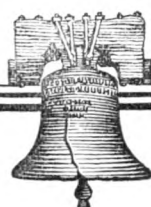


Business Conditions

Report of the Federal Reserve Bank
of Philadelphia



February 2, 1920.

THE manufacturing industries of the district report that business continues to be offered in large volume. The necessity for filling the great deficit in the production of many essentials and luxuries occasioned by the war and the many new demands caused by the seemingly unlimited spending following the removal of the patriotic appeals for abstinence and moderation, has been a leading factor in promoting activity. The evil of unrestricted spending shows no present signs of abatement, and until it is largely overcome the present high price levels cannot decline unless the fundamental laws of supply and demand cease to function as heretofore.

Labor continues to demand increased wages on the ground that higher living costs make them necessary. An analysis of the retail trade, however, shows that there is an unprecedented demand for luxuries of all kinds and goods which sell at the highest prices. The conclusion, therefore, must be drawn that present wages provide considerable surplus above the necessary cost of living.

As has been said so often, the principal remedy of the present situation is to be found in increased production, and it is towards that end that our energies should be directed. On account of the high prices and the scarcity of goods, much could be accomplished if a reasonable self-restraint would be exercised by all in making their purchases, but on general principles, the effort should not be toward a restriction of consumption, but towards increased production.

The exportation of enormous quantities of some of our most necessary commodities during 1919 played a significant part in decreasing our own supplies, and it appears self-evident that this factor was of importance in sustaining high prices. The probability that exports on such a scale will be continued throughout 1920, are small, as the credit facilities open to the European nations are not as extensive as they have been. With the decrease in exports, larger supplies of commodities will be available in this country and this increase in the supply for home consumption may aid materially in the return to more normal prices.

Retail trade shows the natural falling-off from the high levels of the holiday trade of December, but is in excess of last January. The price situation remains unchanged, with top-notch quotations in practically all lines and very little hope held out for relief in the near future. The stores report that they find difficulty in procuring supplies of merchandise of high quality due to the heavy demand for such products, but that medium and lower qualities, which would, in many cases, fill the needs of customers fully as well, are in fair supply. Stocks of goods on hand are lower than a year ago. Collections are excellent and cash payments comprise a large part of the total receipts.

Automobiles

Sales agents of pleasure cars have many orders on their books. The increase over a year ago is very largely due to the general reaction from the war which was then afflicting business. Deliveries are now far in back of the orders and the favorable weather thus far this winter is causing many people to purchase cars who would otherwise have held off till the spring. The manufacturers of pleasure cars had their production much curtailed during the war and they have not caught up with the business which was released with the lifting of Government supervision over their activities. Quite a few makes have recently advanced their prices due to the prevailing costs of materials and labor, but some producers who were favorably situated with regard to raw materials and supplies have found this unnecessary, as yet. Business during the next six months is expected to continue active.

Trucks are in but little demand though it is reported that business in this line is showing some improvement. The huge volume of trucks produced during the war created a surplus in

this department of manufacture which has not yet been overcome and many of the machines formerly owned by the Government are giving satisfactory service to business houses.

Building materials

Roofing paper has been in strong demand for the last six or seven months and this condition is expected to be typical of the year 1920. Raw materials, such as oil and rags, are higher in price and show no tendency to decline, so that the finished products are also more costly to the purchaser.

Manufacturers of asbestos shingles report a good volume of business, considerably in excess of a year ago. Prices trend upward. Continued prosperity is anticipated during the coming year.

The demand for lumber and mill work of various kinds is running much ahead of a year ago, and the volume of business as measured in both monetary and physical units shows considerable increase. Stocks of lumber on hand at the mills are scant. Lumber is generally obtainable in fair supply but prices rule high and are expected to continue upward. The better grades are noticeably scarce. Much of the finished product is desired for additions and alterations to existing structures. The high prices are viewed with concern by some manufacturers as it is thought that they may have a strong tendency to curtail new operations.

Clothing

The universal demand for clothing in larger quantities and only of the better qualities has caused the manufacturers to be unable to cope with the demand, and the majority cannot catch up with their orders. Raw materials are becoming available in larger amounts and are not such a serious feature in holding back production.

The labor situation is causing the main difficulties. Working hours have been reduced and the increasing laxity of the workers during the past year has accentuated the decreased productivity of the individual. Coupled with this we have a shortage of skilled help. Labor constitutes such an important element in the production of clothing that the output of the manufacturers is considerably below normal. One large manufacturer informs us that the labor cost of the average suit of clothing has increased 135 per cent over 1914. In view of this fact, little hope for lower

prices can be held for some time to come. That the outlook for the coming year is promising is the viewpoint of the firms reporting to us.

