# 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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WE CANNOT bring ourselves to the pessimistic prediction for 1920 which is being expressed by some of our statistical and economic experts. While without question there are many grave problems confronting us, yet the ability of our country which settled just as grave ones during 1919 strengthens our courage and optimism for 1920.

We would not wish to be interpreted as being over-optimistic. As a nation we are a long way from the "edge of the swamp," and many bogs and much quicksand still lie between us and firm ground. The coming months hold no place for the faint-hearted or the individual who cannot lift himself above selfish gain or profit. Our country was never in greater need of breadth of vision, of courage and of a tighter grip on itself.

Those things which would have brought us disaster have either entirely disappeared or are evidencing signs of righting themselves. The steel and coal strikes have been settled without too serious results, and the disease of "spenditis" and uncurbed speculation are showing saner action. The Federal Reserve Board, with the aid of the banks of this country, can largely control the latter, while a campaign of thrift, together with a little economic reasoning on the part of each one of us as individuals, can correct the former evil. We can see no overshadowing calamity to give us serious alarm. Our war record should surely convince us of our confidence to work back to normal. While in our mad rush we have as a nation attempted to discard the old economic law of supply and demand, yet such a law cannot long be ignored. Europe and Great Britain will, in one or two more crop seasons, be largely supplying their needs. Our producers and manufacturers will then have to compete with foreign producers and manufacturers. This will automatically decrease the demand for our produce and manufactured goods, with the resulting reduction in prices. All this transition will come about so gradually that it will be hardly detectable.

While the present conditions are disturbing, yet they should not be alarming when we stop to consider that the classes of people that are unconsciously spreading this disease of high prices are those same classes that have always spent as they earned. They now have more money to spend, and what to them is a natural habit becomes to those who are thrifty an aggravated and burdensome act, because of the consequent bidding up of prices.

Last month we laid upon the banker the heavy burden of checking reckless extravagance. This month we are going to let that burden be shared by the employers of labor, be it office or shop. If it be true that to a large extent it is the pay-envelope class who are the greatest offenders, then the burden should be shifted to those who hand out the envelope.

Some good can be accomplished by the teaching of thrift in our schools, but our problem is immediate, and children must grow up. It would therefore seem that the logical way to deal the hardest blows to indiscriminate spending is by a campaign of thrift at the place where the worker and his pay envelope meet. Much good could be accomplished both for the individual and the country at large, if the factory, store and office managers would endeavor to see that their employees have a thorough understanding of the relation of wages to living expenses, and that the additional dollars which they are now receiving have but little additional purchasing power and should, therefore, be conserved.

Our correspondents are continually citing examples of that sort of foolish expenditure which furnishes the competition and makes the burden which is so difficult for the middle class to bear. A large furniture dealer in this District writes us of an Italian fruit dealer who came into his store and purchased a $700 bedroom suite. Curious to know what sort of use such a purchaser would have for such high-grade furniture, the dealer volunteered to place it in his home. On reaching the address given, it was found that the Italian with his large family was living in two rooms, and when the furniture was finally arranged it was necessary to put two pieces of the suite in the kitchen.

So long as we express the attitude of utter indifference and carelessness as to whether we keep a dollar or spend it and are equally careless of our need for the thing purchased, we cannot hope to induce a sound, economic condition. The best advice we can give this month to our readers is: Increase production, decrease personal expenditures, increase savings accounts.

## *Official Termination of Steel Strike Should Increase a Much-Needed Production*

Demand for iron and steel is keeping well ahead of supply since production generally has continued unsatisfactory and subnormal. Early deliveries in many lines virtually are impossible to obtain. Buyers encountering this situation on their current requirements have been rendered more anxious to fortify themselves on their future needs. The result has been that strong efforts are being made on all sides to get under cover of future needs running to July 1 and beyond. Fearing a shortage of material, many consumers have made prices a secondary consideration; therefore, they have been actively bidding up the market upon themselves, and the situation wholly is in the sellers' hands. The steel corporation having reiterated its determination to maintain the minimum price schedules suggested by the industrial board March 21, now finds itself practically alone in this position. Various independent producers are regulating the quotations more nearly to conform with the present intensity of demand and the material advances in operating costs. Some of them are observing a conservative policy; others have raised their schedules sharply. As a consequence the spread of going prices has been increased. Between the high and low figures it now amounts to something like $17 per ton in steel plates, $13 in steel bars, $19 to $24 in sheets, $6 in structural shapes and corresponding amounts in other finished products.

While the steel corporation mills continue to adhere to minimum prices, these are being quoted only to regular customers. Furthermore, the obligations of the largest producers have grown heavily so that deliveries on many lines have become far deferred. Total unfilled orders of the steel corporation on December 31 were the largest since October 31, 1918, and December showed the greatest single monthly gain in history. This amounted to 1,137,036 tons. During the past seven months the total unfilled orders of the leading interest were swollen over 4,000,000 tons. Some of the independent mills are in a relatively similar position, and have enough business on their books at present at the current rate of operations to carry them well past mid-year.

A large buying movement in heavy melting steel scrap is accepted as further indication that heavier steel production is at hand. Insistent demand continues for immediate or early shipment, particularly in bars, sheets and plates; strip steel, wire nails and oil country goods, and the trade is being scoured for odd lots in stocks and offering premiums over the customary prices.

Sheet mills are particularly hard pressed with a tremendous demand arising from automobile makers.

