AMERICA IS PULLING OUT OF DEPRESSION, SAY WIRES FROM MANY CITIES

BUSINESS BETTER IN WHOLE NATION, REPORTS INDICATE

Telegrams from All Parts Of the Country Optimistic.

INDUSTRY PICKS UP

William Fellowes Morgan Sees Better Tone in Commercial World.

By HAROLD D. JACOBS.

NEW YORK, Aug. 10.—Basic business conditions are improving.

This opinion was reflected in telegraphic statements to the United Press today by commercial organizations—diagnosticians of economic ailments—in all parts of the country.

The general feeling appeared to be that the industrial revival will be well under way by fall, although some were inclined toward the belief that material progress will not be made in that direction before spring.

Represented in the symposium were New York, Chicago, Boston, Bridgeport, Atlanta, Memphis, Indianapolis, Milkaukee, St. Paul, St. Louis, Dallas, Denver and Portland, Oreg.

William Fellowes Morgan.

"A better tone is apearing in the business world," declared William Fellowes Morgan, president of the Merchants' Association of New York, who discussed the country-wide situation as well as conditions in this district.

"Although few industries have yet benefited by an increased volume of business, there are indications that the country is beginning slowly to pull out of a serious business and industrial depression.

"The crop outlook, with one or two exceptions, is good. Many of the railroads are reporting increased earnings.

Money Easier.

"Rediscount rates of the Federal Reserve banks have been lowered and there are other indications of easier money. Price revisions in many lines have proceeded rapidly, and prices of certain commodities are even showing a slight increase, indicating a stabilization of prices.

"Deflation in building materials is proceeding slowly. Coal production has declined somewhat. The large stocks of goods in the hands of merchants last year have now been greatly depleted, making it necessary during the coming months for them to buy on a much larger scale."

That the "tide has turned in New England" was the statement of Melville E. Liming, secretary of the Bureau of Commerce and Industrial Affairs, Boston Chamber of Commerce.

"Orders and inquiries are coming in, and while there is still plenty of room for improvement, a more optimistic tone generally prevails," he said.

Bridgeport Optimistic.

Other statements were:

Seward H. Price, secretary Bridgeport Chamber of Commerce: "Business in the Bridgeport district is picking up steadily. We ought to be tasting real prosperity before winter."

Atlanta Chamber of Commerce: "Business in this section looks better today than in many months. In practically every line conditions justify a more optimistic feeling for the fall."

J. M. Walker, president Memphis Chamber of Commerce: "Diversification of crops has saved the South from bankruptcy and will mean prosperity for this section. Fall will witness a great revival in trade and industry."

Indianapolis Hopeful.

John B. Reynolds, secretary Indianapolis Chamber of Commerce: "I believe conditions will begin to improve in the fall. However, it may be a year before business is wholly on a normal basis again. Some factories are increasing their forces even now."

W. L. Ware, trade commissioner, Chicago Association of Commerce: "Fundamental business conditions in Chicago point toward improvement in practically all lines. Recovery is noticeable in dry goods, millinery, women's and men's clothing, shoes and building materials. Each day the feeling is gaining strength that we have reached the bottom of the period of depression and may now reasonably expect business to be very much better this fall."

On Firmer Basis.

F. W. Dickey, economist of the First Wisconsin National Bank, Milwaukee: "With retail prices at a new and fairly permanent low level, with stores cleared of surplus stocks, with cheaper raw materials, with lower wages and with the banking situation on a firmer basis, American industry is preparing to do business again."

E. G. Quamme, president of St. Paul Federal Reserve Bank: "Generally speaking, we have a fair crop in the Northwest which, if sold at once, will make business conditions better."

Good Shoe Demand.

R. D. Sangster, industrial commissioner, St. Louis Chamber of Commerce: "The wholesale market is full of out-of-town merchandise. Shoe manufacturers have a capacity demand. Industries generally report prospects bright for a good revival of business."

Secretary Black, Dallas Chamber of Commerce: "Conditions in the Southwest are getting back to normal as farm money and credits loosen up. Good grain and fruit crops are bringing fairly good prices. Building so far this year equals the total of the last two years."

Portland, Oreg., Chamber of Commerce: "Merchants are stocking their shelves for a good winter in the belief that the heavy crops will result in plenty of money. The future outlook is bright."

