The Monthly

Business Review

Covering business and industrial conditions in the Fourth Federal Reserve District

FEDERAL RESERVE BANK OF CLEVELAND

D. C. Wills, Chairman of the Board

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ALTHOUGH our continually optimistic review of business conditions may subject us to the charge of over-optimism by our readers, the movement of the past thirty days compels us to continue such a view in this report.

The existing condition of two basic branches of industry has always been accepted as the barometer of business conditions in general. These are steel and agriculture.

The steel barometer has steadily been climbing, as the unfilled tonnage of one of the largest steel corporations, alone, on June 30 was 610,545 tons greater than the previous month. This tonnage was without the railroad demand.

If we are willing to accept the statement that business prosperity is in proportion to the prosperity of the farmers, then there can be little question as to a general favorable condition.

Added to this we have the Peace Treaty signed; the security of a President back in the White House; restrictions lifted on exports, with a strong demand from European countries, and the financial machinery for the extension of their credit being assembled. The whole world is just beginning to feel at home with herself again.

If other evidence be needed we still have the fact that the per capita circulation of money on July 1 was $54.28, as compared with $50.86 a year ago — an increase of 6.7 per cent, and that industrial and commercial failures are the smallest in number in 39 years.

However, there are blots on the business escutcheon. While an abnormal demand with subnormal supply necessarily means high prices, we can see no justification for the open wave of profiteering which has struck us. The constant rise in prices reminds one of a horse which was used as a tread-horse for so long that through force of habit he would continue the motion of treading even after the tread-mill was shut off. The rise in price, for which there was, in most instances, a legitimate excuse during the war, has so fixed itself that the general public continues to tolerate the now illegitimate rise.

To stimulate earnings business demands a rapid turnover of money. To stimulate the reduction in the high cost of food products, a rapid turnover of such products is also necessary. To enact and enforce laws which would compel a reasonable and economic storage of produce would keep it moving and thereby reduce the prices.

The burden cannot all be shifted to the profiteers. The public, in a measure, is to blame in being too willing to pay the prices with little complaint. The "I-don't-care" feeling seems to be the attitude of people of all classes — a tendency to let down. The feeling of relief which followed the termination of the war seems to have transformed itself first into lassitude and later into utter indifference. We may concede that this is the natural reaction of the high tension to which the world was subjected during the war, but it does not make for wholesomeness nor for national safety. We will, of course, work our way out in spite of it, but the outlook would be brighter if it did not exist. The business situation cannot be wholly sound until such an attitude is changed.

This is certainly no time for extravagance. We have a national debt which amounts to one thousand dollars for every man in this country who is over 21 years of age, and wealth is not created by extravagance.

As the supply of labor continues insufficient and wages high, there has been no lowering of prices to consumer. However, the gap betwen the producer, the manufacturer, and the consumer is in many cases far too wide. Price levels already reached are higher than the maximum ones fixed by the Government under war-time regulations. Seemingly, as long as the general public will continue to pay exorbitant prices on nearly all commodities, without making complaint, such unnatural levels are very apt to be maintained.

The intrinsic value of the Federal Reserve System is again being shown, now that the bumper crops throughout the District are being harvested and moved. Several years ago farmers were on the anxious seat for weeks whenever they had large crops, wondering just what the attitude of Wall Street would be when they asked for money with which to move them.

Because of the greatly increased cost of farm labor, it has taken a great deal of money to get the crops into the fine condition in which they now are, but the farmer has been able to get all the money he needed through his own home town bank. If that bank was short of funds it was possible to secure them directly from the Federal Reserve Banks, or indirectly through their city correspondents. The real effect of the Federal Reserve System is to create twelve money centers in as many sections of the country, all working in close connection, so that the resources of the whole country can be mobilized for the purpose of moving crops if that is necessary.

Iron and Steel Industry Shaping Itself for a Very Active Market. Evidence from all quarters shows that June definitely turned the tide in the iron and steel business. The increase of 610,000 tons in the unfilled orders of the steel corporation, as of June 30, terminated heavy monthly declines since November, 1918, and is a clear and accurate index of the change in market conditions. Independent producers have been booking business on a corresponding scale. Steel ingot production in June, was at the rate of about 32,400,000 tons annually, compared with 27,106,094 tons in May. This represents 71.6 per cent. of the month of highest production in history, which was October, 1918, Operations have continued to increase so that they are represented today by practically 70 to 75 per cent. of ingot capacity. Pig iron production showed the first increase since September, 1918.