Tin plate consumers are pressing the mills for additional booking of orders, but the mills report they are nearly sold up to July 1 and are accepting very light additional business. The season for really heavy consumption of tin plate is several months away. Most favorable prices are ruling on export business, but it is reported very little of this trade is accepted. Tin plate market remains quotable at March 21st prices.

Pipe mills will not be able to overtake the demand for oil country goods even in the next six months. Severe weather has slowed down operations somewhat in the fields, but the demand is unabated for tubing and casing and drive pipe. Pipe lines projected for early spring in newly-developed fields are further postponed.

Production has remained unsatisfactory and few of the mills have been able as yet to work back to maximum outputs. This has been due to the demoralizing effects growing out of the steel and coal strikes, the lack of common labor, etc. The official termination of the steel strike undoubtedly will help to bring about some improvement in this respect, in that working forces will be augmented. However, during the strike many of the men had become scattered through other lines of employment and the taking up of their old jobs promises to be gradual. General efficiency has suffered from the recent interruptions of operations and the manufacturers are finding it a real problem to restore it.

Under these circumstances much tonnage now being offered the mills are being declined because of the doubt that it can be delivered within the period desired. This has brought up the big question as to how the railroads are to obtain the large quantity of steel necessary to their speedy rehabilitation once they are returned to private hands. There has been some talk that special dispensation may have to be arranged for their benefit, in order that their requirements may be met. The railroads have been heavy buyers of steel during the several weeks which have elapsed since the Presidential announcement that they were to be returned to their former owners March 1. Rail orders for 1920 delivery have been taken, these orders amounting probably to 1,000,000 tons. Heavy purchases also have been made for car repairs, in track fastenings, etc. New ship work is coming along steadily and large lots of plates and other forms have been placed to cover additional construction contracts. The mills have been obliged to refuse considerable business of this character.

The pig iron market has continued to rise under a steady demand that has considerably exceeded the available supply. Many of the furnaces now are sold up entirely against their first half production. Buyers now are coming into the market for the last half of the year and sales for that period which had been on the basis of $38 to $42 at furnace for the base grade have been increasing. Such little metal as is obtainable for first half shipment is bringing from $40 to $42 for the base grade. Producers are less inclined to advance above these levels, believing that the market has advanced amply, if not too rapidly.

December production of pig iron as compiled by The Iron Trade Review made a somewhat better showing than was anticipated earlier in the morth, when the coal strike was affecting operations. The December tonnage produced was 2,629,851 against 2,404,369 in November and 1,864,424 in October. According to the record of furnaces blowing on December 31, which was 262, pig iron production virtually had been restored to the basis which was prevailing at the outbreak of the steel strike in September.

With December figures, it is shown that the production of coke and anthracite pig iron in the country in the calendar year of 1919 was 30,586,714 tons and including charcoal iron about 30,925,000 tons. This compares with 39,054,644 tons in 1918, 38,621,216 tons in 1917, and 39,434,797 tons in 1916.

## *Grain Tonnage Being Signed for Next Season. Ore and Coal Storage Yards Holding Out Well*

Some tonnage has been lined up in the grain trade for next season at rates which will enable the boats to make some money, but no new chartering has been done in ore and coal, and it is not likely that freight matters for 1920 will be taken up during the next month. Coal is moving off the docks at the upper lake ports as fast as the railroads can handle it, and, although there is a shortage of cars in some districts, the indications are that stocks will be low at the spring opening and that early cargoes will be in good demand. There is a good-sized fleet of freighters at most of the loading ports and if the lake coal is brought forward there will be no trouble in floating it early.

Shipments of ore from the Lake Erie ports to the furnaces have been light since the close of navigation and the movement up to January 1 shows a loss of about 600,000 tons compared with the same time last year. The weather has been unfavorable for handling ore and shipments have been delayed on account of a short supply of cars. Most of the furnaces that are supplied from Lake Erie ports are in operation and a large amount of ore will be used during the winter. The big plants have a good supply of ore in their storage yards, but some of the small furnaces will have to depend to some extent on shipments from dock during the winter.

Some sales of dock ore have been made during the past few weeks, but the furnace men are not ready to place orders for their requirements for next season and the general opinion is that a buying movement will not be started during the next 30 days. Freight rates will not be fixed on ore until some action is taken regarding prices and higher figures are being looked for ore and for carrying it. Many of the ore men and vessel owners have left for Florida and California and there will probably not be much business lined up for next season until they return.

## *The Edge Bill Provides an Outlet for a Nation of Investors Trained Through War Loans*

Banking conditions are normal, although at times there has been a tightening of the money market. Under the new law in Ohio, December 31 was the listing date for taxes for corporations instead of the second Tuesday in April, as has been the case for many years. This caused large sums of money to be withdrawn from the banks by corporations just before the close of the year. This condition was reflected in the statements made by the national and state banks December 31. Some of this money has found its way back into the banks from which it was drawn, but bankers say that some of this money will not come back to the banks, having been invested in government bonds and in tax-free securities.

Deposits are growing in banks, and building and loan associations, and the Christmas savings clubs also have started off again under very favorable conditions.