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SUGAR MARKET.

NEW YORK, Aug. 10.—The sugar market lowed 1 to 7 points lower.

	High	Low	Close
Sept.	3.25	3.23	3.22@3.23
Dec.	3.03	3.01	3.05@3.06
Jan.	2.95	2.93	2.94@2.95

BIG TOBACCO SURPLUS WITH LOWER CONSUMPTION

Great Increase in Taxes Reflected in Sustained Prices of Finished Products.

(By The Washington Herald Economist.)

With large stocks of leaf tobacco in the hands of manufacturers and dealers, and the trade buying from day to day the tobacco market is in an unsettled condition. The encouraging features are the reduced acreage of the current crop indicating a greatly reduced production, and the decline of imports. These conditions promise to allow consumption to absorb the large surplus and prices to producers to recover.

The large stocks of leaf held by the factories and dealers is indicated by the following comparison of the census data for a few years:

STOCKS OF LEAF TOBACCO, 1913-1921.
(In millions of pounds, April 1.)

	Chewing	Cigar	Total
1913	913	393	1,350
1915	1,024	396	1,481
1918	1,078	319	1,465
1919	1,235	393	1,627
1920	1,179	328	1,500
1921	1,363	367	*1,818

The surplus has been growing steadily, but the gain in 1921 over 1920 was the greatest in any one year. This surplus did not come from the increased production alone, but partly from the decline in consumption and from heavy imports during the past year, particularly of the lower grade leaf.

PRODUCTION AND CONSUMPTION OF LEAF TOBACCO.
(In millions of pounds.)

	Production	Consumption
1913	953	558
1915	1,062	366
1916	1,153	619
1917	1,240	684
1918	1,439	742
1919	1,454	673
1920	1,508	
1921	*932	

*Forecast.

The low prospect for the current crop would threaten a shortage were there not foreign supplies, produced at low cost awaiting import demand from this country and the large surplus. To check this movement American tobacco growers have asked for an increased tariff.

The emergency tariff raised the rate on leaf from $1.85 and $2.50 to $2.35 and $3.00 per pound. The Fordney bill as reported to the House makes these rates $2.10 and $2.75. It is believed that this new rate will aid American growers. The very cheap labor in the foreign tobacco-producing sections will so reduce costs, however, that our market will still remain attractive even with the increased tariff.

Of our domestic tobacco about 24 per cent is used for cigars, 26 per cent for cigarettes and 50 per cent for chewing, smoking and snuff forms. The amount of tobacco used in cigars has held steady for several years with no increase since 1913. In fact the amount used in larger cigars has decreased. Cigarette manufacturing has increased three times since 1915 and doubled since 1916. Of the cheaper forms there has been a decrease in plug, twist and fine cut since 1913. The amount of smoking tobacco is about the same, while there has been an increase in snuff.

The reduced consumption of the lower grade tobacco in the cheaper forms has been more than absorbed in cigarettes. The amount of cigar leaf seems to hold its own. It is difficult to estimate whether tobacco consumption is really growing or not owing to the disturbed condition of world trade, the influence of war on large numbers of men consumers and the disturbance to manufactures.

There is little doubt, however, that the higher prices of cigars has tended to reduce the consumption on higher grade leaf tobacco and direct the demand toward cigarettes. The imports of wrapper leaf, while larger in 1921 than in 1919 or 1920 has not resulted in a very great increase in the output of cigars.

Imports of unmanufactured tobacco declined in 1915 to the low point of several years, but doubled in 1918 and remained high in 1919 and 1920. Imports of cigars, etc., on the other hand increased greatly in 1920 over any previous year reaching a total three times that of 1913 in both quantity and value. The foreign manufacturers appeared to regard the expansion of American consumption as probable following the war. Tobacco as a luxury met a less steady demand in Europe.

Exports of manufactured tobacco were very high in quantity in 1919 but in 1920 returned near to the level of previous years and in 1921 exports have been declining steadily. The exports of finished tobacco in the form of cigars, cigarettes, etc., increased about six times from 1913 to 1919 and was still high in 1920, but began to drop off sharply in 1921. The balance in trade in value of tobacco is shown in the following table.