According to figures compiled by the Iron Trade Review, the output for June, a thirty-day month, was 2,116,702 tons, compared with 2,107,729 tons in May, a thirty-one day month. Furnaces in blast on July 1, were 200 as against 197 on June 1. Since then several additional stacks have been blown in.

The best buying continues to be done in lapweld tubes (representing the effect of vigorous oil and gas field operations) in sheets, wire, bars, and in tin plate. Some of the heavier lines still are lagging, such as plates, rails and shapes, and this can be readily accounted for by the abnormally small railroad buying and the absence of shipyard requirements.

The iron and steel industry virtually is making a surprising showing in view of the restricted buying in these major lines. Farming implement manufacturers are buying on increasing scale.

Pig iron sales in June were by far the heaviest since the armistice. A careful compilation shows that the total sales were between 1,250,000 and 1,500,000 tons for last half shipment.

The June sales were made up largely of malleable and foundry grades. Steel-making iron transactions have remained singularly few. With increased steel works operations, however, these are expected to come along more briskly. Some buying of iron for 1920 delivery is being done in scattered cases, but furnacemen generally are not disposed to encourage future commitments at this time.

Reports from the Pittsburgh district show that conditions are steadily improving and it is an assured fact that a distinct gain has been made. Mills in the District are operating at approximately 70 per cent. of capacity. The payroll of one of the large independent mills has increased 33⅓ per cent. since our last *Review*, and is now within 20 per cent. of the peak during the war period.

Collections for June were a happy surprise, and a larger per cent was collected on the same basis than for the month of May. It must be taken into consideration that very substantial accounts, representing material furnished to the equipment companies for railway cars, stood virtually at a standstill; and due to the reduction in the dollar and cent valuation of the shipments these outstandings naturally represent a continuously increasing percentage of the total. Confidence is expressed that when the majority of the Government claims are settled the situation will be a very satisfactory one.

Tin plate industries report that their business is rounding out into something like normal stride, and that mill operations are now on the heaviest scale since early last fall. About 80 per cent. capacity is claimed, which shows a steady increase.

A large domestic demand for wire products, including bolts, rivets, and chains, maintains a comfortable position for the wire rod market. A good export demand is also found for all classes of semi-finished steel. Export orders for wire nails are large. Demands for pipe in connection with the oil boom are reported enormous, and plants are daily falling behind. Demand for eight-inch pipe is reported beyond all precedent. Orders for new business are being scaled down to 50 per cent.

Demand for structural steel continues to improve. Some large bookings are reported, but the trade is still somewhat spotty.

The industry in general is moving forward under favorable conditions, and shaping itself for a very active market. There is a marked increase of buying for export trade as shipping rates are now getting more in line, and there is a steady improvement in the outlook for necessary credit abroad.

In a special study of the ore tonnage carried by the Great Lakes fleet, it is found that shipments of ore for the 1919 season will show quite a drop compared with those of 1918. During the 1918 period, the mines in the Lake Superior district sent forward 61,156,732 tons of ore by lake. That the movement for this season will show a loss of 10,000,000 tons is quite certain, and some shippers say that shipments will not reach the 50,000,000 ton margin. A loss of 10,000,000 tons this season compared with 1918 would make the movement a little more than 51,000,000 tons, and in order to reach that mark the fleet would have to handle only 8,000,000 tons for July, August, September and October, and 3,000,000 tons in November. Shipments for that period last season were 10,659,203 tons in July; 9,725,331 tons in August; 8,995,014 tons in September; 8,541,593 tons in October and 4,279,025 tons in November.

The above figures indicate that if the movement does not exceed 51,000,000 tons the fleet and docks can handle this business without difficulty.

No matter how heavy the late grain movement is, if furnacemen put off placing orders too long, and try to get a supply of ore the last two months, a car shortage is looked for; and if it comes, the movement will slow up all along the line. Ore shipments up to July 1 were 16,008,419 tons, which was a decrease of 2,941,311 tons compared with the same period last season. The movement for July will show a big loss compared with July, 1918.

That shipments up to August 1 will be 5,000,000 tons behind last season for the same period is almost certain, and that will be about half the estimated loss in the movement for the season.

The outlook is improving steadily and ore shippers figure that with the demand for iron and steel in all lines, furnacemen will not take the chance of going into the closed season with short supplies.

Manufacturing Gradually Regaining Pre-War Levels. Manufacturers of screw machinery products in Cleveland report that business is not yet back on a pre-war basis, but rapidly approaching it. Makers of foundry machinery report a large volume of business with orders booked for several months ahead.