A very considerable measure of relief to the European credit and finance situation is expected from the Edge Bill which after months of unnecessary delay became a law December 24. The new law, which is in the form of an amendment to the Federal Reserve Act, provides for the organization of corporations with minimum capital of $2,000,000, operating under control by the Federal Reserve Board, to finance foreign credits. It makes it possible for foreign industrial and commercial concerns to buy American goods on credits running as long as five years without tying up the capital of the American exporter. The exporter will receive prompt cash payments for his shipments while the foreign buyer will be able to postpone actual payment until such time as he can make a turnover of his purchases, or until the exchanges become more favorable. These long-term credits to be extended by the proposed Edge Bill corporations will be based upon securities offered by the foreign buyers which in turn will serve as the basis of debentures issued by these corporations and sold to American investors. The amount of debentures which any corporation may issue is limited to ten times its capital and surplus, and such issues are subject to the administrative control of the Federal Reserve Board.

In anticipation of the enactment of the Edge Bill, Congress some time ago passed legislation to permit the national banks to invest up to 5 per cent of their capital and surplus in corporations engaged in international financial operations. The Federal Reserve Board will soon announce regulations under which the proposed corporations may organize for business. It is expected that a number of large corporations will be organized to finance the export of such staples as cotton, iron and steel, grain and meat products. Such corporations will depend entirely upon the voluntary support of the banks and the investing public.

The success or failure of the Edge measure, which admittedly would have been more effective in relieving the foreign credit and exchange situation if it had been available months ago, will depend upon the interest shown by American investors in financing our export trade during the next few years. The comparative lack of interest of our investing public in foreign securities handled through existing banks and finance houses, as in the case of the French cities securities, the Chinese loan, the Anglo-French bonds, etc., seems to indicate that a campaign of education may be necessary to convince ourselves of the safety and the necessity of foreign investments. It will be kept in mind, however, that in the case of Edge corporations, the securities which will be offered to the public, though based upon foreign obligations, will be those of American institutions, amply safeguarded and subject to supervision of the Federal Reserve Board.

Under the spur of patriotism the American people during the war learned how to save and invest, though the present wave of extravagance illustrates how quickly the lesson fades. The Liberty Loan campaigns changed us from a nation of a few hundred thousand security holders to one in which some twenty million people have invested their earnings and savings in Government bonds. We have demonstrated our capacity to absorb vast amounts of tested securities. The perpetuation of the habit of saving and investing, and the adaptation of this habit to investments based upon amply-protected foreign securities should go far toward meeting the problem of foreign credits so essential to the maintenance of our foreign trade. The Edge Bill provides the machinery for financing our foreign trade; the driving power must be furnished by concerns interested in export business, by the banks, and especially by investors who will absorb the debentures of the Edge Bill corporations.

## *Mexico Becoming a Possible Foreign Market. Foreign Exporters Laying Firm Foundations*

An increasing number of manufacturers are realizing the necessity for cultivating or strengthening their export arrangements. The present demand for manufactured products and the present fever of "spenditis" will probably reach its zenith in the comparatively near future. Against that time these far-sighted manufacturers will have a well-developed foreign trade. Travelers returning from South America during the next two or three months will find plans already under consideration for a trip to some other part of the globe.

Mexico is again becoming a possible market. Letters and reports confirm the hopes that internal conditions are such as to encourage a constructive sales campaign. The coming convention on February 11, 12 and 13, under the auspices of the American Chamber of Commerce in Mexico, will doubtless be well attended.

European business continues to hold good. The machinery industry is side-stepping the adverse conditions of the market by urging the United States government to ship surplus stock into foreign countries under sales financed in the way which our government can do, and which local manufacturers cannot.

## *Coal and Coke Production Hampered by Lack of Cars; Use of Oil as Fuel Gaining*

As stated in our last *Review*, the greatest contributing cause to an inadequate coal output is the failure of the railroad companies to deliver cars to the mines as needed. The redistribution of cars from the west has been hampered by unusually heavy snows, and an actual lack of rolling stock is becoming apparent. Coal production is directly dependent upon car supply, and the car problem must be solved before any material betterment may be expected. Some mines are operating at but 10 per cent of capacity, because of inability to secure cars. One hundred and thirty-six mines in the Pittsburgh District report a loss of 200,000 tons production during the last two weeks of December, due to a lack of transportation facilities. Large preparations are reported under way for river shipments.

The action of the coal miners in approving the terms of the strike settlement between the government, the operators and the union officials has removed the last obstacle from the path of those miners who wish to return to work, and it is hoped that, as transportation facilities improve, production will increase to the desired point.

With industrial America moving at a hitherto unknown pace, and in consequence a greater demand for coal than ever before experienced, production for the year 1919 was a disappointment. Less coal was mined, despite higher wages, than since 1915.

The foreign demand continues strong, and restriction of exports has been necessary in order to insure a reasonable supply for domestic consumption.

The output of coke is restricted by the same cause that contributes to short coal production—lack of cars. Coke production is much below normal and high prices are the rule.

All indications point to a tremendous increase in the use of oil as fuel, and production of crude oil is on the increase. Prices are approaching the level where new drilling operations may be expected, and a distinct gain in the 1920 output is probable.

## *The Peak of High Prices In Building Not Yet Reached; Operations Active*

The advance in prices of building materials which began shortly after the signing of the armistice continues, and there is nothing in the situation at this time to justify a belief that the peak has yet been reached. The evil factors of underproduction and labor unrest are present in the building material line, as well as in others, and lend their weight toward a further up-bidding of prices. Very material advances in lumber and glass are noted during the past thirty days, and the demand is still greatly in excess of supply. Some manufacturers are now four months behind in orders, and it would not seem that even under the most favorable conditions the requirements of builders can be fully met during the present year.