IMPORTS AND EXPORTS OF TOBACCO.
(Value of all forms in thousands of dollars.)

	Imports	Exports
1913	$48,016	$56,693
1917	41,810	62,014
1918	62,763	152,966
1919	86,484	306,861
1920	98,362	288,693

This shows the greater balance of exports in terms of value during the last few years. Previous to 1913 the United States exported about 40 per cent of the total of the worlds trade. Other surplus producing countries were the Dutch East Indies, the Philippines and India. Most of the exports of the United States are now going to England, France, Italy, Australia, Belgium, Holland and Argentina.

There is abundant opportunity for expansion of tobacco growing of the cheaper grades in the United States but the suitable section for the culture of the best cigar tobacco is more limited. The revenue from tobacco taxes has increased steadily from about $30,000,000 in 1909 to $107,000,000 in 1917 and $295,000,000 in 1920. The industry is carrying a heavy tax load and at present rates of consumption the tax rate on tobacco has almost reached the point of diminishing returns.

TIMELY WALL STREET TOPICS

NEW YORK, Aug. 10.—Enough weak spots developed in today's stock market to give the industrial list an appearance of heaviness. Mexican Pearoleum broke below par and carried other oil stocks down with it, notably Royal Dutch, Houston, Sinclair and Cosden. The decline in American Sugar following the omission of the regular dividend brought selling into other sugar stocks. South Porto Rico declining 5 points on a single transaction. Other soft spots were Western Union, Baldwin, Studebaker, Corn Products, Sears Roebuck, Reading and General Electric. Steel common held up well following the statement of a reduction of 287,544 tons in unfilled orders during July. The Street had been prepared for a loss running up as high as 350,000 tons.

Brokers are complaining that the market has had no sustaining strength; that it has lacked the power to go beyond certain set limitations. One brokerage house offered as an explanation today the theory that in the recent past every additional fraction of appreciation brought selling from business men who have been carrying stocks for months watching for the opportunity to liquidate. This was designed as voluntary liquidation in contradistinction to the forced kind that came just prior to the last three Federal income tax dates and, in a less intensive form, during the intervals between those dates. The house which brought forth this explanation believes that there is a gleam of light ahead in general trade for the first time in months and business men are liquidating quietly because they see greater opportunities for profit in their own business than in the stock market. This must be a different class of business men from those who are said to be investing in the bond market, or were doing so while the bond market was moving forward from the last week in June to the middle of the first week in August.

There was nothing sensational about today's market. General Electric movement might be characterized exceptionally weak, although while it was declining the whole market presented a heavy appearance. It closed at 116 yesterday and declined to 114¾ today on offerings of less than 4,000 shares. This price represented a new low record for a period beginning with 1912 and compared with 138½ in March of the current year. The stock sold as high as 176 in 1919 and 172 in 1920. Today's decline was accompanied by no definite rumor pertaining to the company's affairs.

Mexican Petroleum was another stock which moved downward at a faster pace than the general list of industrials and in this case there was no apparent reason for the selling. The stock broke through par around 11 o'clock going to 99 before finding support. There were reports of stop loss orders being reached just above 100. For three weeks previously the stock had remained above par, selling as high as 110⅝ last week. Weakness developed in other stocks beside Mexican Petroleum. Sinclair, Houston, Cosden and the smaller priced shares declined in proportion to the leader's loss.

With the passing of the American Sugar common stock dividend today, the affairs of that company will probably pass out of the minds of speculative Wall Street as completely as the Pennsylvania Railroad retired from the limelight when its dividend was reduced last April. Up to that time of the sugar announcement around midday Wall Street opinion was divided on the subject of this dividend. The stock declined to the lowest price at which the stock had sold since 1893. Large blocks of the stock came out of the decline.

CURB DEVELOPS STEADY TENDENCY

Prices Remain Either at Recent Lows or Establish New Declines.