Coal

The production of bituminous coal is gradually recovering but is not yet up to normal. The car situation at the mines has not been relieved to any extent and is having its effect in holding back production. Prices are trending upward. The possibility of scarcity of this fuel has not yet been eliminated.

The anthracite industry closed the year with an estimated commercial production of 68,700,000 tons, which is 10,000,000 tons short of the previous year. This was largely occasioned by the reduced demand for steam sizes, which have not moved freely in spite of the suspension of mining in the bituminous fields during the strike.

At the present time market demands are readily absorbing the output of domestic sizes, but the smaller steam sizes are in surplus supply, indicating a smaller demand from manufacturers. Prices, with the exception of the steam sizes, have been steady. The tendency for the future will entirely depend on the condition of the labor situation which is now being investigated in the bituminous field by the President's commission. In the anthracite field the present wage agreement expires on April 1, and a new wage agreement must then be negotiated. Until that time prices are expected to remain the same. The general attitude of labor at present is toward higher wages. The railroad car situation in the anthracite field has not been disturbing and the general supply of fuel is apparently ample for all purposes at this time.

Cotton

The demand for cotton declined during the last half of December and the first week in January in keeping with the normal fluctuations at this time of the year, but is now back to normal. It is much in excess of a year ago, at which time the depression following the armistice was still being felt. Preference is shown for the better grades of long fibre cotton, which is becoming increasingly difficult to secure. The lower grades are in good supply although at full price. The future trend of raw material prices will probably be influenced by the export demand, which in turn will largely be governed by rates of ex-

change. It seems unlikely, however, that there will be any marked changes until the condition of the new crop begins to affect the market.

Stocks of cotton yarns are not increasing and the reduction in hours of labor at the factories makes it improbable that there will be any accumulation of stock during the next few months. It is becoming increasingly difficult to place new business, owing to the fact that so many of the spinners are sold up for the next four or five months. Prices of yarns are trending upwards. Collections are prompt, and very few customers are requesting extra time, although it has been necessary to materially enlarge lines of credit to take up the greatly increased prices.

Finished goods prices are high and may go higher. The question in the minds of buyers is not so much one of price as of delivery. Demand is strong and merchandise can be moved at almost any price. It is stated, however, that the present high prices have not yet been passed along by the retailer to the general public and when this is done there may come a check to demand.

Failures

The failure record of the Third Federal Reserve District during the year 1919 was distinctly favorable. The highest number recorded was in January. The great majority of failures in the district involve capital of \$5000 and less. The following table gives the monthly figures for 1919, distributed by the amount of the capital employed, and a comparison of the totals for the year with the three previous years.

	\$5,000 and less	\$5,000 to \$20,000	\$20,000 to \$50,000	\$50,000 to \$100,000	\$100,000 to \$500,000	Total
January	31	7	2	0	1	41
February	23	2	1	0	0	26
March	16	2	1	0	0	19
April	25	1	0	0	0	26
May	24	2	2	0	0	28
June	22	2	1	0	0	25
July	31	2	0	0	1	34
August	28	1	1	0	0	30
September	25	1	1	0	1	28
October	17	3	2	0	0	22
November	17	3	2	1	0	23
December	26	2	0	0	0	28
Totals, 1919.....	285	28	13	1	3	330
" 1918.....	455	35	11	9	2	512
" 1917.....	629	27	14	2	2	674
" 1916.....	869	39	9	4	5	926

Groceries

Groceries have been in active request during December and January and the volume of business is considerably ahead of last year. Generally speaking, there have not been many increases in prices during the past year and quite a few declines are in evidence. Particular brands of high-grade specialties are scarce and higher. Staples are in good supply but there are some notable exceptions such as sugar, of which there is still a shortage. Flour and other wheat products hold firm and somewhat upward in price, but other cereals are quite plentiful. Canned goods are in fair supply. Collections are excellent.

Hardware

The volume of business in December and the first half of January was considerably in excess of the previous year. The fall business among the retail dealers and jobbers was unusually heavy and on this account the stocks of many lines of goods were materially reduced. There is a marked shortage of very nearly all kinds of hardware and it appears that manufacturers will be unable to cope with the situation for some months to come. Prices are trending upward and manufacturers are quoting their lines at higher levels or, in some cases, accepting business with the proviso that the goods will be billed at prices ruling on the date of shipment. Higher prices are quoted particularly on goods that require considerable labor to produce. Collections are good and there are few requests for extra time from the merchants.