Automobile manufacturers say that production is expected to reach a normal output in the very near future. While business in this industry is reported satisfactory, yet comparatively few concerns have regained the pre-war basis. One large automobile manufacturer reports that conditions in his plant are far ahead of the highest level reached before the war. They have taken on hundreds of additional men since the signing of the armistic, and report a large volume of business.

In the chemical manufacturing industry the volume of business is reported satisfactory, but, owing to labor unrest and strikes, the situation is far below the peace-time basis.

Makers of paints and varnishes can well take an optimistic view. With the increase in building activity manufacturers of these products are experiencing a very satisfactory volume of business and much buying will have to be done to cope with the new business anticipated up to the end of the year. Very little labor unrest is noted in this industry, as these manufacturers have been able to keep their labor satisfied.

Generally speaking, it is thought manufacturing conditions will soon regain the level maintained before the war. The labor condition is somewhat uncertain, as a great many plants report a continual dissatisfaction among the men, which in some cases is difficult to analyze. Probably the high cost of living is responsible for a great deal of this. While there is little manufacturing in the Lexington district yet these few concerns are working full time and are behind in their orders.

Manufacturing in Pittsburgh is running 60 per cent. of capacity. Electrical supplies maintained a satisfactory volume for June, with considerable increase over that of April and May. The continued inquiries would indicate offerings of considerable new business.

Collections are good, with a decrease in the offering of paper, which is a good sign.

Orders in the boiler and radiator business are plentiful, but prices have been badly demoralized.

Erie reports more orders than thirty days ago. The foundry business, which is the principal industry, is more optimistic. Boiler and engine manufacturers are receiving orders from foreign countries and are making a special drive for this business. Men in the shops who, a few months ago, were working three and four days a week, are now putting in practically full time, and there is very little pessimism, although much dissatisfaction is being shown on account of the unreasonable cost of living.

Cincinnati reports that, broadly speaking, there has been some improvement in manufacturing conditions. Orders are coming in more satisfactorily, but prices are rising and in some instances these changes are very marked. For example, copper and brass goods, soaps and shoes, show recent advances which are very pronounced. Wages are firm and shown a tendency to increase.

Wheat a Disappointment; Farm Labor Scarce. A big surprise in the agriculture report for this month is the unexpected condition of the wheat berry. While there will be an unprecedented yield, the results being revealed by the threshing-machine are not what were expected. The yield per acre is far out of proportion to the amount of straw. In many places the berry is shriveled and not well filled. Apparently the frosts in spring and the extremely hot weather in June proved harmful.

The Cincinnati Area reports about three-fourths of an average crop, with the best grain running from 49 to 55 pounds against a normal of 58 pounds a bushel. An interesting feature is that the quality of the grain grown on poorer ground is averaging better than that grown on good soil.

Probably little grain threshed will grade No. 1, most of the wheat being of the second and third grades. A disappointment for the farmer lies in the fact that in order to obtain the guaranteed price of $2.26 a bushel, his grain must make a No. 1 grade test. Three cents will be deducted on each bushel grading No. 2; seven cents will be deducted on all wheat of No. 3 grade, while that grading below No. 3 will be bought on its merits at prices that will reflect its commercial value as compared with grade No. 1.

In most instances the binder was able to pick up the fallen wheat, and wherever this was impossible, hogs have been turned into the fields and fattened upon that which would otherwise have been wasted.

Another disquieting feature in the life of the farmer is the shortage of labor. The heavy rains of May delayed them to such an extent that they have not been able to catch up; however, they are redoubling their efforts and will no doubt be able to take care of their crops.

What farm labor is obtainable is only at such prices that the farmer is gradually tending toward a "one-man" farm, or is undertaking only what he and his family will be able to handle with occasional outside help. This seemingly continuing condition is causing the farmer to turn more and more to mechanical means for relief and meet the labor shortage by the introduction of motor power. The farm tractor companies report few sales in the District, there being a feeling among the farmers that farm tractors will be reduced in price. A disposition is also noted to let manufacturers do a little more experimenting before placing their orders. The buying of other farm machinery is quite active. Many farmers in the District are installing individual lighting systems.

A hopeful agricultural sign is that the farmers are getting together to study the cost of production. Another is the interest being taken in tile drainage. This will enable the farmer to obtain greater production per acre, reduce the acreage if necessary, and result in more intensive farming.

Early-sown oats have grown very rank, and in many cases have lodged; but the late-sown crop, due to insufficient moisture, has made a very short growth. Corn, generally, is growing rapidly; its appearance is healthy and present indications point to a normal yield.