NEW YORK, Aug. 10.—The New York curb market showed a fairly steady tone, but with business either at recently established low levels or at further declines to new low records. About the heaviest trading during the morning was in Carib Syndicate, which sold down around midday to 3⅞. Tobacco Products was steady, selling at 5, equal to the low record recently made, and British American Tobacco, which had been steadily held at and above 12, yielded to 11⅞. Farrell Coal showed a firmer tone for a time after yesterday's declines, sales being made today at 12½ to 12. Glen Alden Coal was steady, selling at 34¾. There was a moderate amount of business in Chicago and East Illinois preferred at 29. Columbia Emerald was traded in during the first half of the day at 62 cents a share. Swift Incorporated was under pressure from the opening, falling 1 point to 24⅛. United Retail Candy reflected support and rallied ½ to 5½. Radio common was firm, selling at 1⅝ and 1⅞. Intercontinental Rubber was traded in at 7, and Heyden Chemical was unchanged at 2. A sale of Packard Motor was made at 7. Acme Coal sold at 96 cents a share.

There was little feature to the petroleum group, Tropical stocks being in moderate supply at around their recent low levels. Maracaibo selling at 19¼ and International Petroleum at 10⅝. Imperial Oil was firm, with sales at 9⅛. Simms Petroleum was unchanged at 6⅝, and Elk Basin sold at 6. Mining stocks continued actively traded in, but with irregular movements. National Tin maintained a strong tone, and Goldfield Florence was also in good demand, while Eureka Croesus was in supply at a decline.

Washington Buyers in N. Y.

NEW YORK, Aug. 10.—Washington buyers are registered here as follows: Woodward & Lothrop—Mrs. M. McClure, girls' wear; Mrs. A. Thornton, infants' maternity wear; J. W. Gray, women's, children's shoes; Mrs. G. Allen, extra size wear; Miss L. Johnson, millinery. Kann, S. Sons Co.—Miss A. Hagan, coats, suits. Lisner, A.—B. L. Boffs, ready-to-wear, 220 Fifth avenue. Goldenberg, M.—D. L. Frank, laces, Pennsylvania.

J. Ogden Armour Claims Business on Upward Road

CHICAGO, Aug. 10.—The tide of business has turned at last, but "nevertheless, it is advisable to keep all hands at the oars."

This was the conclusion advanced today by J. Ogden Armour when he addressed the convention of the Institute of American Meat Packers as chairman of the finance committee.

Mr. Armour considers packing house wages entirely too high, does not like to pay 7 and 8 per cent for bank loans when he formerly paid 5, and considers that it is time for the meat industry to do some careful figuring, which he said has been a novelty heretofore.

"It is the belief of the institute finance committee that conservatism and caution must be the watchwords during the coming year," said Mr. Armour. The fact that periodical balances are again appearing in black, ought not to be taken that the red ink, which has had constant use for two years past, can be now thrown away. Just as the packing industry was the first to suffer from post war readjustment, so it is to be hoped that it will lead the procession out of the mountains of adversity into the valley of prosperity."

EARLY RALLIES FAIL TO HOLD

Free Selling Wipes Out Gains Made by Bullish Element; Buyers Filled Up.

CHICAGO, Aug. 10.—A bullish construction placed on the government report was responsible for an advance of about 2 cents over yesterday's finish early, but on the bulge there was free selling by strong interests which filled buyers up and a reaction of around 3 cents followed. Outside trade remains light and the market is easily influenced. Demand for cash wheat is keen, with millers and shippers buying freely at unchanged prices as compared with the September for the winters, and ¼a½ higher for hard with No. 2 hard 1½a2¼ cents over the future. Export demand at the seaboard was reported as slow, as a majority of offerings to Europe over night were on a high basis in anticipation of a bullish government report. There was a little buying of September by houses with Eastern connections, however, country offerings of winters are light. Threshing of spring wheat is progressing with disappointing yields so far from parts of Minnesota, South Dakota and Southern North Dakota. A foreign authority estimates world's import needs, including 40,000,000 bushels for Russian relief, at 632,000,000 bushels, while exporting countries are credited with having 664,000,000 bushels. The latter include the new Indian, Australian and Argentine crops, which are nearly six months from harvest.

Coarse grains were firmer early on the government report, but weakened quickly and broke below yesterday's finish with some of the early buyers over on the selling side. Outside trade is light and it took but little selling to check the advance. September corn went to a fractional premium over the December against ¼ cent discount at the close yesterday. Basis in the sample market was unchanged on both cash corn and oats with country offerings of corn arrivals rather liberal.

