stock dividend of 40%, the largest ever paid by a Southern mill.

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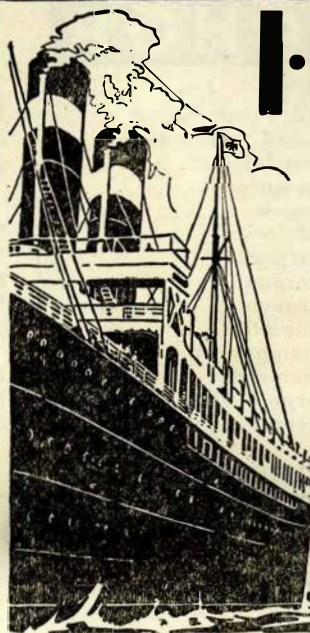
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