Heavy hardware is similarly situated. Stocks are small due to incessant demand. Purchasers do not argue the price but place great stress on the speed of shipment.

Iron and steel

Pig iron is in heavy demand and foundries are unable to produce in sufficient amount to satisfy it. Prices are advancing, and stocks on hand are practically non-existent. This condition is also true of the market for high-grade scrap-iron, though some of this material is being held back for higher prices.

Steel producers are for the most part running at their maximum in so far as the material and labor situation will permit. Manufacturers who are not self-contained on the material question are finding their position particularly difficult as raw mate-

rials are very scarce. Demand for finished steel products is coming from every class of manufacturing trade and the railroads are beginning to enter the market with large orders for rails. A large steel concern informs us that they are making it their policy not to book more orders than their shipments would total. January orders generally are keeping up to the high level of December, even though that month represented the maximum degree of activity in 1919. Prices of steel products have advanced in keeping with the upward price levels of raw materials.

Electric furnace steel castings are in great request from manufacturers of automobiles and trucks and the call is urgent for immediate delivery. Unfilled orders of a large plant at the end of December showed an increase of 76 per cent over January, 1919, and new business continues to come in much faster than the output can satisfy for a long time to come.

There is a general feeling that the next six months will continue to be marked by business in large volume. As to the rest of the year, there is not such definite assurance, as some manufacturers feel that financing and election disturbances may have an adverse effect.

Knit goods

The inadequate production of knit goods is making for higher prices. Advances by manufacturers forecast the probability that consumers will be under the necessity of paying much more for products bought during the coming summer and next winter. Overhead cost is increasing with lessened efficiency and the establishment of new mills is not increasing the output in a commensurate amount due to the scarcity of labor. Retail dealers are purchasing heavily in the anticipation of a scarcity next winter.

Manufactures of silks are in very heavy demand even though thrown hosiery silk now commands \$20 a pound as compared to \$6 and \$7 in the early part of last year. Jobbers have somewhat deferred their purchases of finer cotton hosiery because of the high prices and are buying only to fill immediate needs. The market for the entire range of knitted goods continues strong, however, and is in the seller's favor.

Wage increases are being demanded from many of the manufacturers and every acquiescence in these demands is usually followed by higher prices. Fear of curtailed buying by the consumer is manifest, but there continues a fair demand for mer-

chandise for export, and it has been estimated that production will not be more than four-fifths of normal domestic consumption, so that manufacturers are not seriously disturbed by the possibility.

There is apparent among manufacturers some uneasiness as to conditions during and following the second half of 1920, and a tendency toward restricting sales to the shortest period consistent with needs from the viewpoint of distribution by jobbers. While underwear has been bought by jobbers in large quantities for fall deliveries running from June to September, many of the hosiery manufacturers are refusing to name prices for April to June deliveries, being unable to estimate production and preferring to await more definite reports as to the cotton and cereal crops outlook. The trade is inclined to operate with more than ordinary caution until July or August.

Printing

Printing establishments are being run at full capacity so far as conditions will permit. Great urgency is manifested to secure the finished jobs. There is a particularly strong demand for advertising printing. Business during the year 1919 was very considerably ahead of the two years preceding, but much of this increase in volume can be attributed to the increased cost of production rather than to the amount of work done. One typical establishment reports that January business this year will be about three times that of January, 1919, as measured in dollars and cents.

The paper situation continues to be difficult and little prospect of improvement is in sight. The full capacity of the mills is not supplying the demand, and orders are being placed by foresighted buyers for delivery months ahead. Book papers, particularly coated stock, are exceedingly scarce. Prices are going higher.

The labor situation among the printing firms is fairly acute and all the available men are at work, but few new men are entering the field.

Wool

The raw wool situation is still dominated by the demand for the finest grades, the prices of which are disturbingly high. Medium wools are in somewhat better request. The percentage of fine wools free from defect in any crop is comparatively small

and the defective product must be subjected to long processes before it is ready for use. The major portion of the demand is centered on these high-grade wools and the inadequacy of the supply is being felt more and more.