One of the important crops of the Ohio valley is tobacco. A Cincinnati paper has just published an annual forecast of crop conditions, which shows an increased acreage of 17,000, with an estimated yield increase of 20,000,000 of Burley tobacco. The dark tobacco section of Kentucky promises 22,000,000 pounds more than in 1918. This is an important matter with the Cincinnati bankers, as upon them falls the bulk of financing this great crop, valued at approximately a quarter-billion dollars.

Reports from the Kentucky section list the crop conditions as follows: Oats, 89 per cent; Burley tobacco, 80 per cent; dark tobacco, 81 per cent; clover, 93 per cent; orchard grass, 93 per cent; blue grass, 95 per cent; cow-peas, 82 per cent; alfalfa acreage, 99 per cent; garden conditions, 87 per cent; potatoes, 87 per cent, with fruits showing a short crop.

Many of the tobacco growers in Southern Ohio are still carrying in their barns last year's crop of what is known as the Spanish and Dutch leaves.

The fruit situation is quite disappointing. The June drop has greatly reduced the crop prospects of both peaches and apples. This condition has also affected the grapes, in that the clusters contain a smaller number of berries than they should. We now have a condition of large, open clusters, which may be somewhat compensated for in the larger berries which will be produced. Prices on grapes will be higher than ever before, ranging in price from $120 to $140 a ton. They have been sold in the past as low as $20 a ton.

The development of agriculture is very largely dependent upon road conditions. There is much road building in progress, but prices for road work are becoming prohibitive. An eighteen-foot road at from forty to sixty thousand dollars a mile frightens nearly everyone. The material which enters into road construction has advanced in price from 150 to 500 per cent.

Warnings of Coal Shortage Are Becoming Louder. "BUY NOW" is the keynote of the coal situation. Warnings are constantly being issued by Government officials and the National Coal Association, both of whom have made a careful study of the situation and are endeavoring to prevent suffering such as occurred during the winter of 1917-1918. Several reasons contribute to this shortage. It is estimated that from one million to one and one-half million foreign-born workers, a considerable number of whom have been working in and about our coal districts, are now sailing and will continue to sail, a fact which will greatly check production. Combined with this condition is the possibility of a car shortage, due to the inability of transportation companies to obtain sufficient labor to keep cars in the necessary repair. Coal should be plentiful at this season of the year, and it is really a serious condition to find ourselves facing a shortage so soon. Another factor is the scarcity of teamsters and men for yard labor. The wise consumer of coal will secure enough to carry him over any temporary shortage.

The reported shortage of coal production in England and some of the other European countries means that there will be a large export call. The coal output in England to date is about 26 per cent below that for the corresponding period last year.

The coal mines in the vicinity of Cincinnati have not so far this month done much to make up the deficit in this country's production. This means constant work for the miners during the balance of the summer, and throughout the coming fall and winter. In eastern Ohio the production dropped from 75 per cent to 70 per cent of capacity since our last report. It is estimated that 90 per cent of the capacity production of the smokeless coal area of eastern Kentucky and West Virginia is under contract to 1920. The demand for bunkering and export purposes has been particularly heavy. Smokeless coal is being offered to the consumer in this vicinity for the first time in more than three years.

Collections are exceptionally good, with very few requests for extension of time of account of inability of the purchaser to pay according to contract.

A special study was made for this issue, at the coal docks in Cleveland, as to the coal tonnage which is being handled by the Great Lakes fleet. The results show that lake shippers believe the tonnage for this season will be at least 20 per cent less than in 1918, because, owing to the mild weather and the slowing-up of business, a large amount of coal was carried over at the upper lake ports. By reason of small local demands, coal was rushed forward to the lake frontage during the early part of the season in order to keep the mines running; and as a result the movement up to July 1 was about 1,500,000 tons ahead of last season for the same period. There has been quite a let-up in the movement since July 4, due very largely to the shortage of labor and cars at the mines, and even the contract boats have been experiencing difficulty in securing cargoes. Coal is slow going forward from the upper lake district to the Northwest, and in some cases dock space is getting scarce. The bulk freighters in 1918 carried 28,153,517 net tons of bituminous coal (which is a record for the trade), but shipments for this season will drop considerably below that mark.

Exodus of Foreign-Born Labor Increasing. Many of our foreign-born laborers are leaving the country, a fact borne out by the issuance of passports, as many are needed to rebuild their own countries and to care for families who are victims of war conditions. It is reported that the exodus from Cleveland alone will amount to 35,000 before the end of the year. The steel and coal industries being large employers of foreign-born labor, their interests are being vitally affected by this emigration.

The Pittsburgh district, which is the greatest steel center in the world, is facing a shortage of labor that threatens to seriously cripple its manufacturing plants. Five thousand common laborers could find work there immediately. In addition there are two thousand other places open for mechanics and skilled workmen.