	Sept.	Dec.
Wheat—		
Open	1.24⅜	1.28¼
High	1.25½	1.29
Low	1.21⅜	1.24⅝
Close	1.22	1.24⅝
Previous close	1.23½	1.26⅝
Corn—		
Open	.58¼	.58⅛
High	.58½	.58⅝
Low	.56⅛	.55⅝
Close	.56⅜	.56
Previous close	.57⅛	.57⅞
Oats—		
Open	.37¼	.40⅝
High	.37⅝	.40¾
Low	.36¼	.39¼
Close	.36⅜	.39⅝
Previous close	.37⅛	.40¼
Pork—	Sept.	Oct.
Close	18.55	.....
Previous close	11.60	.....
Lard—		
Open	10.82	10.95
High	11.25	11.40
Low	10.20	10.32
Close	10.65	10.80
Previous close	11.45	11.57
Ribs—		
Open	10.20	.....
High	10.20	.....
Low	9.60	.....
Close	9.60	9.50
Previous close	10.34	10.12

(Furnished by W. B. Hibbs & Co., Members Chicago Board.)

BOND QUOTATIONS CONTINUE LOWER

Weakness Develops in Nearly All Active Foreign External Securities.

NEW YORK, Aug. 10.—There was no reflection in the market for Liberty 3½s today of the Washington forecast of a provision for a lower maximum rate of income tax to be inserted in the Congressional tax measure. This particular issue did no worse than the other war issues in a market where declining prices were the rule. Weakness developed in nearly all the active foreign external issues except the Brazil 8s, which advanced a quarter point to par. Danish Municipal 8s were off a half point to 100⅝, French 7½s at 95½ were a full point under the highest price of yesterday and the 8s showed a net loss of ¼ at 99¾. Chilean government 8s declined a half point to 98 and United Kingdom 5½s, of the issue due in 1937, were off a half point at 97⅛.

The volume of transactions became much smaller as the slow decline continued, the great majority of total sales again being accounted for by the war group. Exceptions to the general declining trend were noted in the case of Bitimore and Ohio refunding 5s, which advanced a half point to 72, and Dupont 7½s, which went up a half point to 96¾. Canadian Northern Railway 7s declined a half point to 102½ and the new Great Northern 7s were down ¼ to 100½. The average less in the more active issues was soething like a quarter point.

RAILWAY PROFITS JUMP 14 MILLIONS IN MONTH OF JUNE

Net Increase for Month $51,778,000, Figures Just Filed Show.

RECORD FOR YEAR

Earnings Amount to 3.1 Per Cent on Valuation Fixed By Commerce Body.

The net railway operating income in June of the railroads of the United States amounted to $51,778,000, which was $14,697,346 more than it was in May, according to reports just filed by the carriers with the Interstate Commerce Commission.

The earnings for June, on the basis of the tentative valuation fixed by the Interstate Commerce Commission for rate-making purposes under the transportation act, would be at the annual rate of return of 3.1 per cent compared with 2.4 per cent the previous month. Tabulations show, however, that the railroads fell short $47,295,000 or 47.7 per cent of earning the 6 per cent contemplated by the act.

Best Month Yet.

This was, however, the largest amount earned during any one month since last November, when their net operating income was $54,343,793. Seventy-two roads—twenty-four in the Eastern, nineteen in the Southern and twenty-nine in the Western districts—had operating deficits in June compared with a total of eighty-two in May.

The tabulations are based on reports from 202 "class one" railroads having a total mileage of 235,548 miles.

That the carriers, through efficiencies which they have instituted since the traffic slump began late last fall, as well as retrenchments which declining revenues forced them to make, have a better hold on their expenditures now than for some months is revealed by the reports, which show that in June, 82.34 cents out of every dollar of revenue went for expenses compared with 85.43 cents in May. In June last year it was 96.84 cents and in May, one year ago, 95.69 cents.

Operating revenues in June for the railroads of the United States totaled $461,127,000, which was a decrease of 6.7 per cent compared with those for the same month last year. Operating expenses were $379,688,000 or 20.7 per cent less than in June one year ago. The net operating income was $51,778,000, compared with an operating deficit of $14,612,000 during the same month in 1920.

On Tentative Valuation.