The difficulties experienced in obtaining fine wools are transmitted up the line of manufacture from raw material to the finished goods. Everyone complains of the scarcity and high price of his particular raw material—the spinner complains of the price of raw wool, the weaver complains of the cost of yarns, and the manufacturer of clothing complains of the cost of woolen and worsted cloths. Labor is not efficient and causes its difficulties in the manufacture of yarns and cloths, but the shortage of material is causing the most vexation.

The solution of the trouble is in the hands of the ultimate consumer—the purchaser of a suit of clothing. If he is willing to wear cloth composed of a large porportion of medium and lower grade wools there would be no further difficulties in supplying his needs. A sample of cloth made from three-eighths and quarter bloods was brought to our attention and possesses the requisite qualities of attractive appearance and durability. If such a material were used it could be produced at \$4.40 per yard at the mill, whereas a strictly fine worsted fabric, made out of merino wool, would probably cost \$7 per yard.

In so far as materials can be obtained, manufacturers of finished goods are very busy. Demand far exceeds supply and they have not been able to accumulate stocks. Compared to a year ago the increase in activity is marked. It is expected that the next few months will show a continuation of the present volume of business but the prospect during the later part of the year is regarded as uncertain.

Financial

The money market during the past month has witnessed firm rates due to heavy demands and depletion of reserves. Commercial paper has been quoted for the most part at a flat 6 per cent rate, though a few choice names which come into the market but rarely have been granted $5\frac{3}{4}$ per cent. The supply is rather plentiful as usual after the first of the year. Demand is coming mainly from the country banks, the city institutions being practically out of the market.

Bills discounted by the Federal Reserve Bank increased from \$683,000,000 in November to \$844,000,000 in December. The

average earning assets of the bank increased from \$238,000,000 to \$248,000,000. Federal reserve notes in actual circulation attained a high record on December 24 of \$241,000,000, but by January 16 this amount had decreased to \$223,000,000. The reserve position of the bank remains practically unchanged at slightly above 40 per cent.

The transit department handled an average of 154,000 checks a day during December, totaling an average amount of \$55,802,000. The weight of such a mass of checks would probably average about 500 pounds.

The table below shows the average discount rates charged by Philadelphia banks for the thirty-day periods ending on the specified dates.

	Jan. 15, 1920	July 15, 1919	Jan. 15, 1919
Customers' prime commercial paper:			
30 to 90 days.....	5¾	5½	6
4 to 6 months.....	5¾	5½	6
Prime commercial paper purchased in open market:			
30 to 90 days.....	6	5½	5½
4 to 6 months.....	6	5½	5½
Loans to other banks—secured by bills payable.....	5½	5	5½
Bankers' acceptances of 60 to 90 days:			
Endorsed	5¼	4½ ⁵ / ₈	4½ ³ / ₈
Unendorsed.....	5¾	4¾	4¼
Loans secured by prime stock exchange collateral or other current collateral:			
Demand	6	5½	6
3 months	6	5¾	6
3 to 6 months.....	6	5¾	6
Cattle loans.....	..	5¾	..
Commodity paper secured by warehouse receipts, etc.	6	6	..
Loans secured by Liberty bonds, Victory notes or certificates of indebtedness	5½	5	4¾

STATEMENT

Federal Reserve Bank of Philadelphia

RESOURCES	Jan. 19, 1920	Month ago	Year ago
Gold reserve.	\$128,825,192	\$137,093,477	\$134,990,460
Legal tender, silver, etc..	183,557	543,796	2,118,008
Total reserve.	\$129,008,749	\$137,637,273	\$137,108,468
Bills discounted, members:			
Secured by Government war obligations.....	\$162,488,730	\$177,655,467	—
All other.....	33,926,084	27,153,643	\$167,262,559*
Bills bought in open market	7,790,214	4,704,307	2,769,699
United States securities..	35,461,400	32,518,900	11,200,400
Total earning assets	\$239,666,428	\$242,032,317	\$181,232,658
Mutilated and fit notes on hand:			
Federal reserve notes.....	\$ 8,592,275	\$10,364,870	\$9,319,375
Federal reserve bank notes.	95,494	76,970	77,032
Due from depositary banks—war loan deposit account.....	41,752,500	52,381,040	—
Uncollected items	85,583,766	90,191,975	74,729,583
All other resources	2,650,341	8,770,827	2,395,221
Total resources.	\$507,349,554	\$541,455,272	\$404,862,337