There is a large foreign demand for lumber, even with the almost prohibitive exchange rate, but the lumber cannot be supplied. This does, however, tend to sustain the present high level of prices here.

With the advent of the new year, the building trades have been confronted with the usual annual demands for increased pay for building craftsmen. These demands, if met either in full or in part, will mean a still further advance in the cost of building.

These facts are not very reassuring to those who have postponed building operations in the hope of reduced cost. The demand for new construction has never been greater—the cost of building material and labor have never been higher—yet operations continue on a large scale and 1920 would seem to promise a banner year for manufacture of builders' supplies and builder alike.

Building and loan associations are receiving applications for loans to be used for buying and building homes in a volume undreamed of a few years ago.

A tabulated comparative statement of building operations in several of the principal cities of the District appears elsewhere in this *Review.*

It will be noted that three cities—Columbus, Lexington and Wheeling—show a small decrease in building operations over a year ago. Springfield leads in the increase, showing 2400 per cent; Youngstown follows with 2084 per cent.

## *Capacity Business the Keynote in the Fourth District; Scarcity of Material the Biggest Draw-Back*

All lines of manufacture furnish optimistic reports. This is especially true of rubber goods makers. The larger rubber companies estimate that the demand for tires for 1920 will be nearly 40 per cent in excess of that of the past year. The production of automobile tires in Akron alone is now approximately 90,000 daily. Estimates for 1920 place the total demand at 52,000,000 as against 37,500,000 for the year just passed.

The outlook for the automobile industry for the coming year is promising, inability to secure the required amount of material being the only seeming drawback. Most automobile manufacturers have orders now on hand sufficient to keep their plants working at capacity until the middle of the year.

The high prices being paid for cotton and wheat makes the demand for automobiles from the cotton and wheat section of the country tremendous, while the purchasing power, due to oil in the Texas section, is reported as "unlimited."

Some complaint is heard of scarcity of labor, but a better feeling now prevails generally among workmen. This District is now free from strikes except such local disturbances as do not affect the general situation.

Tool makers report a slight slackening in demand, but for the most part welcome it as an opportunity to catch up on back orders. The demand for high-speed steel tools continues strong.

The utter inability of some manufacturers to secure the necessary material entering into their products has forced them to take over small plants making the necessary parts and operate them for their own benefit. One of the large motor concerns is said to have taken over four small glass factories, in order to secure a requisite amount of glass to fill orders for closed cars.

The textile industry is operating at its utmost capacity, with an enormous demand ahead which it seems impossible to satisfy. Export trade continues good, and tends to intensify the existing domestic scarcity. It is believed by manufacturers that wool prices have made the turn, and that while no rapid drop in prices may be expected the tendency from now on will be downward. However, lower wool prices will not reach the consumer in the near future, as the wool purchased now and made into garments or cloth will not reach the public for some months.

A canvass of the local manufacturing industries indicates that we are starting the year 1920 with 60 per cent of our industries filled with orders which at this time will keep them busy well into the second half of the year; that 20 per cent have sufficient orders now to carry them into the first half of 1921, and that the other 20 per cent have orders which will keep them in operation at their greatest production capacity for the entire years of 1920 and 1921. These conditions are not limited to any particular line of production and reflect the faith of business men generally in manufacturing lines.

## *Winter Wheat Now Fairly Safe. Great Increase in Ohio's Farming Acreage. Farm Organizations Rapidly Growing in Strength*

The danger of damage to the late-sown winter wheat through the lack of protective covering has been averted, at least for the present, by a heavy snowfall which covered practically the entire District and has held for nearly 30 days. Unless unseasonable weather should now develop, it would appear that the crop was safe in this regard until the "freeze and thaw" period in the spring.

Corn husking has been largely completed, and late figures show that previous estimates of damage in shock were not exaggerated.

A disposition among farmers to hold hogs for higher prices is evident. Many sales have been made through fear of loss from cholera, but the farmer is dissatisfied with the break in prices from the $23 high level, and many instances are cited of farmers borrowing to carry hogs and other live stock until higher prices are reached.

As outlined in our last *Review*, the tobacco crop, while approximately 30 per cent short, is bringing to the grower the greatest money return in the history of the industry. The better grades of tobacco are especially short, and fancy prices are being paid for what is available.

A review of agricultural production for the State of Ohio for 1919 clearly indicates that "increased production" was the slogan of our farmers throughout the year. Stimulated and urged on by the world's cry for more bread, they seeded a wheat acreage in the fall of 1918 nearly one-fourth larger than that of the previous year, and in the following spring (1919) they supplemented it by increasing their spring wheat acreage 400 per cent over that of the year before. They added 4,000 acres to their rye crop; 10,000 to barley; and then when the wet spring delayed corn planting, they waited until it was possible to plant and then put in 100,000 acres more than they had planted in 1918; in fact, the effort put forth was so tremendous that the total crop acreage of the state for 1919 was the largest on record.

Crop production and farm value figures show that farmers were generally rewarded for their long and weary hours of toil. The total farm value of the 22 important crops was $510,247,240 in 1919, and $476,278,300 in 1918; and the hypothetical value of all crops grown on Ohio farms, based upon ratio of the principal crops to all crops in the census year, was $567,643,000 in 1919, and $523,212,000 in 1918.