While there will be always be some idle men in every community, yet there is probably a smaller number of unemployed in this District than ever before known. Apparently the problem to be met later is not one of wages but of the ability to get sufficient labor to offset the rapidly increasing exodus of foreign-born help.

Dwelling Construction the Gratifying Outlook of Building Activity. The trend of increased building activities is evidenced by the reports from manufacturers of building brick and hollow tile; by the increased sale of paints, the very noticeable increased demand for structural steel, and for lumber for the construction of homes, notwithstanding its scarcity and high price.

The most hopeful sign of the entire building situation is found in the increased number of homes which are being built. This condition exists throughout the District, but has not as yet reached the required volume.

There can be no question that the present housing condition is aggravating the unsettled state of labor. Students of the problem incline to the belief that unless Government aid is offered in the form of Federal loans, there is no hope for relief on an appreciable scale.

The most serious problem in building construction is the inadequate supply of skilled labor, resulting in some builders accepting contracts only on a cost-plus basis. Builders are also awake to the fact that present prices will not be lowered, but, on the contrary, are likely to advance. It must be remembered that it was approximately fourteen years after the Civil War before the quotations of building materials declined to pre-war levels, so it is not to be expected that present prices of materials entering into building will find an immediate reduction.

As an indication of the extent to which building operations are being carried on, Cleveland reports show that the value of building permits issued during the first six months of this year exceeds that of any one year from 1913 to 1918, amounting to $15,091,315, which is a gain over the same period in 1918 of $5,937,805.

Akron estimates that the total cost of new buildings for the first six months of this year will amount to $10,044,552. Permits for new construction in the city of Dayton amount to but $812,000 yet there are requests on file for permits aggregating over one and one-half million dollars.

A detailed comparison of building operations in the larger cities of the District will be found elsewhere in this *Review*.

The Realty Situation in Cleveland. Real estate conditions in Cleveland show a decided improvement over previous years. The city is basically sound, and real estate is well regarded as an investment. There is a large volume of transfers and inquiries, and all indications point to a period of unusual activity in buying.

Vacant land is in great demand, and allotment operators report big sales. There seems to be plenty of ready money in the hands of workingmen and others who desire to acquire home-sites, and larger down-payments are being made than ever before.

Factory properties are moving briskly. Many of the so-called non-essential industries whose activities were restricted during the war are expanding rapidly and seeking new locations. Factory space is at a great premium, although a considerable amount of new building is being done in this field. The large expansion in factory property during the war does not seem to have acted as a drag on the market, as factories which were engaged in war work seem to have successfully switched over into peace-time activities, and apparently require all the space they now have.

Apartment house buying is brisk. Apartments as a class have probably advanced 15 per cent in value in the past six months and probably 25 per cent in value in the past four years.

Merchants Unable to Obtain Better Grades of Goods. The general complaint of merchants in the District is their inability to secure the better qualities of merchandise. Cleveland merchants report very little change in textile trade. The supply of piece goods has become more meager, and deliveries against contracts for fall consumption in the garment trade have not yet reached anything like a satisfactory state. Mills are offering very poor deliveries for spring, as they are filled with orders for fall deliveries which will extend far beyond the normal period.

Retail demand continues large, with no apparent change in the temper of the buying public with reference to prices. The demands seems to continue for better qualities, irrespective of cost. Sales so far this year, as reported by one of the largest department stores in Cleveland, show a 37 per cent increase, with collections during the month of June 33 per cent better than last year.

Columbus report says that retail business is unusually good, with reports continuing to come from the East of a shortage of merchandise. Columbus merchants are making hurried trips to New York City to replenish their depleted stocks.

Erie merchants report that it is more difficult now to obtain merchandise than ever before, giving as the reason the fact that the larger mills in the East are receiving a great many orders for foreign deliveries, and that they are being held up by the strikes of their employes.

General wholesale and retail trade in the Cincinnati district has been active. Consumers are laying in supplies of both necessities and luxuries, which had come to low ebb because of war-time sacrifices. They seem to be paying for these goods from their weekly earnings, and not disturbing their savings accounts, so the pickup in retail trade promises to be steady until these deficiencies of home demand have been filled.

Export Trade Steadily Gaining in This District. Foreign trade in the Fourth Federal Reserve District is quietly but steadily on the gain. The better-versed export men who are returning from Europe report that in spite of the chaotic conditions there, they were able to transact considerable business and consummate definite arrangements for future sales. The majority of the larger implement, machinery and tool manufacturing plants have been quite busy filling their foreign orders during the past several months of domestic depression. The increasing demand from the smaller manufacturers for information on both markets and methods, indicates a growing realization of the importance and possibilities of foreign trade.