From September 1, 1920, when the guaranty period ended, to June 30, last, the net operating income of the rail carriers was $368,445,000, which on the basis of their tentative valuation, would be at the annual rate bf return of 2.5 per cent. This amount falls short $516,626,000 of that contemplated to be earned under the rates established by the commission.

While the carirers in each of the districts fell short of earning a return of 5½ or 6 per cent in June, the reports show a very slight improvement in each compared with May. The net operating income of those in the Eastern district was at the annual rate of 2.9 per cent compared with 2.8 per cent the previous month; in the Southern it was also 2.9 per cent compared with 2.5 per cent in May, and in the Western it was 3.4 per cent compared with 2.3 per cent the preceding month.

Complete reports except for the Detroit and Toledo Short Line, show that the total operating revenues of the carirers in the Eastern district in June were $211,173,000, or a decrease of 4.1 per cent compared with the same month last year. Operating expenses were $174,896,000, which was a decrease of 22.4 per cent compared with June one year ago, while the net operating income totaled $22,724,000 compared with a deficit of $19,706,000 during that month last year.

Revenue Jumps Greatly.

In the Southern district complete reports showed operating revenues to be $72,501,000, or a decrease of 6.8 per cent under those for the same month last year, while operating expenses were $62,846,000, or 21.2 per cent below those for June, 192. The net operating income for the roads in the Southern district was $5,905,000 compared with an operating deficit in June one year ago of $7,280,000.

Railroads in the Western district reported their operating revenues as being $177,453,000, or 10.8 per cent less than they were during the same month in 1920. Operating expenses were $141,946,000, or 18.2 per cent under those for June last year. Their net operating income was $23,149,000, or 87.1 per cent more than during that month one year ago.

Rail Director General Asks Security Shifting

Shifting of railroad securities now held by the government to the investing public will be made possible under the administration railroad bill, James G. Davis, Director General of Railroads, told the Senate Committee on Interstate Commerce yesterday.

Mr. Davis said he believed the failure of the transportation act to give authority to the Railroad Administration to sell the securities must have been an oversight.

Charles A. Livingston, of Chicago, representing the Illinois Manufacturers Association, filed with the committee a statement urging on the association prompt passage of the bill in order that the railroads and industries may immediately be relieved, that transportation troubles may be averted and unemployment be lessened.

ARMOUR DECLARES TIDE OF BUSINESS HAS TURNED

Finance Committee Head Optimistic in Address Before Meat Packers.

CHICAGO, Aug. 10.—J. Ogden Armour, in a statement made today before the annual convention of the Institute of American Meat Packers as chairman of the finance committee, said:

"Your committee is among those who are optimistic. We see improvement in the past few months, and believe firmly that the tide of business has turned. Nevertheless, it is desirable to keep all hands at the oars."

In this connection Mr. Armour also said:

"It is the belief of your finance committee that conservatism and caution must be the watchwords during the coming year. The fact that periodical balances are again appearing in black ink ought, not to be taken to mean that the red ink which has had constant use for two years past can now be thrown away. Just as the packing industry was the first to suffer from post-war readjustment, so it is to be hoped that it will lead the procession out of the mountains of adversity into the valley of prosperity. The meat packers did not fight liquidation. Many other basic industries did, however, and some of them have succeeded in staving it off even to this time. They cannot continue to do so, however, and eventually they will have to go through the same process this industry has gone through. The result will be that when many other industries are in the throes of readjustment, the packing industry will again be out in the clear with a reasonable chance for doing business on a profitable basis."

Stability Demonstrated.

At another point Mr. Armour stated:

"The stability of the meat packing industry was demonstrated during the past year. All of the difficulties pictured in the report of the finance committee at Atlantic City were encountered: Money was scarce and high-priced, volumes fell off materially, export trade was practically nil, operating costs remained at unreasonably high levels—yet there were few if any failures among meat packers. They weathered the readjustment storm successfully, because their past record of business efficiency and the confidence which banking circles reposed in them enabled them to finance themselves over many successive months of losses.

"We are on the same road today that we were a year ago, but with this difference. The end of the road seems to be in sight. At any rate, there are evidences that the worst part of it has been traveled and that the going will be less difficult from this poitn on, especially if the lessons which have been learned in the last few years are not forgotten."