LIABILITIES	Jan. 19, 1920	Month ago	Year ago
Capital paid in	\$7,886,550	\$7,874,600	\$7,569,950
Surplus	8,805,132	5,311,336	1,304,172
Profit and loss	—	258,750	—
Government deposits	362,347	5,903,842	1,593,446
Due to members—reserve account.....	106,228,359	94,930,100	93,779,335
Collection items	81,494,340	85,637,620	63,322,325
Gross deposits.....	\$188,085,046	\$186,471,562	\$158,695,106
Government deposits—special account.....	\$42,173,006	\$64,008,213	—
Federal reserve notes outstanding.....	230,186,965	243,605,815	\$225,710,555
Federal reserve bank notes outstanding.....	28,628,000	28,988,000	9,604,000
All other liabilities.....	1,584,855	4,936,996	1,978,554
Total liabilities.....	\$507,349,554	\$541,455,272	\$404,862,337

*Total of bills discounted—items not segregated.

RESOURCE AND LIABILITY ITEMS of member banks in Philadelphia, Scranton, Camden and Wilmington

At the close of business

	Jan. 16, 1920	Dec. 17, 1919	Jan. 17, 1919
	[In thousands of dollars— i.e., 000's omitted.]		
United States bonds to secure circulation.....	\$11,097	\$11,097	\$11,497
Other United States bonds and notes.....	41,885	42,486	42,348
Certificates of indebtedness.....	58,716	43,531	84,375
Total United States securities owned	\$111,698	\$97,114	\$138,220
Loans secured by United States securities.....	89,065	105,168	136,600
All other loans and investments.....	706,101	701,552	609,475
Total loans and investments	\$906,864	\$903,834	\$884,295
Reserve with Federal Reserve Bank.....	65,301	62,087	65,355
Cash in vault	16,650	19,576	21,909
Net demand deposits on which reserve is computed.....	668,121	674,581	658,349
Time deposits	23,156	22,234	18,679
Government deposits.....	35,180	17,100	48,271
Number of banks reporting.....	56	56	56

CHARGES TO DEPOSITORS' ACCOUNTS other than banks' or bankers', as reported by Clearing Houses

	<i>Weeks ending</i>		
	Jan. 21, 1920	Dec. 17, 1919	Jan. 22, 1919
Altoona.....	\$2,715,000	\$3,319,000	\$2,202,000
Chester	5,497,000	5,213,000	4,725,000
Harrisburg	4,239,000	4,871,000	4,721,000
Johnstown	3,275,000	2,999,000	2,918,000
Lancaster	5,881,000	5,479,000	3,977,000
Philadelphia	387,236,000	420,652,000	327,248,000
Reading	5,451,000	5,697,000	3,205,000
Scranton	12,169,000	12,130,000	11,573,000
Trenton	11,183,000	13,446,000	10,207,000
Wilkes-Barre	8,188,000	8,993,000	6,420,000
Williamsport.....	3,806,000	4,068,000	3,224,000
Wilmington.....	8,942,000	14,728,000	10,108,000
York	4,046,000	5,003,000	3,007,000
Totals	\$462,628,000	\$506,598,000	\$393,535,000

BUSINESS INDICATORS

	Jan. 19, 1920	Percentage increase or decrease compared with	
		Previous month	Year ago
Philadelphia banks:			
Loans	\$793,004,000	+ 7 %	+ 5 %
Deposits	\$701,153,000	+ 5 %	+ 7 %
Ratio of loans to deposits	113 %	111 %*	115 %*
Federal Reserve Bank:			
Discounts and collateral loans	\$196,414,000	— 4 %	+ 18 %
Cash reserve	40 %	40 %*	46 %*
90-day discount rate	4¾ %	4¾ %*	4¾ %*
Commercial paper	6 %	6 %*	6 %*

	Dec. 1919	Percentage increase or decrease compared with	
		Previous month	Year ago
Bank clearings:			
In Philadelphia	\$2,202,197,863	+ 15 %	+ 24 %
Elsewhere in district	132,801,065	+ 11 %	+ 24 %
Total clearings	\$2,334,998,928	+ 14 %	+ 24 %
Building permits, Philadelphia	\$10,919,365	+ 15 %	+ 1320 %
Post office receipts, Philadelphia	\$1,377,273	+ 20 %	+ 15 %
Commercial failures in district (per Bradstreet's)	28	23 *	26 *
Latest commodity index figures:			
Annalist (food prices only)	294.935	+ 2 %	— 2 %
Dun's	\$247.394	+ 1 %	+ 7 %
Bradstreet's	\$20.3638	+ 1 %	+ 10 %

*Actual figures.