During the year just closed "corn was king" with a total farm value of $196,988,000; winter wheat took second honors at $113,378,000; hay was third with a value of $86,611,000; oats fourth at $37,338,000; while tobacco held fifth place at $26,-084,000. In crop value per acre the order was as follows: first, onions (commercial), $421.20; second, cabbages (commercial), $350.00; third, tobacco, $191.10; fourth, sweet potatoes, $168.00; and fifth, white potatoes at $103.50 per acre.

The average crop value of all the important crops in the state (except fruits and maple produce) was $43.22 in 1919, and $41.32 in 1918.

As time goes on, farmers are more and more inclined to a study of basic conditions as affecting their products and the prices received for them. Farm organizations have been more than ordinarily successful in interesting the farmer in more intensive and better farming, improved methods, and better markets through closer co-operation and organization. The Farm Bureau at the present time is planning a campaign for membership, with the intention of affiliating with the State Federation of Farm Bureaus, and the national organization.

## *A Slight Tendency Toward Conservative Purchasing by Both Dealers and the Public is Noted*

Jobbing continues in large volume. Stocks are being depleted rapidly, and the question of buying in quantities at prevailing high prices becomes daily more of a problem. A disposition toward more conservative purchasing is noted in some quarters, although there is seemingly but little let-up in the public demand for goods. The usual after-holiday slackening in buying has slowed up retail trade somewhat, though the volume of trade continues quite satisfactory.

People are demanding the better grades of goods, but it is said that quality and workmanship are now being considered factors in purchasing to a greater degree than usual during the past few years. This may prove to be an indication that our "era of extravagance" has passed and our people are "coming back to earth."

## *Transportation Earnings Fairly Satisfactory. Tonnage Still Short of 1918 Figures*

The gross earnings from transportation have been fairly satisfactory, but the operating expenses have been entirely out of proportion, due to the very large increases in the one item of labor. It is estimated that if the advances in rates made on June 25, 1918, had become effective on January 1, 1918, at the same time that the advances granted to labor became effective that 97 per cent of the increased earnings for the year would have been eaten up by the increase in wages. This being true, there is very little difference in the conditions of 1919 except that there were further advances made in wages, but no corresponding advances made in rates. Therefore, if the carriers are to be placed in a position where any improvements, repairs or other necesssary expenditures can be made, there must be a further increase in the rates and revenues.

Figures submitted by the Cleveland Terminal Manager for the month of December are as follows:

| | 1918 | | 1919 | |
|---|---|---|---|---|
| | Cars | Tons | Cars | Tons |
| Received | 31,385 | 1,172,372 | 30,752 | 960,483 |
| Forwarded | 21,460 | 612,679 | 20,319 | 495,760 |
| Total | 52,845 | 1,785,051 | 51,071 | 1,456,243 |

Nineteen-eighteen figures clearly show a sharp transition from war conditions. In 1919 there is a slight drop in the total amount handled, though the cessation of the coal strike resulted in an increase in the total received.

## *A Review of the Leather Situation*

In order to fully understand the present conditions of the leather business, it is necessary to review conditions during the past year. Hides, skins and leather were under strict price regulation during the greater part of 1918 and were held at price levels considerably below the world's markets. Furthermore, all classes of leather that were suitable for any army requirements, were not permitted to be sold for any other use, which naturally limited the amount of leather for the ordinary uses of domestic manufactures very materially, and stocks of merchandise made of leather, exclusive of army equipment, were reduced to the lowest point. As a consequence, shortly after the removal of price restrictions on leather and its raw material, early in 1919, the need for replenishment of stocks resulted in a buying movement which, gaining headway slowly at first, soon reached a stage of great excitement, with rapid advances in prices.

As usual in such a movement, purchases exceeded very considerably actual requirements, and when the extreme prices in effect during the summer forced leather buyers to a more conservative attitude, users of leather had anticipated their requirements in most cases up to the end of the year. The cessation of buying became very pronounced during the last three months of the year on most lines of leather; in fact, created a very dull market for leather as well as for hides and skins.

Prices receded to some extent, and it was not until December that there was any sign of activity in raw material stocks. Once started, the buying of hides and skins became very active, and as a result there is today no surplus of hides or skins unsold.

Meanwhile, there has been no cessation of buying by the public of articles manufactured of leather, and leather stocks in the hands of manufacturers are again reduced to a very low point. It appears that without question large purchases of leather must be made in the near future, and while the production of leather is doubtless sufficient to supply all domestic requirements, a considerable advance in prices, therefore, may not be expected, there is every reason to look for a good steady business for the next three or four months at least, without much fluctuation in prices.

There may be, of course, exceptions, depending upon the character of leather and the purpose for which it is used. While shoes, belting and harness constitute the largest outlet for leather, it must be borne in mind that automobiles, furniture, bookbindings and many other articles consume large quantities of leather which all has an effect upon the general situation.

One very important factor which has a great influence upon the leather market, namely, the demand from foreign countries, has not been given consideration, for the reason that the foreign exchange situation, which appears to offer little hope of early improvement, is a barrier to extensive export business.

Should there be consummated any arrangement which would give foreign buyers access to our markets on any reasonable basis, it is not unlikely that with this additional drain on our leather stocks prices would again reach levels as high or higher than we have yet seen.