The relaxation of restrictions by the War Trade Board together with increasing amounts of shipping space is facilitating freight movements. Reestablishment of the issuance of through bills-of-lading by the railroads will be welcomed by inland shippers. The growing opinion that there is an appreciable volume of export business in this territory is substantiated by the appearance of new forwarders, manufacturers, agents, and local representatives of coast insurance and steamship lines. The initiation of ocean-bound freighters, either starting at or touching Cleveland, is arousing much interest. Statistics from the Collector of Customs indicate that approximately $5,000,000 of imports and exports passed through the Cleveland office during the first four months of the present year. This does not necessarily indicate a local even trade balance; many imports came directly to Cleveland, and therefor the import figures may be considered as reasonably indicative of that activity in Cleveland. The export figures, on the other hand, represent a small proportion of local products which ultimately reach the foreign field.

Money Plentiful for Legitimate Demands. The PROPOSED [redacted] legislation permitting all National banks to become stockholders of corporations engaged in promoting foreign trade will doubtless be taken advantage of by the National banks in this District. Financial experts of the United States Treasury regard the Board's action in making this recommendation as one of the most important steps in reconstruction yet taken. Banks generally in the District are in fine shape, with ample funds for all legitimate demands of business. The bankers are slow in lending money for speculative purposes. A healthy demand for commercial credit is observed. Brokers collateral loans are changing hands more freely, with rates showing a tendency to soften, although most loans are still being made at 5½ per cent to 6 per cent.

The farmer's prosperity is the day-star of the banking outlook at the present time. Deposits during the last 30 days have not shown a depreciation, regardless of the drain of taxpaying.

The bank acceptance field has been practically at a stand-still since our last *Review*, as Government requirements and high call money in New York have made the demand very light. The redeeming feature, however, is that the smaller country banks are beginning to buy bank acceptances as an investment for temporary funds.

The transmission of money to Europe is increasing. During one day one of the the banks in Youngstown, alone, sold foreign exchange to the amount of $115,000.

Transportation Shows Encouraging Gains. It is very encouraging to find that transportation is slowly gaining. Statistics compiled by the Transportation Department of the Cleveland Chamber of Commerce show the following comparative statements:

May, 1919	Inbound	Outbound	Total
Cars	37,588	22,250	59,838
Tons	1,319,945	655,929	1,975,874
June, 1919			
Cars	40,384	25,948	66,332
Tons	1,228,185	850,865	2,079,050

This makes an increase of 6,494 cars handled during June, while the increased tonnage is 103,176

Equipment is reported as being about equal to present requirements, with passenger traffic unusually heavy.

The city of Pittsburgh is making tremendous plans for widespread benefits in the way of construction of a boulevard system as a means of relief to traffic needs.

Banks Entering the Federal Reserve System. The following two banks have been admitted into the Federal Reserve system of the Fourth District since the publication of our last *Review*.

	Resources
Bridgeport Bank & Trust Company, Bridgeport, Ohio	$915,000
Citizens Savings Bank, Upper Sandusky, Ohio	785,000

The Federal Reserve Board has received word from the Comptroller of the Currency that the newly-organized First National Bank of Pandora, Ohio, with a capitalization of $30,000 has paid an installment of $3,000 on its capital.

BUILDING OPERATIONS FOR MONTH OF JUNE

	Permits Issued				Valuations				Increase or Decrease of total valuations 1919 over 1918	Per Cent of Increase or Decrease
	New Construction 1919	New Construction 1918	Alterations 1919	Alterations 1918	New Construction 1919	New Construction 1918	Alterations 1919	Alterations 1918		
Akron	612	203	144	62	2,266,772	780,605	81,510	31,945	1,535,732	189.
Cincinnati	195	92	508	435	623,755	288,105	278,345	186,790	427,205	90.
Cleveland	468	168	931	737	4,101,300	1,276,400	554,325	292,400	3,086,825	196.8
Columbus	243	104	95	94	531,655	249,995	117,005	79,875	318,790	96.6
Dayton	252	126*	100		811,903	395,112*	52,950	....	469,741	118.7
Erie	165*	119*			223,581*	285,925*	....	....	62,344—	21.8—
Lexington	29	10	69	37	64,500	53,500	26,750	3,855	33,895	57.8
Pittsburgh	392	244	148	137	825,263	738,389	335,533	237,830	184,577	18.8
Springfield	66	18	14	4	150,670	25,450	15,125	2,190	138,155	511.1
Toledo	219	77	160	63	517,477	474,963	137,355	32,571	147,298	28.9
Wheeling	46	24	18	41	26,060	9,252	1,970	8,597	10,181	57.
Youngstown	228	198	43	30	742,520	408,042	27,300	34,525	327,253	73.9
TOTAL	2915	1383	2230	1640	10,885,456	4,985,738	1,628,168	910,578	6,617,308	112.2

*Figures include new construction and alterations.