After stating that doing business on a manufacturing basis is preferable to doing business on a basis of possible prospective profits, Mr. Armour added:

"As packers, we have long followed the practice of buying hogs freely in the fall and trusting to Providence to assure satisfactory selling prices in the months following. There never was any really close figuring to see what hogs were worth or would be worth as the months rolled by. Today the industry is seeing the need of close figuring. A greater effort must be made to get cost and a profit out of the products that are sold.

Demands No Let-up.

"The continued successful financing of the packing business demands that there be no let-up in the program of economy and retrenchment. Packing house facilities and capacities, the nation over, are greater today than is necessary. Present consumptive demand and current livestock offerings do not require the full use of existing equipment and consequently, overhead and fixed expenses are unduly large and militate against the profitable conduct of business. The packers are among the greatest borrowers of money because of the daily cash market aspect of their business and it is a matter of grave concern to them when borrowed money costs 7 and 8 per cent where it formerly cost 5 per cent. This situation calls for more rapid turnover of products so that borrowed money will not be tied up as long as in the past. Quicker turnovers and manufacturing-profit margins are needed. Efforts to cut overhead must be matched by efforts to encourage normal consumption of meat and normal production of live animals.

"Wages, too, must be made to conform to present day standards. War-time living costs compelled great wage advances, but the movement back to normalcy shown by living costs in the past year has not been reflected to any noticeable degree in packing house wages. While all other major industries have been getting their wage rates readjusted to peace-time living costs, the packing industry wage rates have remained almost stationary—more than twice their pre-war height. The industry must not blind itself to the fact that the ratios evolved out of centuries between live costs, operating costs and sale prices cannot be permanently wiped out even by a world war. Economic laws cannot thus be overturned. Social and sentimental readjustments must be tempered by economics."

Federal Test of Dairy Farms of Virginia

CLARENDON, Va., Aug. 10.—Dr. J. A. Hallman, veterinary inspector, U. S. Bureau of Animal Industry, working in co-operation with the Arlington County board of health, completed the inspection of the cows in Washington district for symptoms of tuberculosis.

Of the 193 tested only five have reacted, or about 2½ per cent. Similar inspection is now under way in Arlington and Jefferson districts. Dr. Hallman has found the owners ready and willing to comply with the new ordinance of the supervisors requiring tests. Arlington is believed to be the first county in the State to take this advance step.

Rockville Preparing For Fair This Month

ROCKVILLE, Md., Aug. 10.—Preparations for the annual fair to be held here August 23, 24, 25 and 26 are in full swing. Fences are being repaired and whitewashed, and the "bleacher" seats adjoining the grandstand, which will accommodate 650 people, are under construction. The work on a new horticultural building will soon be started.

STRONG MARKET SINKS VERY FAST

Cotton Enjoys Early Rally, But Outburst of Selling Brings New Losses.

NEW YORK, Aug. 10.—There was a strong and active market for cotton contracts on the opening due to Liverpool's good advance following a sharp rally of late yesterday and the circulation of further bad crop reports. The latter were of a general character and frightened many local shorts into covering in connection with Liverpool's rise. The market started 2 to 10 points higher and advanced to about 20 points over yesterday's closing before the end of the first hour. This brought October contracts up to about 13½ cents, December and January to 139 and March to 142. As on former occasions when the market reached the basis of 14 cents for December there was, however, so much fresh Southern selling of a hedging characetr and profit taking by local, Wall Street and trade bulls, the demand at that level was so rapidly filled up many local traders again switched to the selling side.

This caused the market to slump during midday until all the early advance was lost. Then considerable reselling by early buyers caused a further decline of 10 to 18 points from yesterday's closing quotations. A good deal of the latter was influenced by the renewed weakness in the general stock market bringing in considerable further liquidation for Wall Street accounts, and also by the disappointing manner in which the Chicago grain markets responded to the very bullish government crop reports of yesterday, particularly on wheat and oats.

In this decline October contracts went back to near the basis of 13¾ cents again, while December and January receded to 13⅝ and March to about 13⅞ cents. There was a good deal of Southern selling during most of the day. This came chiefly from New Orleans and Memphis. It somewhat nullified the bullish influence of the bad crop reports. In this connection a rumor was circulated early in the day the National Ginners' Association had put out a crop report making the condition as low as 59.4 per cent against 64.7, the condition stated for July 25 in the last government crop report issued on August 1. This, however, was later on denied. Japanese interests who had been good buying of cotton contracts during the week periods last month were good sellers on the early advance evidently taking profits. Liverpool houses bought the near months but sold the distant deliveries. After the break the principal buying support came from profit taking by shorts and some further scattered buying on the scale down by some of the trade houses and bullish local commission houses.