## *Survey of Hog-Packing Industry*

The meat-packing business has shared largely in the spectacular antics of other industries. Prices of live hogs and cattle tremble in amount. While in normal times $7 to $8 gross hundred weight was considered a good strong price for hogs and $4 to $6 gross hundred weight for cattle, these animals sold as high as $23.50 per hundred for hogs and $21.50 per hundred for cattle for a length of time last year.

After the armistice for several months hog prices remained very high and sold at $23.50 last July. However, in pork products the limit has been reached, the situation had become desperate and the sky-high price met with a sudden and most unexpected jolt. Great Britain, by far the greatest buyer, rebelled and shut down suddenly on all further purchases of meat from the United States. Packers looked upon such action as temporary and still continued packing at the high prices, believing that England's necessities would compel her to come and take the meat at fabulous prices, but England sat tight. Liverpool reported enormous stocks and from the middle of August until November 1 no hog products from this country were exported to England.

With heavy stocks of English cuts of meats on hand laid in at the extreme prices, after a month had passed the packers viewed with alarm England's attitude and in consequence withdrew from buying the high-priced hogs, and as a matter of course the price began dropping and never stopped until it reached $12.00 per 100 gross from $23.50, the high point, and a corresponding break in prices occurred in the heavy stocks of products on hand. This tremendous reaction in the prices of hog products cut a deep gash into the profits of all engaged in the packing business, the big packers especially with enormous stocks on hand which depreciated in value fully 35 per cent.

With hogs ranging from $12.50 to $15.00 during the first two and one-half months of the present winter season, a large and fairly profitable business has been done. England is again buying a considerable amount of meat and lard through a provision bureau, but is very conservative as to prices.

This bureau has a stabilizing influence on the trade, preventing violent speculative influence and keeping the markets for provisions comparatively steady. The home consumption has been good, the working people buying full supplies at high prices. It looks as if even more meat is consumed by the masses of the people now than before the war with double the cost, evidencing the fact that the workers have abundance of money and are living fully up to their means. The packing of hogs in this country during the winter of 1919-1920 will be about normal. The quality of the swine is very good and up to the standard in weight, notwithstanding that half the winter season has passed with at least 60 per cent of the hogs packed. The stocks of meat on hand are light, and it looks as if even higher prices than the present are before us. Also, it should be remembered that the German and Austrian countries are in dire want, and it is only the difficulties of getting credits which prevent them from buying our meats in large quantities.

## *The following banks have been admitted to membership since we last reported.*

| | Resources |
|---|---|
| Wheeling Bank & Trust Co., Wheeling W. Va. | $ 5,500,000 |
| City Deposit Bank, Pittsburgh, Pa. | 11,130,000 |
| Farmers Bank & Trust Co., Georgetown, Ky. | 1,006,000 |
| Potter Title & Trust Co., Pittsburgh, Pa. | 4,620,000 |

### LIQUIDATIONS

First National Bank, Bluffton, O.
First National Bank, Roseville, O.

### MERGERS

Commercial National Bank, Steubenville, Ohio, merged with Steubenville Bank & Trust Company.

### NEW NATIONAL BANK

| | Capital |
|---|---|
| Citizens National Bank, Monessen, Pa. | $50,000 |

In the preparation of the tabular material which appeared in conjunction with the special survey on the glass situation in our last issue we regret that the following omission was made:

Edward Ford Plate Glass Company, Rossford, Ohio.

| Furnaces | Pots | Products |
|---|---|---|
| 17 | 312 | Polished Plate |

## *Clearings*

| | December 16 to January 15 1919-20 | 1918-19 | Increase | Per cent of Increase |
|---|---|---|---|---|
| Akron - - - | 51,356,000 | 24,875,000 | 26,481,000 | 106.4 |
| Cincinnati - - - | 306,141,630 | 262,666,551 | 43,475,079 | 16.5 |
| Cleveland - - - | 604,530,066 | 422,303,245 | 182,226,821 | 43.1 |
| Columbus - - - | 65,255,000 | 48,119,200 | 17,135,800 | 35.6 |
| Dayton - - - | 22,863,565 | 20,084,197 | 2,779,368 | 13.8 |
| Erie - - - | 10,698,754 | 9,770,177 | 928,577 | 9.4 |
| Greensburg - - - | 5,276,870 | 4,758,256 | 518,614 | 10.8 |
| Lexington - - - | 17,434,215 | 1,105,231 | 16,328,984 | 1477.6 |
| Pittsburgh - - - | 716,102,534 | 579,998,802 | 136,103,732 | 23.4 |
| Springfield - - - | 8,547,738 | 6,045,031 | 2,502,707 | 41.3 |
| Toledo - - - | 68,289,646 | 47,305,513 | 20,984,133 | 44.3 |
| Wheeling - - - | 22,734,009 | 17,320,523 | 5,413,486 | 31.2 |
| Youngstown - - - | 23,651,427 | 20,856,511 | 2,794,916 | 13.3 |
| Total - - - | 1,922,881,454 | 1,465,208,237 | 457,673,217 | 31.3 |