CLEARINGS

	June 16 to July 15		Increase or Decrease	Percent of Increase or Decrease
	1919	1918		
Akron	32,526,000	27,892,000	4,634,000	16.6
Cincinnati	248,637,660	243,929,013	4,708,647	1.9
Cleveland	496,419,254	411,569,550	84,849,704	20.6
Columbus	58,463,700	44,174,400	14,289,300	32.3
Dayton	21,617,004	17,185,105	4,431,899	25.7
Erie	9,683,837	9,193,808	490,029	5.3
Lexington	5,410,499	3,665,147	1,745,352	47.6
Pittsburgh	629,135,731	578,705,724	50,430,007	8.7
Springfield	6,978,822	5,964,770	1,014,052	17.
Toledo	55,387,024	44,210,000	11,177,024	25.2
Wheeling	21,724,489	16,556,794	5,167,695	31.2
Youngstown	26,316,478	16,828,499	9,487,979	56.3
TOTAL	1,612,300,498	1,419,874,810	192,425,688	13.5

STATEMENT OF
FEDERAL RESERVE BANK OF CLEVELAND.
July 18, 1919.

RESOURCES

Gold coin and certificates	$32,239,000	
Gold settlement fund with F. R. Board	44,259,000	
Gold with Federal Reserve Agent	120,438,000	
Gold redemption fund	1,011,000	
TOTAL GOLD RESERVE	197,947,000	
Legal tender notes, silver, etc.	910,000	
TOTAL CASH RESERVE		198,857,000
Bills discounted—Secured by Government War Obligations	100,469,000	
Bills discounted—All other	9,661,000	
Bills bought in open market	55,649,000	
Total bills on hand	165,779,000	
U. S. Government Bonds	1,084,000	
U. S. Government Victory Notes	-o-	
U. S. Government certificates of indebtedness	18,574,000	
TOTAL EARNING ASSETS		185,437,000
Uncollected items and other deductions from gross deposits		68,449,000
5% Redemption fund against F. R. bank notes		897,000
All other resources		1,388,000
TOTAL RESOURCES		455,028,000

LIABILITIES.

Capital paid in	$9,255,000	
Surplus fund	5,860,000	15,115,000
Government deposits	14,597,000	
Due to members—Reserve accounts	126,924,000	
Deferred availability items	56,798,000	
Other deposits	8,319,000	
TOTAL GROSS DEPOSITS		206,638,000
Federal Reserve notes in actual circulation		215,948,000
Federal Reserve bank notes in circulation—net liability		16,774,000
All other liabilities		553,000
TOTAL LIABILITIES		455,028,000

PICKUPS ON BUSINESS TOPICS

MAIL can now be sent by airplane from New York to Chicago leaving New York about 5 a. m. and reaching Chicago about 1 p. m. Planes are changed at Belfont, Pa., and Cleveland. The air mail arrives in Cleveland in time to catch the plane leaving there at 9.30 a. m. for a non-stop flight to Chicago. About 12,000 letters a day are taken for Pacific coast points and through air mail service from New York to Chicago will advance the delivery of mail for Seattle, San Francisco, Los Angeles and other cities about twenty-four hours sooner than if sent from New York through by train mail. This applies to letters received in New York postoffice for the 8.40 p. m. train westward.

Air mail from the west for Chicago and points east is taken on at Chicago and Cleveland. A plane leaves Chicago at 2.30 p. m. arriving in Cleveland at 5.30 p. m. in time to connect with the 20th Century limited, and the mail arrives in New York about 9 o'clock the next morning. This gives the business men about three more hours to dispatch mail from Chicago than if sent by train about noon. An airplane leaves Chicago in the morning at 8.30 taking on all air mail from train connections and the mail arrives in New York about 1 p. m., a stop being made at Belfont, Pa., to change planes. This also gives the business man a late night service by train to Cleveland, connecting with the morning plane at that point for New York and points east and advancing mail delivery many hours over that by through train service.