This business report will be sent regularly to any address upon request.



In discussing the need for the conservation of credit and commodities before the Second Pan-American Conference, Governor Harding of the Federal Reserve Board said: "Because of the great demand upon capital in this country we must not lose sight of the necessity for restricting our foreign credits to essential purposes. It is not to be expected, for the present at least, that loans and investments abroad will be made because of attractive rates of interest or favorable prospects for profit; they will be made primarily in the hope of restoring more normal conditions in the war-stricken countries by enabling their populations to get back to productive work and with the incentive also of opening foreign markets for those commodities of which we produce an exportable surplus.

"We cannot, however, export things which we do not have, and in order to provide an exportable surplus we must produce more or, failing that, consume less. During the past year we have witnessed an unprecedented era of extravagance in this country; there has been a continuous rise in prices, and while the value of our products expressed in dollars has been greater than ever before in our history the physical volume of goods produced was less than the production of any year since 1916. Our domestic demand has been competing with export demands, and the result has been that prices have been bid up on both the foreign and domestic consumers."



The Federal guaranteed price on wheat will be removed on June 1. Considerable speculation is in evidence as to the probable course of wheat prices after that date. The supply of wheat and flour on hand at the present time is very large and, although the market price is now over the present guaranteed price, there is no assurance that such will be the case after June 1. Prices after that date will be dependent on three main factors:

(1) developments in the foreign trade situation, (2) the winter wheat crop, and (3) conditions in the money market. The first and third favor lower prices and the second higher from present indications, according to a statistical agency.



A new development in the foreign trade situation recently was the appeal, signed by leading financiers and economists of the United States, England, France, Holland, Switzerland, Denmark, Norway and Sweden, for an International Conference to relieve the economic difficulties which are world-wide. The appeal, which aims to embody the principles which underlie any material financial assistance from one nation to another, are interesting. "There can be no social or economic future for any country which adopts a permanent policy of meeting its current expenditure by a continuous inflation of its circulation and by increasing its interest-bearing debts without a corresponding increase of its tangible assets. . . . No country, however, is deserving of credit . . . that will not or cannot bring its current expenditure within the compass of its receipts from taxation and other regular income."



Herbert Hoover recently told the Ways and Means Committee of the House of Representatives that the establishment of \$150,000,000 in credits through the United States Grain Corporation would feed Europe until the next harvest and would obviate the necessity of making cash loans. "The British financial situation is rapidly recuperating and the general industrial outlook is very favorable. The French and Italian prospects are not quite so good and some portions of Italy may need some breadstuffs before the next harvest. Belgium has made a marvelous recovery. Germany can care for herself with a little assistance from the reparation commissioners."



A cable despatch to the New York Sun states that the Bank of England has inaugurated a movement to centralize all the gold in the British Islands in its own vaults. The movement started with the withdrawal of gold from the joint stock banks.



It is estimated that the average income of the farm families of the United States in 1919 was \$4000. This compares with an estimate of approximately \$1500 for all families.



Elliott H. Barnwell, manager of the cotton and fabric division of the Goodyear Tire & Rubber Co., in discussing the use of cotton in the manufacture of tires for motors, says: "Prosperity apparently long assured and a big and rising tide of business are the prospects ahead of the tire companies. The only handicap to that expansion is the limit to fabrication capacity of yarn and cotton goods mills.

"Cotton consumption in the tire industry has become an important item in the uses of cotton. The 1920 production of tires in this country should approximate 40,000,000 to equip something over 1,500,000 new cars this year and maintain about 7,000,000 now running. Tires now contain an average of four pounds of cotton—an increase from three pounds formerly, due to the increasing number of pneumatic truck tires. With allowance of one-fifth of a pound for waste, this means a tire consumption of approaching 400,000 bales, or nearly 4 per cent of the size of the American crop.

"However, a good deal of the cotton used is Egyptian and Peruvian. It is the cream of the various crops that is used by the larger companies, which make 'guaranteed' tires, with an average of 1-1/8 inch staple or better. A very few of these larger companies will make a little more than half the year's output; the balance will be divided among more than 230 smaller concerns."



Attention is so often drawn to the decreasing purchasing power of the consumer's dollar that the wholesaler is forgotten. A prominent statistical agency draws attention to their plight and points out that "the value of the dollar since 1914 has depreciated more to the business man who buys goods at wholesale than to the consumer who has to consider simply the cost of living. This is true because the average level of wholesale prices has advanced more than the prices of goods which enter into the cost of living."