## *Total Debits by Banks to Individual Accounts*

| | Week Ending Jan. 14, 1920 | Jan. 15, 1919 | Increase | Per cent of Increase |
|---|---|---|---|---|
| Akron - - - | 26,774,000 | 14,620,000 | 12,154,000 | 83.1 |
| Cincinnati - - - | 63,121,000 | 52,840,000 | 10,281,000 | 19.4 |
| Cleveland - - - | 179,193,000 | 133,582,000 | 45,611,000 | 34.1 |
| Columbus - - - | 30,973,000 | 22,119,000 | 8,854,000 | 40. |
| Dayton - - - | 12,481,000 | 12,126,000 | 355,000 | 2.9 |
| Erie - - - | 6,975,000 | 5,893,000 | 1,082,000 | 18.3 |
| Greensburg - - - | 3,068,000 | 2,712,000 | 356,000 | 13.1 |
| Lexington - - - | 12,486,000 | 10,040,000 | 2,446,000 | 24.3 |
| Oil City - - - | 2,942,000 | 2,889,000 | 53,000 | 1.8 |
| Pittsburgh - - - | 180,701,000 | 159,276,000 | 21,425,000 | 13.4 |
| Springfield - - - | 3,757,000 | 3,111,000 | 646,000 | 20.7 |
| Toledo - - - | 30,141,000 | 20,690,000 | 9,451,000 | 45.6 |
| Wheeling - - - | 8,290,000 | 6,667,000 | 1,623,000 | 24.3 |
| Youngstown - - - | 17,072,000 | 16,513,000 | 559,000 | 3.3 |
| Total - - - | 577,974,000 | 463,078,000 | 114,896,000 | 24.8 |

## *Building Operations for Month of December*

| | Permits Issued | | | | Valuations | | | | Inc. or Dec. of | Percent |
|---|---|---|---|---|---|---|---|---|---|---|
| | New Construction | | Alterations | | New Construction | | Alterations | | Total Valuations | of Inc. |
| | 1919 | 1918 | 1919 | 1918 | 1919 | 1918 | 1919 | 1918 | 1919 over 1918 | or Dec. |
| Akron | 205 | 14 | 40 | 100 | 1,138,079 | 218,685 | 128,030 | 4,100 | 1,043,324 | 469.8 |
| Cincinnati | 122 | 57 | 354 | 212 | 215,085 | 198,490 | 281,320 | 163,625 | 134,290 | 37. |
| Cleveland | 139 | 60 | 346 | 269 | 4,015,500 | 385,400 | 478,300 | 144,505 | 3,963,895 | 749.1 |
| Columbus | 87 | 39 | 53 | 40 | 218,755 | 214,555 | 83,085 | 228,130 | 140,845— | 31.6— |
| Dayton | 79 | 48 | 31 | 5 | 881,579 | 154,666 | 20,021 | 4,900 | 742,034 | 466.6 |
| Erie | 47 | 38 | 22 | 18 | 284,191 | 63,395 | 32,210 | 8,928 | 244,078 | 338.8 |
| Lexington | 6 | 10 | 9 | 17 | 15,000 | 25,000 | 6,065 | 8,300 | 12,235— | 36.3— |
| Pittsburgh | 192 | 70 | 53 | 57 | 996,945 | 447,880 | 95,292 | 58,742 | 585,615 | 115.6 |
| Springfield | 18 | 4 | 8 | 1 | 56,665 | 3,250 | 19,625 | 500 | 72,540 | 2400. |
| Toledo | 84 | 55 | 44 | 36 | 599,033 | 94,137 | 57,610 | 25,535 | 536,971 | 450.4 |
| Wheeling | 17 | 6 | 14 | 13 | 11,225 | 5,460 | 3,570 | 25,575 | 16,240— | 51.6— |
| Youngstown | 58 | 37 | 37 | 8 | 231,875 | 8,900 | 53,760 | 4,875 | 271,860 | 2084.6 |
| Total | 1,054 | 438 | 1,011 | 776 | 8,663,932 | 1,819,818 | 1,258,888 | 677,715 | 7,425,287 | 1096.7 |

## *STATEMENT OF CONDITION*
## *FEDERAL RESERVE BANK OF CLEVELAND*

Close of Business January 23, 1920.

### RESOURCES

| | | |
|---|---|---|
| Gold coin and certificates | $ 7,990,000 | |
| Gold settlement fund with F. R. Board | 49,935,000 | |
| Gold with Federal Reserve Agent | 127,973,000 | |
| Gold redemption fund | 1,498,000 | |
| Gold with Foreign Agencies | 9,621,000 | |
| Total gold reserve | 197,017,000 | |
| Legal tender notes, silver, etc., | 1,048,000 | |
| TOTAL CASH RESERVE | | 198,065,000 |
| Bills discounted—Secured by Government war obligations | 93,457,000 | |
| Bills discounted—All other | 39,737,000 | |
| Bills bought in open market | 71,312,000 | |
| Total bills on hand | 204,506,000 | |
| U. S. Government bonds | 833,000 | |
| U. S. Government Victory notes | 10,000 | |
| U. S. Government certificates of indebtedness | 23,707,000 | |
| TOTAL EARNING ASSETS | | 229,056,000 |
| Uncollected items and other deductions from gross deposits | | 79,077,000 |
| 5% Redemption fund against F. R. bank notes | | 1,125,000 |
| All other resources | | 317,000 |
| TOTAL RESOURCES | | 507,640,000 |

### LIABILITIES

| | | |
|---|---|---|
| Capital paid in | $ 9,533,000 | |
| Surplus fund | 9,089,000 | |
| | | 18,622,000 |
| Government deposits | 6,595,000 | |
| Due to member banks—Reserve accounts | 133,564,000 | |
| Deferred availability items | 64,649,000 | |
| Other deposits | 6,068,000 | |
| TOTAL GROSS DEPOSITS | | 210,876,000 |
| Federal Reserve notes in actual circulation | | 255,587,000 |
| F. R. bank notes in circulation—net liability | | 21,915,000 |
| All other liabilities | | 640,000 |
| TOTAL LIABILITIES | | 507,640,000 |

# PICKUPS ON BUSINESS TOPICS

THE Leviathan, originally built at a cost of $18,000,000, is to be converted from a coal to an oil burner and remodeled to give more and better accommodations at a cost of $6,000,000 to $10,000,000. This is the largest repair job ever undertaken and will require a year to eighteen months, so that the vessel will not again be in service until 1921.