United States mints established a new record for monthly output in June by turning out 98,610,000 pieces of money, Director Ray T. Baker announced. Of the total pieces 91,364,000 were pennies which was 13,000,000 greater than the previous record made in December, 1917. The remainder consisted of 6,427,000 nickles and 370,000 dimes.

Progress in reconstruction of France Transportation Systems is shown in a report made by the Minister of Transportation to President Poincare. Since the signing of the armistice 564 miles of double-track railway lines and 567 miles of single-track lines on the north and east railway have been restored. Of 645 miles of canals closed to navigation, 198 miles have been reopened to commerce. Seven thousand miles of highways, out of 24,000 miles that were damaged have been put in good condition.

By a unanimous vote the Argentine Senate last week approved without reservation the entrance of Argentina into the League of Nations. The Argentine Republic is the first nation to assent, through its treaty-making body, to the League of Nation's covenant.

A new steamship line has been established between the ports of Boston and Buenos Aires. It is expected that other vessels of the United States Shipping Board will be assigned shortly for the South American service. This service has long been needed, and will go far in bringing the two continents together.

Chicago takes on the role of an export port. The first steamer sailed on June 25 from Chicago to Great Britain. It will mark the first big step in the development of inland water transportation by the Emergency Fleet Corporation. The trip by way of the Great Lakes and Montreal, to the Atlantic is expected to require three weeks.

As a special compliment in honor of Dr. Epitacio Pessoa, President-elect of Brazil, Postmaster General Burleson speeded up the completion of the money order convention between the United States and Brazil so that as far as action by the United States is concerned the convention should be concluded while Dr. Pessoa was the nation's guest at Washington.

The money order exchange offices will be located at New York City and at Rio de Janeiro. When the treaty is signed at Rio de Janerio it will then go into effect and will greatly facilitate the commercial operations between the two countries.

ALL national banks throughout the United States will be permitted to become stockholders of corporations engaged in promoting foreign trade if Congress enacts legislation that is now being urged by the Federal Reserve Board and by bankers quite generally.

The amendments would permit any national bank until January 1, 1921, without regard to the amount of its capital and surplus, to invest an amount not exceeding in the aggregate 5 per cent of its paid-in capital and surplus in the stock of one or more corporations such as described, provided that the total of such investments by any one national bank shall not exceed 10 per cent of its capital and surplus. As the capital and surplus of national banks now exceeds $2,000,000,000, enactment of the proposed legislation would enable them to devote about $100,000,000 for the purpose indicated.

Whatever may have been the fact three months ago, there are few students of the business situation who now hold that there must be or will be a general and important decline in commodity prices and wages before the real business activity of the world will be resumed, says the Iron Age. From the present level no marked deflation need be expected in commodities and wages without corresponding decrease in the world's currency, government bonds and bank deposits, and in those items there is no present promise of more than a very gradual decrease. Any approximation to prices comparable with pre-war standards would require great increases in efficiency in production, or it might come after severe industrial depression, making men much more willing than they are at present to work very hard for what they secure in the commodities or services they purchase with their earnings.

The fiscal year beginning July 1 next will witness, it is believed, the greatest annual expansion of trade between the United States and Latin America that has ever taken place in peace times, according to a statement by John Barrett, Director-General of the Pan-American Union. This fact was emphasized at the recent Second Pan-American Commercial Conference held here. Ever since the beginning of the war there has been an extraordinary growth in Pan-American commerce due largely to war conditions. It increased approximately from $750,000,000 in the fiscal year immediately preceding the war, 1913-14, to about $1,750,000,000 last year, 1917-18, a gain of $1,000,000,000, or 133 per cent in only four years. Of this total the growth in exports from the United States to the twenty other American republics amounted to 157 per cent, and the imports from those countries to 119 per cent.

President Wilson has created the position of United States Wheat Director, and Julius H. Barnes, president of the Federal Grain Corporation, will be its first incumbent.

The Wheat Director will direct the handling of the 1919 crop and administer the $1,000,000,000 appropriated to sustain the price guaranteed by the Government.

There is a shortage of one million homes in the United States, according to William H. Garland of Los Angeles, president of the National Association of Real Estate Boards.

Delegates predicted a nation-wide boom in building. They declared the only obstacle in the way is the failure of the manufacturers to stabilize prices for materials.

A bill has passed the United States Congress granting permission for the construction of a vehicular tunnel under the Hudson River between New York and New Jersey.

The Peruvian Postmaster General has been authorized to ask for tenders from several European and American firms for the establishment of aerial routes for transportation of mail, passengers and freight.

Sale of thrift stamps, which, at twenty-five cents apiece provided $956,023,121 toward financing the war will be continued permanently by the Treasury, Secretary Glass announced.