At Liverpool cotton futures closed steady at 18 points net advance for October and 9 to 11 for the later months over their final quotations of yesterday against the opening advance of 10 to 13 points and the rise of 7 to 11 which had been due from that market to have met our closing advance of yesterday. Spot cotton there was advanced 9 oints early in the day to 8.53d for middling with the spot sales going up to 8,000 bales for the day. As private cables said the advance there had been sympathetic with our rise of yesterday and bad crop reports from this this side, it was assumed the Liverpool markets would react tomorrow in sympathy with our setback

	Dec.	Jan.	Mar.	May	July
Open	13.39	13.53	13.85	14.10	14.15
High	13.48	13.94	13.95	14.20	14.25
Low	13.15	13.61	13.64	13.91	13.99
Close	13.24	13.71	13.74	13.99	14.06
Prev. Close	13.31	13.73	13.78	14.00	14.05

(Furnished by W. B. Hibbs & Co., Members New York Cotton Exchange.)

EARNINGS IN STEEL SHOW LOWER RATE OF BUSINESS DOING

Reports of Four Companies Reveal Deficit For First Half.

ONE HAS PROFIT

Bethlehem and Crucible Have Earned Common Disbursements.

Comparison of earning statements of the large steel companies in the first six months of 1921 indicates inability to earn dividends at low rates of operations under present conditions in the steel trade.

All four of the largest steel companies which issue quarterly earning statements, U. S. Steel, Midvale, Republic and Lackawanna, reported deficits after common dividends.

And in addition U. S. Steel was the only one of the four which showed a profit after fixed charges and preferred dividends, but before common dividends. U. S. Steel, incidentally, was also the only one of the four companies which maintained the disbursements on the common stocks for both quarters.

Two other large companies, Bethlehem and Crucible, earned their common dividends. Neither company issued formal earning statements, but at the time the last dividends were declared, officials of both companies issued statements to the effect that the common dividends had been earned.

Both of the latter companies, however, did not depend entirely upon general steel business for their profits. Bethlehem was aided to a large extent by her shipyards and Crucible benefited from the manufacture of special steels which command high prices.

Comparison of Earnings.

Following table gives a comparison of the net earnings, the net for common stock after fixed charges and preferred dividends and surplus after all charges and all dividends, of U. S. Steel, Midvale, Republic and Lackawanna for the first six months of 1921:

	Net Earnings	Net for Com. Stock	Def. After Com. Div.
U. S. Steel	$54,178,728	$10,952,289	$1,734,763
Midvale	1,108,101	*2,684,595	2,694,696
Republic	67,923	*1,654,062	2,104,062
Lackawanna	282,933	*974,392	1,501,029

*Deficit.

In spite of the poor showing of the companies in the first half-year of 1921, however, the policy of making liberal depreciation charges and writing large [illegible] off for exhaustion of [illegible], etc., was continued. In fact these charges were but slightly below the totals of the high earning periods of 1920.

As a rule dividends suffered. Although each company at the end of 1920 had a large surplus, it was soon found in each case, with the exception of the Steel Corporation, that the payment of the regular dividends on the common stocks made too heavy inroads into cash supplies. Consequently before the end of the first half each company, except U. S. Steel, had discontinued its regular quarterly disbursement on the common stock.

Fixed Charges.

Following table gives a comparison of the fixed charges (including depreciation, depletion, interest, etc.), and dividends on the common stock of the four companies in the first six months of 1921 with the corresponding periods of 1920:

Fixed Charges.	1921	1920
U. S. Steel	$20,616,100	$32,777,000
Midvale	3,792,696	4,382,000
Republic	846,985	1,344,000
Lackawanna	1,257,325	1,680,000
Common Dividends.	**1921**	**1920**
U. S. Steel	$12,707,502	$12,707,502
Midvale	1,000,000	4,000,000
Republic	420,000	900,000
Lackawanna	526,628	1,032,256

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