+ + +

The success of experiments in wired wireless telegraphy and telephony, by means of which ten or more conversations between persons thousands of miles apart can be carried on simultaneously over a single wire, is expected to be announced shortly. If successful, the new process will mean a big saving to companies.

+ + +

The automobile output in France in 1920 will reach 200,000 cars compared with 30,000 in 1914, exclusive of commercial trucks. Even at the present rate of production and after absorption of 150,000 American army cars, the supply cannot overtake the demand.

+ + +

Twenty-five thousand bales of Australian wool, valued at $9,000,000, first of a movement of 300,000 bales, arrived at Boston on the British steamship Masula, first of the new American-Australian line. Another vessel arrived with 16,000 bales of Egyptian cotton.

+ + +

The organization of a $6,000,000 sugar refining company in Tamaulipas, Mexico, by Americans and Mexicans, is announced by the Excelsior of Mexico City, which adds that large scale cane planting is being considered in various Mexican states.

+ + +

Income tax reports show 20,000 persons in this country with incomes of $50,000 or more and indicating the same number of millionaires on capitalized income basis of 5%. The number in this class is increasing at the rate of 2,000 a year.

+ + +

More than 550,000 gross tons of merchant shipping, exclusive of government work, are under construction in American shipyards. With the work under contract, but not begun, the total is nearly a million gross tons of ocean-going vessels.

+ + +

The loss of Alsace and Lorraine has caused a great decrease in German pig iron production. In September 531,167 metric tons were produced, compared with 568,785 tons in August, and 1,105,366 tons in September, 1918.

+ + +

The Brotherhood of Maintenance of Way Employees and Railway Shop Laborers announce the purchase at a cost of $1,000,000 of clothing factories in Michigan and New York to sell directly to members.

+ + +

Minister of Finance Cabrera promises to resume payments after January 1, of Mexico's foreign debts, amounting to $500,000,000, of which $100,000,000 is due the United States.

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It is estimated that $60,000,000 was spent in Chicago for Christmas gifts. In the final rush, sales were at the rate of over $500,000 an hour.

+ + +

The junk value of metal on French battlefields is estimated at not less than $100,000,000.

ALL building records in territory north of the Ohio and east of the Missouri rivers will be broken, according to statistics made public by F. W. Dodge & Company, which show that contracts totaling $2,332,902,000 were awarded for the eleven months ending December 1, 1919, or $700,973,000 more than in the corresponding period last year, the previous high record. The central west led all the other districts for November, with contracts valued at $71,386,000; New York and northern New Jersey, $50,636,000; Pittsburgh district $42,270,000; Philadelphia, Baltimore and Washington district $31,323,000; New England district, $18,179,000, and the northwest, $6,636,000.

+ + +

American motor vehicles continue to predominate in the Philippine market. The total number of trucks registered in 1918 was 567, with a tonnage capacity of 1,052 and a passenger capacity of 6,345. Due to the lack of railroads and the need to transport agricultural products, motor trucks are beginning to play an important part in the country's commerce. In 1918, 4,318 passenger cars with a total capacity of 22,817 were registered. The five-passenger car is the most popular, according to the registration figures.

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During the past few years, owing to war conditions, the United States has been almost the only country of the world to export motor vehicles to Canada. During the fiscal year ended March 31, 1918, Canada imported from the United States motor cars, motor cycles, and accessories to the value of $19,480,488: the shipments from the United Kingdom for the same year were only $17,408.

+ + +

The government's preliminary report on acreage and condition of winter wheat shows 38,770,000 acres planted this year, as against 50,489,000 acres a year ago, a decline of about 23¼%. Farmers in states along the northern border of the cotton belt, who were led last year by the wheat price guarantee to plant their land to wheat, are this year returning to the raising of cotton.

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Foreign trade in November reached the second highest mark in the history of the country. Value of November exports was $741,000,000 compared with $632,000,000 in October and $522,000,000 in November, 1918; while imports totaled $429,000,000, against $402,000,000 in October, and $521,000,000 in November, 1918.

+ + +

There are at present more than fifty firms in America engaged in the manufacture of various potash salts. The total production is over 50,000,000 pounds valued at nearly $20,000,000. These valuable salts are made from raw materials which can be found in unlimited quantities in the United States.

+ + +

The Bolivian Congress has passed a law making the United States gold dollar legal tender in Bolivia. This action is taken for the purpose of aiding the banks that are using the American gold as their metal reserve in place of the English pound sterling.

+ + +

For the first eleven months of this year exports from the United States were valued at $7,242,000,000 and imports to $3,528,000,000, leaving a trade balance of $3,714,000,000 in favor of this country. This trade balance exceeds that of the corresponding period of last year by $1,000,000,000.